



85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
www.commerce.state.mn.us
651.296.4026 FAX 651.297.1959
An equal opportunity employer

March 27, 2012

KEITH E SIROIS
BIG BOY FRANCHISE MANAGEMENT LLC
4199 MARCY
WARREN, MI 48091

Re: F-4588
BIG BOY FRANCHISE MANAGEMENT LLC
BIG BOY FRANCHISE MANAGEMENT LLC FRANCHISE AGREEMENT

Dear Mr. Sirois:

The Annual Report has been reviewed and is in compliance with Minnesota Statute Chapter 80C and Minnesota Rules Chapter 2860.

This means that there continues to be an effective registration statement on file and that the franchisor may offer and sell the above-referenced franchise in Minnesota.

The franchisor is not required to escrow franchise fees, post a Franchise Surety Bond or defer receipt of franchise fees during this registration period.

As a reminder, the next annual report is due within 120 days after the franchisor's fiscal year end, which is December 31, 2012.

Sincerely,

MIKE ROTHMAN
Commissioner

By:

Daniel Sexton
Commerce Analyst Supervisor
Registration Division
(651) 296-4520

MR:DES:dlw

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UNIFORM FRANCHISE REGISTRATION APPLICATION

File Number F-4588

State: Minnesota

Fee: \$200.00

Application for (Check only one):

- INITIAL REGISTRATION OF AN OFFER AND SALE OF FRANCHISES
- RENEWAL APPLICATION OR ANNUAL REPORT
- PRE-EFFECTIVE AMENDMENT
- POST-EFFECTIVE MATERIAL AMENDMENT

State of Minnesota
 Dept. of Commerce
 MAR 26 2012
 Rec'd 200

1. Full legal name of Franchisor:
 Big Boy Franchise Management LLC
2. Name of the franchise offering:
 Big Boy Franchise Management LLC
3. Franchisor's principal business address:
 4199 Marcy
 Warren, MI 48091
4. Name and address of Franchisor's agent in the State of Minnesota authorized to receive service of process:
 Franchise Division
 Minnesota Department of Commerce
 85 7th Place East, Suite 500
 St. Paul, MN 55101-2198
5. The states in which this application is or will be shortly on file:
 California, Hawaii, Illinois, Maryland, Michigan, Minnesota, North Dakota, Virginia, Washington, Wisconsin
6. Name, address, telephone and facsimile numbers, and e-mail address of person to whom communications regarding this application should be directed.
 Keith E. Sirois
 Big Boy Franchise Management LLC
 4199 Marcy
 Warren, MI 48091
 Phone: (586) 755-8583
 Facsimile: (586) 757-4737
 E-Mail: ksirois@bigboy.com

3-27-12
 AK
 12/37



22
Big Boy Restaurants International LLC
4199 Marcy St.
Warren, MI 48091-5628
(586) 759-6000

Direct Dial: (586) 755-8211
Facsimile: (586) 757-4737
pconti@bigboy.com

March 23, 2012

FEDERAL EXPRESS
(612) 296-4026

Market Assurance Division
Minnesota Department of Commerce
85 - 7th Place East, Suite 500
St. Paul, MN 55101

Re: Minnesota Franchise Registration Renewal – Big Boy Franchise Management LLC
("Big Boy")

Dear Sir or Madam:

Enclosed are the following documents required in connection with the registration renewal of Big Boy Franchise Management LLC's Franchise Discovery Document ("FDD") in Minnesota:

1. A check in the amount of \$200.00 in payment of the fee;
2. Uniform Franchise Registration Application facing page;
3. Supplemental Information Sheet;
4. Verification page;
5. Consent of Accountant;
6. Uniform Franchise Consent to Service of Process;
7. Sales Agent Disclosure Forms for Keith Sirois, David Crawford, Stephen Facione and Terrance Coker for Sunbelt Southeast Michigan; and
8. Two copies of the FDD; one blacked lined to show changes.

Please note that Big Boy Restaurants International LLC is the sole member of Big Boy. Big Boy operates on a 52-53 week fiscal year, the most recent of which ended December 25, 2011.

If you have any questions, please contact me.

Very truly yours,

PATRICIA S. CONTI
Vice President and General Counsel

Enclosures

SUPPLEMENTAL INFORMATION

1. Disclose:

- A. The states in which this proposed registration application is effective.

Michigan

- B. The states in which this proposed registration application is or will be shortly on file.

California, Hawaii, Illinois, Maryland, Michigan, Minnesota, North Dakota, Virginia, Washington, Wisconsin

- C. The states that have refused to register this franchise offering.

None

- D. The states that have revoked or suspended the right to offer franchises.

None

- E. The states in which this proposed registration of these franchises has been withdrawn within the last five years, and the reasons for revocation or suspension.

None

2. Source of Funds for Establishing New Franchises

Disclose franchisor's total costs for performing its pre-opening obligations to provide goods or services in connection with establishing each franchise, including real estate, improvements, equipment, inventory, training and other items state in the offering. State separately the sources of all required funds.

Attached hereto

Form B - Franchisor's Costs and Sources of Funds

FRANCHISOR'S COSTS AND SOURCE OF FUNDS

1. Disclose the Franchisor's total costs for performing its pre-opening obligations to provide goods or services in connection with establishing each franchised business, including real estate, improvements, equipment, inventory, training and other items stated in the offering:

CATEGORY	COSTS
Real Estate	None
Improvements:	
Floor Plans and Specifications	2,000
Equipment	None
Inventory	None
Training:	
New Store Opening Team Travel Expenses*	6,000 to 25,000
Manuals and Other Miscellaneous Written Materials	150
Opening Assistance	6,000
Additional Opening Assistance* (3 people- 2 weeks)	7,350

2. State separately the sources of all required funds:

The source of all funds including the New Store Opening Team Travel Expenses is the Initial Fee paid by the Franchisee.

*Note: The New Store Opening Team Travel Expenses and Additional Opening Assistance are fully reimbursed by the Franchisee.

Certification

I certify and swear under penalty of law that I have read and know the contents of this application, including the Franchise Disclosure Document with an issuance date of March 21, 2012 attached as an exhibit, and that all material facts stated in all those documents are accurate and those documents do not contain any material omissions. I further certify that I am duly authorized to make this certification on behalf of the Franchisor and that I do so upon my personal knowledge.

Signed at Warten, Michigan, March 21, 2012.

Franchisor:

Big Boy Franchise Management LLC

By: 

Name: Keith E. Sirois, CEO

CONSENT

We agree to the inclusion of our report dated March 9, 2012 with respect to the Consolidated and Combined Audited Financial Statements of Big Boy Restaurants International LLC and Liggett Restaurant Group, Inc. and its wholly owned subsidiaries (including Big Boy Franchise Management LLC) as of and for the years ended December 25, 2011, December 26, 2010, and December 27, 2009 as Exhibit H in this Franchise Disclosure Document for Big Boy Franchise Management LLC dated March 21, 2012.

Andrews Hooper Pavlik PLC

Auburn Hills, Michigan
March 21, 2012

Form C – Uniform Franchise Consent to Service of Process

UNIFORM FRANCHISE CONSENT TO SERVICE OF PROCESS

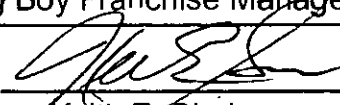
Big Boy Franchise Management LLC, a limited liability company organized under the laws of Michigan (the "Franchisor"), irrevocably appoints the officers of the States designated below and their successors in those offices, its attorney in those States for service of notice, process or pleading in an action or proceeding against it arising out of or in connection with the sale of franchises, or a violation of the franchise laws of that State, and consents that an action or proceeding against it may be commenced in a court of competent jurisdiction and proper venue within that State by service of process upon this officer with the same effect as if the undersigned was organized or created under the laws of that State and had lawfully been served with process in that State. We have checked below each state in which this application is or will be shortly on file, and provided a duplicate original bearing an original signature to each state.

- | | |
|--|--|
| <input checked="" type="checkbox"/> California: Commissioner of Corporations | <input checked="" type="checkbox"/> North Dakota: Securities Commissioner |
| <input checked="" type="checkbox"/> Hawaii: Commissioner of Securities | <input type="checkbox"/> Rhode Island: Director, Department of Business Regulation |
| <input checked="" type="checkbox"/> Illinois: Attorney General | <input type="checkbox"/> South Dakota: Director of the Division of Securities |
| <input type="checkbox"/> Indiana: Secretary of State | <input checked="" type="checkbox"/> Virginia: Clerk, Virginia State Corporation Commission |
| <input checked="" type="checkbox"/> Maryland: Securities Commissioner | <input checked="" type="checkbox"/> Washington: Director of Financial Institutions |
| <input checked="" type="checkbox"/> Minnesota: Commissioner of Commerce | <input checked="" type="checkbox"/> Wisconsin: Administrator, Division of Securities, Department of Financial Institutions |
| <input type="checkbox"/> New York: Secretary of State | |

Please mail or send a copy of any notice, process or pleading served under this consent to:

Keith E. Sirois
(Name and address)
Big Boy Restaurants International LLC
4199 Marcy
Warren, Michigan 48091

Dated: March 21, 2012.

Franchisor:
Big Boy Franchise Management LLC
By: 
Name: Keith E. Sirois
Title: Chief Executive Officer

BLACKLINED COPY



Franchise Disclosure Document

One Big Boy Drive • Warren, MI 48091 • (586) 759-6000 • Fax (586) 757-4737

Big Boy is a registered trademark of Big Boy Restaurants International LLC
©2008 Big Boy Restaurants International LLC

FRANCHISE DISCLOSURE DOCUMENT



BIG BOY FRANCHISE MANAGEMENT LLC
4199 Marcy Street
Warren, Michigan 48091-5628
(586) 759-6000
www.bigboy.com

Big Boy Franchise Management LLC ("Big Boy") offers franchises to develop, own and operate "Big Boy Restaurants" that sell to the public Big Boy® signature items, including the "Original Double Decker™" hamburger, specialty sandwiches, as well as a selection of breakfast, lunch and dinner items.

The total investment necessary to begin operation of a Big Boy franchise is ~~\$1,147,050~~1,194,550 to ~~\$3,096,250~~3,579,250. This includes ~~\$48,200~~58,000 to ~~\$68,200~~91,000 that must be paid to Big Boy or its affiliates. If you sign an Area Development Agreement, you pay a Development Fee equal to \$5,000.00 times the number of Big Boy restaurants you agree to develop.

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

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

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

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

Issuance Date: ~~April 1, 2011~~March 21, 2012

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 D 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:

THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN MICHIGAN. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN MICHIGAN THAN IN YOUR OWN STATE.

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

THE FRANCHISOR HAS LIMITED FINANCIAL RESOURCES WHICH MAY NOT BE ADEQUATE TO FUND THE FRANCHISOR'S PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE.

SPOUSES OF FRANCHISE OWNERS MUST EXECUTE A GUARANTY PLACING THEIR PERSONAL ASSETS AT RISK.

LOCAL LAW MAY SUPERSEDE THESE AND OTHER FRANCHISE AND AREA DEVELOPMENT AGREEMENT PROVISIONS. CERTAIN STATES REQUIRE THE SUPERSEDING PROVISIONS TO APPEAR IN AN ADDENDUM IN THIS FRANCHISE DISCLOSURE DOCUMENT, WHICH, IF APPLICABLE, IS ATTACHED AS EXHIBIT I TO THIS FRANCHISE DISCLOSURE DOCUMENT.

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: _____

~~HAWAII STATE COVER PAGE~~

~~THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.~~

~~THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.~~

~~THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.~~

~~Registered agent in the state authorized to receive service of process:
Commissioner of Securities
Business Registration Division
Hawaii Department of Commerce and Consumer Affairs
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2744~~

~~NOTICE REQUIRED BY SECTIONS 8.1 AND 8.3 OF
MICHIGAN FRANCHISE INVESTMENT LAW~~

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

~~(A) A prohibition on the right of a Franchisee to join an association of Franchisees.~~

~~(B) — A requirement that a Franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a Franchisee of rights and protections provided in the Michigan Franchise Investment Law. This section shall not preclude a Franchisee, after entering into a Franchise Agreement, from settling any and all claims.~~

~~(G) — A provision that permits a Franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the Franchisee to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 20 days to cure such failure.~~

~~(D) — A provision that permits a Franchisor to refuse to renew a franchise without fairly compensating the Franchisee by repurchase or other means for the fair market value at the time of expiration of the Franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the Franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This pamphlet applies only if:~~

~~(1) — The term of the franchise is less than 5 years, and;~~

~~(2) — The Franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the Franchisee does not receive at least 6 months advance notice of Franchisor's intent not to renew the franchise.~~

~~(E) — A provision that permits the Franchisor to refuse to renew a franchise on terms generally available to other Franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.~~

~~(F) — A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude the Franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside the State of Michigan.~~

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

~~(1) — The failure of the proposed transferee to meet the Franchisor's then current reasonable qualifications or standards;~~

~~(2) — The fact that the proposed transferee is a competitor of the Franchisor or subfranchisor;~~

~~(3) — The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations; or~~

~~(4) — The failure of the Franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.~~

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

~~(I) — A provision which permits the Franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the Franchisee unless provision has been made for providing the required contractual services.~~

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE MICHIGAN ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE MICHIGAN ATTORNEY GENERAL. ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE MICHIGAN DEPARTMENT OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, FRANCHISE UNIT, 670 LAW BUILDING, LANSING, MI 48913, (517) 373-7117

See the following state effective date summary page for state effective dates.

STATE REGISTRATIONS

The effective dates of registration of this Franchise Disclosure Document in the states listed below are:

<u>STATE</u>	<u>EFFECTIVE DATE</u>
California	March 29, 2011 <u>Pending</u>
Hawaii	April 28, 2011 <u>Pending</u>
Illinois	Pending
Indiana	Not Registered
Maryland	Pending
Michigan	March 21, 2011 <u>2012</u>
Minnesota	March 29, 2011 <u>Pending</u>
New York	Not Registered
North Dakota	March 31, 2011 <u>Pending</u>
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Pending
Washington	June 1, 2011 <u>Pending</u>
Wisconsin	March 25, 2011 <u>Pending</u>

BIG BOY FRANCHISE MANAGEMENT LLC

FRANCHISE DISCLOSURE DOCUMENT

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Item 1

THE FRANCHISOR AND ANY PARENTS, ITS-PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "Big Boy" means Big Boy Franchise Management LLC, the franchisor. "You" means the person or legal entity that buys the franchise. If the franchisee is a corporation, partnership or other legal entity, "you" also includes the franchisee's owners.

Big Boy, Its Predecessors, Parents and Affiliates

Big Boy is a Michigan limited liability company organized on December 1, 2000. Its principal business address is 4199 Marcy Street, Warren, Michigan 48091-5628. Big Boy's predecessor-in-interest was Elias Brothers Restaurants, Inc. ("Elias"), a Michigan corporation incorporated on February 28, 1963. Elias was preceded-in-interest by Dixie Drive-In Restaurants ("Dixie"), a Michigan co-partnership with its principal business address at 1621 E. Eight Mile Road, Hazel Park, Michigan. Big Boy's agents for service of process are disclosed in Exhibit D.

Robert C. Wian Enterprises, Inc. ("Wian") founded the Big Boy Restaurant System in 1936. In 1967, Wian sold the Big Boy Restaurants it operated and assigned its rights under all of the Big Boy Restaurant Franchise Agreements to the Marriott Corporation ("Marriott"). In 1987, Marriott assigned to Elias all of its Big Boy Restaurant Franchise Agreements. In December 2000, Elias assigned to Big Boy all of its Big Boy Restaurant Franchise Agreements. Big Boy has been the franchisor of Big Boy Restaurants since December 2000.

Big Boy is a wholly-owned subsidiary of Big Boy Restaurants International LLC ("International"), a Michigan limited liability company with the same principal place of business at 4199 Marcy Street, Warren, Michigan 48091-5628. Liggett Restaurant Group, Inc. is a member of Big Boy Restaurants International LLC, with a minority interest. Big Boy's sister company, Big Boy Food Group LLC ("Big Boy Food Group"), a Michigan limited liability company wholly-owned by International, operates a food processing facility in Warren, Michigan that supplies food for the Big Boy Restaurant System. Otherwise, no affiliates of Big Boy provide products or services to Big Boy's franchisees. In addition, Big Boy's sister company, Big Boy Restaurant Management LLC, a Michigan limited liability company wholly-owned by International, owns and operates Company-Owned Big Boy Restaurants in Michigan and Ohio. The Big Boy Restaurants that Big Boy Restaurant Management LLC owns and operates are referred to as "Company-Owned Big Boy Restaurants" in this Franchise Disclosure Document.

As of December 25, 2011-31-2010, there were 109 ~~418~~ franchised Big Boy Restaurants in the United States and 24-20 Company-Owned Big Boy Restaurants. Neither Big Boy nor any of its predecessors or affiliates has offered franchises in other lines of business. We do not have any other affiliates that have operated a business of the type we offer to franchisees.

Big Boy Advertising and Production Fund, Inc., a Michigan corporation, was established by Big Boy to create and produce marketing materials and prepare advertising campaigns (see Item 11). It has the same address as us and does not offer franchises in any lines of business.

Frisch's Restaurants, Inc. ("Frisch's") a company publicly traded on the NYSE and headquartered in Cincinnati, Ohio, is a former franchisee. Frisch's has concurrent registration of certain Marks disclosed in Item 12 for use only in Kentucky, Indiana, certain portions of Ohio, and certain portions of Tennessee. According to such agreement, Big Boy is not permitted to open or operate Big Boy Restaurants in such territories.

Big Boy of Japan, Inc. is licensed to use the Big Boy Marks in Japan, but has no additional affiliation with International and receives no products or services from us.

~~BBV, LLC d/b/a 7-burger is an additional restaurant concept developed by International, which features specialty hamburgers, sandwiches and salads. It is a separate entity, but shares a management team and some legal and accounting functions, with International. It has the same address as us and may possibly offer franchises in the future. As of December 31, 2010, there was 1 company restaurant in Ann Arbor, Michigan.~~

Big Boy Restaurant Franchise

As described in this Franchise Disclosure Document, Big Boy offers franchises to develop, own and operate "Big Boy Restaurants" that sell to the public Big Boy® signature items, including the "Original Double Decker™" hamburger, specialty sandwiches, as well as a selection of breakfast, lunch and dinner items. The franchise being offered also grants the right to use the Big Boy System, the distinguishing features of which include the name "Big Boy®"; specially designed buildings, fixtures, equipment, point-of-sale systems, containers and other items used in serving and dispensing food products; signs, emblems, trade names, trademarks and service marks; distinctive food products and their formulas and quality standards; and instructional materials and training courses.

Big Boy Restaurants are typically located in densely populated neighborhoods, small towns or on interstate freeway interchanges supported by strong trade areas. A prototypical free standing Big Boy Restaurant building incorporates 150 to 180 seats in 4,700 to 5,200 square feet. A prototypical Big Boy Restaurant in a strip center in-line or end cap position incorporates 90 to 100 seats in 3,200 to 3,500,000 square feet.

~~The restaurant industry is highly competitive and can be affected by many factors, including changes in local, regional or national economic conditions, changes in consumer tastes, and increases in the number of, and particular location of, competing restaurants. Your direct competitors will include all family-style restaurants with sit-down-table-service.~~

Area Development Agreement

If you meet Big Boy's qualifications, you may enter into an Area Development Agreement for the development of Big Boy Restaurants in a designated geographic area called a "Territory." Under the Area Development Agreement, you must develop an agreed upon number of Big Boy Restaurants within an agreed upon period of time. You must sign a separate Franchise Agreement for each Big Boy Restaurant you develop under an Area Development Agreement.

Regulation of Restaurant Industry

The restaurant industry is heavily regulated. Many of the laws, rules and regulations that apply to businesses generally have particular applicability to restaurants, especially restaurants that serve alcoholic beverages. All Big Boy Restaurants must comply with federal, state and local laws applicable to the operation and licensing of a restaurant business, including obtaining all applicable health permits and/or inspections and approvals by municipal, county or state health departments that regulate food and liquor service operations. Your Big Boy Restaurant must also meet applicable municipal, county, state and federal building codes and handicap access codes. You should consider these laws and regulations when evaluating your purchase of the franchise.

A liquor license is not required to open and operate a Big Boy franchise business. You must have Big Boy's written approval and obtain a liquor license before you can sell alcoholic beverages at your restaurant. The difficulty and cost of obtaining a liquor license, and the steps for securing a liquor license, vary greatly from area to area. There is also wide variation in state and local laws, rules and regulations that govern the sale of alcoholic beverages. In addition, state dram shop laws give rise to potential liability of a restaurant for injuries that are directly or indirectly related to the sale and consumption of alcohol.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce regulations that govern foods and food preparation and service and restaurant sanitary conditions. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations.

The Federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particles, including caps on emissions from commercial food preparation. Some state and local governments also regulate indoor air quality, including limiting the use of tobacco products in public places, such as restaurants.

Market and Competition

Your franchise will primarily serve the public within the vicinity of your Exclusive Area as defined by Item 12. The restaurant industry is highly competitive and can be affected by many factors, including changes in local, regional or national economic conditions, changes in consumer tastes, and increases in the number of, and particular location of, competing restaurants. Your direct competitors will include all family-style restaurants with sit-down table service, including nationally affiliated, regionally affiliated and local, franchises, chains and independently owned restaurants.

Item 2

B

BUSINESS EXPERIENCE

Chairman of the Board of Managers: Robert G. Liggett, Jr.

Robert G. Liggett, Jr. Became the Chairman of the Board of Managers of Big Boy Restaurants International LLC, Big Boy's parent company, in December, 2000, at which time, through his family limited liability company, Liggett Ventures LLC, he purchased substantially all of the operating assets of Elias Brothers Restaurants, Inc. in December 2000 at which time he became the Chairman of the Board of Managers of Big Boy Restaurants International LLC, Big Boy's parent. Before this transaction, Mr. Liggett was Chairman of Liggett Broadcasting Group, founded in 1970. Liggett Broadcast Group operated radio stations in Detroit, Michigan, Buffalo, New York, Minneapolis, Minnesota, Columbia, South Carolina, Dayton, Ohio and several California markets and merged with Citadel Communications Company in 2000. Also, this company was the largest privately owned radio broadcasting company in Michigan. In 1999, Mr. Liggett was honored with the Michigan Association of Broadcasting's Lifetime Achievement Award.

Vice Chairman of the Board of Managers: James A. Jensen

Mr. Jensen was appointed Vice Chairman of the Board of Managers in January 2009. He served as Chief Executive Officer on an interim basis beginning in from September 2008 through

~~December 2009. Mr. Jensen has been a business associate of Mr. Liggett's for nearly twenty-five years, holding various positions with the Liggett group of companies including serving as president of Liggett Broadcasting from 1986 until its merger with Citadel Communications in 2000. Mr. Jensen has served on the Advisory Board of International since 2001.~~

Chief Executive Officer: Keith E. Sirois

~~Mr. Sirois has been employed as Chief Executive Officer since~~ began his employment with Big Boy in January 2009 as its Chief Executive Officer. Mr. Sirois is Chairman Emeritus of Checkers Drive-In Restaurants, Inc., Tampa, Florida. Prior to his retirement from Checkers® in February 2007, Mr. Sirois served as President and CEO from 2003 to February 2007. A member of Checkers® management team since August of 1996, Mr. Sirois has more than 40 years of management and leadership experience in the food service industry. His responsibilities during his career have spanned from single restaurant operations to the Checkers/Rally's® franchise system with more than 800 restaurants. Mr. Sirois served as the Vice President of Franchise Operations at Checkers since 1999. He also served as Director of Franchise Operations and as a Franchise Business Consultant for Checkers since joining the Company in August of 1996. Prior to joining Checkers Drive-In Restaurants, Inc., Mr. Sirois was Vice President of Operations at HeartWise Express Inc., a start-up fast food operation, from 1992 to 1996. He has also held high-level management positions with Mrs. Fields® Cookies, where he was Director of Operations, Old Country Buffet®, Oh! Brian's Restaurants and Taco Bell® Restaurants (PEPSICO). In addition to his significant corporate leadership experience, Mr. Sirois has valuable knowledge of store-level operations, having begun his career as a Manager in Training with Denny's® Restaurants Inc., and working his way up through levels of management to become Regional Manager for seven Midwestern states before departing Denny's in 1983. Mr. Sirois is a veteran of the U.S. Naval Security Group, serving five years of combined active and reserve duty as a 2nd Class Petty Officer from 1970 to 1975.

Executive Vice President, Procurement and Wholesale Operations: Ralph Geromette

~~Mr. Geromette has served as Executive Vice President, Procurement and Wholesale Operations of Big Boy since 2000.~~ began his employment with Elias in 1969. Mr. Geromette held various positions in Elias' Wholesale Operations and became Elias' Director of Commissary Operations in 1975. In 1987, he was appointed Elias' Vice President of Food Processing and Distribution. In 1996, he was appointed Elias' Vice President, Wholesale Operations. In 1997, he was promoted to Executive Vice President of Elias. Upon the sale of Elias' assets to Big Boy and its affiliates in 2000 as described in Item 1 above, Mr. Geromette's employment with Elias ceased and he was appointed Executive Vice President, Procurement and Wholesale Operations of Big Boy.

Senior Vice President, Marketing: David B. Crawford

Mr. Crawford has served as joined Big Boy as Senior Vice President of Marketing in since April 2009. Mr. Crawford has more than 20 years of restaurant experience in marketing, finance and operations. Mr. Crawford recently served as Senior Director of Marketing at Checkers Drive-In Restaurants, Inc., overseeing all brand marketing, field and calendar communication, pricing, sports marketing and media for the company's more than 800 restaurants from 2002 to March 2009. Mr. Crawford also served as President of the Checkers and Rally's National Production Fund, Inc., an entity established to collect and disburse funds on behalf of the system for items such as advertising, consumer research and research and development. From 1998 to 2001, Mr. Crawford served as the Manager of Marketing Financial Services at Denny's Restaurants®, where he provided leadership regarding analysis, menu management, product development and local restaurant marketing financial support for the chains over 1600 restaurants. Mr. Crawford also held management positions at Outback Steakhouse® and has consulted with numerous brands in the industry. Mr. Crawford began his career as an accountant. He earned his bachelor's degree in business administration with an emphasis in accounting from the University of South Florida.

Vice President and General Counsel: Patricia S. Conti

Ms. Conti began her employment as Big Boy's Vice President and General Counsel in May 2011. Prior to joining the company, Ms. Conti served as corporate counsel for InkStep, Inc. from June 2006 until October 2009, when she started her own private practice until May 2011. Her earlier experience includes being engaged as an attorney at Duvin, Calm & Hutton from June 2001 until June 2006, in Cleveland, Ohio serving as a Magistrate and Judicial Staff Attorney from April 1995 until June 2001, for the Cuyahoga County Court of Common Pleas.

Senior Vice President, Operations: Richard D. Sveum

Mr. Sveum joined Big Boy in April 2009 as Senior Vice President, Operations with 39 years of restaurant experience. From January 2005 until March 2009, Mr. Sveum was Vice President of Franchise Operations for The Melting Pot Restaurants, Inc. in Tampa, Florida. Beginning in February 2002 until December 2004, Mr. Sveum acted as President and Chief Executive Officer of Dreumand Holding Company, L.L.C. in Birmingham, Alabama. From 1993 to 2001, he held several positions, including Vice President of Franchise Sales & Development for Checkers Drive-In Restaurants, Inc. of Tampa, Florida. From 1981 until 1993, he held various positions with Galardi Group, Inc. of Newport Beach, California.

Vice President, Finance and Systems: Joseph Kulezycki

Mr. Kulezycki has served from September 2008 to the present as Vice President of Finance and Systems. began his employment with Elias in June 1998 as the Cash Manager. Upon the sale of Elias' assets to Big Boy and its affiliates in 2000 as described in Item 1 above, Mr. Kulezycki's employment with Elias ceased and he was appointed the Cash Manager of Big Boy. In July 2001, Mr. Kulezycki was employed as promoted to Director of Financial Reporting and Systems for Big Boy from July 2001 to August 2008. In September 2008, Mr. Kulezycki was promoted

~~to Vice President of Finance and Systems. Prior to his employment with Big Boy, Mr. Kulezycki held positions with Denny's Restaurants, Inc., Olga's Kitchens, Inc., and Boston Market in either operations or accounting and finance. Mr. Kulezycki also held a position with Electronic Data Systems (EDS) as an advanced financial analyst supporting an application development division. Mr. Kulezycki earned his bachelor's degree from the Michigan State University School of Hotel, Restaurant and Institutional Management and his master's degree in Professional Accountancy from Waish College.~~

Vice President, Accounting: Rhoda Ardagna

Ms. Ardagna began her employment with Elias in 1973 as an Accounts Payable Processor. In 1975, she was promoted to a Bookkeeper and, in 1980, she was promoted to Financial Analyst. In 1985, Ms. Ardagna became Elias' Accounting Manager and was appointed Elias' Corporate Controller in 1992. In 1997, she was promoted to Elias' Vice President, Accounting in 1997. Upon the sale of Elias' assets to Big Boy and its affiliates in 2000 as described in Item 1 above, Ms. Ardagna's employment with Elias ceased and she was appointed Vice President, Accounting of Big Boy.

Vice President, Development: Steve Facione

Mr. Facione began his employment at Big Boy Restaurants in September of 2008. In February of 2009 he was promoted to Vice President, Development. Prior to his employment with Big Boy Restaurants, Mr. Facione was employed from March, 2006 to August, 2008 at Primerica Development, a commercial real estate development company located in Tampa, Florida. Prior to Primerica, Mr. Facione was a consultant on various projects for Sand F Inc. from September, 2003 to March 2006. Prior to Sand F Inc., Mr. Facione worked from August, 1981 to August, 2003 for Olympia Entertainment, a Sports Entertainment, and Facility Management Company located in Detroit, Michigan. His last position with Olympia was as Senior Vice President.

~~Mr. Facione began his employment at Big Boy Restaurants in September of 2008. In February of 2009 he was promoted to Vice President, Development. Prior to his employment with Big Boy Restaurants, Mr. Facione was employed from March, 2006 to August, 2008 at Primerica Development, a commercial real estate development company located in Tampa, Florida. Prior to Primerica, Mr. Facione was a consultant on various projects for Sand F Inc. from September, 2003 to March of 2006. Prior to Sand F Inc., Mr. Facione worked from August, 1981 to August, 2003 for Olympia Entertainment, a Sports, Entertainment, and Facility Management Company located in Detroit, Michigan. His last position with Olympia was as Senior Vice President of Operations.~~

Item 3

LITIGATION

Except for the actions described below, there is no litigation that must be disclosed in this Franchise Disclosure Document.

Litigation Against Franchisees Commenced in the Past Fiscal Year

~~None~~ ~~None~~

~~Litigation Alleging Breach and Abandonment of Franchise Agreement and to Collect Past Due Fees and Other Amounts:~~

~~Douglas B. Warren and Nancy J. Warren v. Big Boy Franchise Management LLC, Los Angeles County Superior Court, California, Case No. BC136322, Hon. Rita Miller~~

~~Big Boy filed a complaint on April 9, 2010 following a demand made on Plaintiffs as guarantors for past due balances and lost fees (in the amount of \$338,831.12) under a Franchise Agreement which had previously been terminated. The parties executed a Settlement Agreement on June 11, 2010 whereby the Plaintiffs voluntarily dismissed the lawsuit without prejudice and without costs or fees awarded to any party.~~

Other Completed Actions/Settlements

Litigation Alleging Breach and Abandonment of Franchise Agreement and to Collect Past Due Fees and Other Amounts:

Douglas B. Warren and Nancy J. Warren v. Big Boy Franchise Management LLC, Los Angeles County Superior Court, California, Case No. BC436322, Hon. Rita Miller

~~Big Boy filed a complaint on April 9, 2010 following a demand made on Plaintiffs as guarantors for past due balances and lost fees (in the amount of \$338,831.12) under a Franchise Agreement which had previously been terminated. The parties executed a Settlement Agreement on June 11, 2010 whereby the Plaintiffs voluntarily dismissed the lawsuit without prejudice and without costs or fees awarded to any party.~~

Big Boy Franchise Management LLC v. Greenville Big Boy, Akram Karadsheh, Linda Karadsheh, Montcalm County Circuit Court, Michigan, Case No. 09-12096-CK Hon. Suzanne Kreeger

Big Boy filed a complaint on July 10, 2009 for preliminary injunctive relief to enjoin terminated franchisee from further operations as a Big Boy restaurant and to recover past due franchise fees.

On July 14, 2009, Big Boy obtained a contested Temporary Restraining Order enjoining Defendants from further use of Big Boy trademarks and further operation as a Big Boy restaurant. Big Boy obtained a Judgment against Defendants Greenville Big Boy, Inc. and Akram Karadsheh on November 3, 2009 in the amount of \$193,455. The Judgment also included a non-compete provision. The matter is now in collection.

Big Boy Franchise Management LLC v Houjoushe, Inc., Nabil Berry, Nafra Berry, Washtenaw County Circuit Court, Michigan, Case Number 09-718-CK, Hon. Donald Shelton; and

Big Boy Franchise Management LLC v Berry Brothers LLC, Nabil Berry, Nayfe Berry, Washtenaw County Circuit Court, Michigan, Case Number 09-755-CK, Hon. Donald Shelton

Big Boy filed a complaint on June 16, 2009 in case number 718 against the Scio Township franchisees and on June 24, 2009 in case number 755 against the Pittsfield Township franchisees for preliminary injunctive relief to enjoin terminated franchisee from further operations as a Big Boy restaurant and to recover past due franchise fees. Big Boy obtained Summary Judgment against the Scio Township franchisees on September 18, 2009 in the amount of \$90,684. Big Boy obtained Summary Judgment against the Pittsfield Township franchisees on September 28, 2009 in the amount of \$53,471.

Big Boy Franchise Management LLC v TCCC, Inc., Shahpar Taleghani, Jamshid Taleghani, Cynthia Taleghani, and Hildegard Taleghani, jointly and severally, National Arbitration Forum. In November of 2007, Big Boy Franchise Management, LLC initiated an arbitration proceeding against TCCC, Inc., Shahpar Taleghani, Jamshid Taleghani, Cynthia Taleghani, and Hildegard Taleghani (collectively "Respondents" or "TCCC"). This claim involved Respondents' breach and abandonment of their Big Boy Restaurant franchise contracts, pursuant to which Big Boy and the Respondents agreed to arbitrate any such claim before the National Arbitration Forum. Big Boy sought an arbitration award for all amounts recoverable under the parties' contracts, which was estimated to be in the range of \$1,000,000. The individual Respondents were personal guarantors, with \$250,000 each of potential liability. The Respondents submitted a response dated March 3, 2008, and an amended response dated March 5, 2008, asserting a purported counterclaim in the amount of \$12,000,000 for fraud, fraud in the inducement, breach of contract, and breach of implied covenant of good faith and fair dealing. The parties settled their claims in July 2009 by agreeing that neither party would pay any amount in settlement to the other party and that each party would pay its own attorney fees, costs and expenses. A written settlement agreement was executed on July 14, 2009, and all pending claims were dismissed with prejudice. The matter is now closed.

BBB Restaurants, Inc. v Big Boy Franchise Management LLC; and QSC Restaurant Corporation v Big Boy Franchise Management LLC, National Arbitration Forum, Case Numbers FA0701000882173 and FA0701000921780, respectively. On December 15, 2006, our franchisees, BBB Restaurants, Inc. ("BBB") and QSC Restaurant Corporation ("QSC"), filed

arbitration claims after Big Boy terminated the Area Development Agreements and Management Agreements with each of them for non-compliance with the Development Schedule set forth in the Area Development Agreements. The cases involved related parties and similar claims and were consolidated pursuant to an order of the Arbitrator. BBB and QSC alleged Big Boy violated the California Business and Professions Code Section 20020 and 20021 (California Franchise Relations Act); and breached and wrongfully terminated the Area Development Agreements and Management Agreements, and breached the implied covenant of good faith and fair dealing. Claimants requested damages, costs and attorney fees. Big Boy filed counterclaims against BBB and QSC alleging that they breached their obligations under the Area Development Agreements by failing to open restaurants as agreed, giving Big Boy the right to terminate the Agreements and causing Big Boy to suffer damages in excess of \$250,000. The parties settled both of these cases pursuant to one written Settlement Agreement dated October 18, 2007. Big Boy agreed to refund to BBB and QSC an aggregate amount equal to \$210,000 and to waive the payment of certain contested past due amounts, and the parties agreed that the Area Development Agreements and Management Agreements are terminated and of no further force or effect.

~~Other than these actions, no litigation is required to be disclosed in this item.~~

Item 4
BANKRUPTCY

~~No bankruptcy is required to be disclosed in this Franchise Disclosure Document. On October 20, 2000, Elias, Big Boy's predecessor in interest, filed a petition under Chapter 11 of the United States Bankruptcy Code (In re: Elias Brothers Restaurants, Inc., U.S. Bankruptcy Court for the Eastern District of Michigan, Case No. 00-55831-R). Elias continued to operate its business as a debtor in possession under the Bankruptcy Court's supervision. On December 8, 2000, the Bankruptcy Court approved the sale of a substantial portion of Elias' assets to Big Boy.~~

~~With the exception of Robert G. Liggett, Jr., James A. Jensen, Keith E. Sirois, Richard Svoum, David Crawford, and Steve Facione, each person identified in Item 2 held substantially similar positions with Elias at the time Elias filed its petition under Chapter 11 of the United States Bankruptcy Code.~~

~~Other than the action and persons set forth above, no the Franchisor, any parent, predecessor, affiliate, officer or general partner of the Franchisor, or any individual who will have management responsibility relating to the sale or operation of franchises offered by this document person previously identified in Item 1 or 2 of this Franchise Disclosure Document has not been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this Item or filed as a debtor (or had filed against it) a petition under a foreign bankruptcy or has obtained a discharge of its debts under a foreign bankruptcy code in accordance with the FDD guidelines.~~

~~Other than the above, no bankruptcy information is required to be disclosed in this item.~~

Item 5
INITIAL FEES

Individual Franchisees

The Initial Fee, as defined in the Franchise Agreement, for a franchised Big Boy Restaurant is \$40,000. The Initial Fee is payable in full when you sign the Franchise Agreement. The Initial Fee is not uniform in all cases and may be reduced in accordance with certain Big Boy franchise sale programs, area development agreements or to reflect unique operating conditions. No part of the Initial Fee is refundable.

We have implemented an incentive program for veterans of the United States military forces (the "Vet Fran Program"). For qualified veterans participating in the Vet Fran Program, we will reduce the amount of the Initial Fee for the first Big Boy Franchise Agreement with Big Boys to \$20,000. To qualify, veterans must provide us with adequate documentation of honorable discharge, and the franchisee for the Big Boy Restaurant to be operated must be at least 51% owned by the veteran participating in the Vet Fran Program. Veterans participating in the Vet Fran Program who wish to transfer the franchise before opening the Restaurant must pay Big Boys the portion of the Initial Fee that is waived under the program (\$20,000) as a condition of the transfer. See Exhibit B-1.

Area Development Franchisees

If you sign an Area Development Agreement, you must pay Big Boy a Development Fee equal to \$5,000 multiplied by the number of Big Boy Restaurants you agree to develop which will be credited towards the initial fee. You must pay the Development Fee in full when you sign the Area Development Agreement. The Development Fee is payable for the reservation of future development rights and is not refundable under any circumstances. You must sign a separate Franchise Agreement (which is Big Boy's current Franchise Agreement at the time it is signed) for each Big Boy Restaurant you develop under the Area Development Agreement and pay the nonrefundable then-current Initial Fee; we will credit \$5,000 against the Initial Franchise Fee, pursuant to payment of the Development fee, for each Big Boy Restaurant you develop. You will pay the Initial Fee each time you sign a Franchise Agreement for a Restaurant you develop according to the development schedule in the Area Development Agreement. You must sign your first Franchise Agreement when you sign the Area Development Agreement. Big Boy will grant additional franchises under the Area Development Agreement in accordance with the terms of the Area Development Agreement.

You will purchase food and ~~supplies~~ for your Big Boy Restaurant from Big Boy Food Group through an approved distributor and other Approved Suppliers before you commence business. The estimated cost of these items ranges from ~~\$3712,000~~ to ~~\$3316,000~~, payable in full upon delivery (see Items 7 and 8). The estimated cost of total initial fees payable to Franchisor and Big Boy Food Group before opening ranges from \$48,400 to \$91,000, including the expected percentage of food purchased from Big Boy Food Group, the Initial Franchise Fee, as defined in the Franchise Agreement, and the New Store Opening Team Travel Expenses (see Items 7 and 8).

**Item 6
OTHER FEES**

Individual Franchises

Type of Fee	Amount	Date Due	Remarks (1)(2)(3)(4)(5)(6)
Royalty Fees	4% of weekly Gross Revenues	8 th day after the end of each week	Gross Revenues includes the total dollar sales from your Big Boy Restaurant. It does not include sales, use or gross receipts taxes, coupons, or discounts on employee meals or sales.
Advertising Fees – Michigan, with the exception of the Upper Peninsula	2% of weekly Gross Revenues	8 th day after the end of each week	With ninety (90) days prior written notice, Big Boy can increase the Advertising Fee up to 3% of your weekly Gross Revenues.
Local Advertising – Michigan, with the exception of the Upper Peninsula	1% of weekly Gross Revenues	Payable to suppliers as incurred	If the Advertising Fee is increased to 3% of your weekly Gross Revenues by Big Boy, you will no longer have to spend 1% of your weekly Gross Revenues for local advertising.

Type of Fee	Amount	Date Due	Remarks (1)(2)(3)(4)(5)(6)
Advertising Fees – Michigan Upper Peninsula and Other Regions	0.5% of weekly Gross Revenues	8 th day after the end of each week	With ninety (90) days prior written notice, Big Boy can increase the Advertising Fee up to 3% of your weekly Gross Revenues.
Local Advertising – Michigan Upper Peninsula and Other Regions	12.5% of weekly Gross Revenues	Payable to suppliers as incurred	If the Advertising Fee is increased to 3% of your weekly Gross Revenues by Big Boy, you will no longer have to spend 12.5% of your weekly Gross Revenues for local advertising.
Administrative Fees	\$150 for each delinquent payment	On demand	Payable for each weekly Royalty Fee or Advertising Fee that is over 10 days delinquent.
Audit Fees	All costs and expenses (including employee salaries, travel expenses and audit fees incurred by Big Boy to audit your Big Boy Restaurant)	Within five days after receipt of an invoice	Payable only if an audit shows that you understated your Gross Revenues by more than 2% in any month, quarter or year.
Transfer Fee or Assignment Fee	\$10,000	On or before the date of transfer	You must obtain Big Boy's approval for a transfer; includes, without limitation, training of the transferee franchisee and its Management Team.
Collection Costs	Amount incurred by Big Boy to collect unpaid fees	On demand	Includes attorneys' fees and costs.
Interest Charges	The lesser of 18% simple interest per annum or the maximum legal rate allowable by applicable law	On demand	Applies to past due payments payable to Big Boy and its Affiliates.

Type of Fee	Amount	Date Due	Remarks (1)(2)(3)(4)(5)(6)
Franchise Management Development Program	\$900.00 (\$300 each for the General Manager and 2 Assistant Managers)	Payable in advance to the approved franchisee providing training	Regional Franchisees are rewarded for the successful and validated completion of "new franchisee" Manager in Training ("MIT") development. Fees are payable to the approved franchisee providing training for the development of new unit managers in training.
Training Fees	\$130- \$175 per person per day plus all travel related expenses	50% deposit paid in advance. Remaining balance to be paid within 30 days of the invoice date.	Payable if you hire a new manager and Big Boy conducts training at the Franchised Location or if Big Boy trainers are required to stay beyond the 4-week New Store Opening assistance period.
Travel Expenses for New Store Opening Team	\$6,000 - \$25,000	50% due 15 days in advance of the New Store Opening team arrival; remaining balance due within 15 days after you receive an invoice	Payable upon receipt of an invoice from Big Boy.
Due Diligence Costs – Public Offering	Actual costs incurred by Big Boy for legal, accounting and related due diligence costs for public offering	Monthly	Payable even if you are unable to complete the public offering.
Review of Unapproved Supplier	You must reimburse Big Boy for the expenses it incurs inspecting an unapproved supplier	Within 10 days after you receive an invoice from Big Boy	Payable only if you request that Big Boy review and approve an unapproved supplier.
Convention Registration Fee	Then-current-fee charged-by-Big Boy may charge a <u>convention registration fee in the future.</u>	When registering for convention, <u>if a fee is applicable.</u>	You must also-pay attendees' expenses.

Footnotes:

- (1) Except for Advertising Fees payable to the Fund (defined in Item 11) and expenditures for local advertising, each fee is imposed by and payable to Big Boy.
- (2) If Big Boy has authorized you to sell alcoholic beverages at your Big Boy restaurant and the state in which your Big Boy restaurant is located prohibits Big Boy from receiving royalty payments on your sale of alcoholic beverages, the Royalty Fees payable shall be an amount equal to four and one-tenth percent (4.1%) of weekly Gross Revenues (other than revenues derived from the sale of alcoholic beverages).
- (3) All fees are nonrefundable.
- (4) All Fees are not uniform in all cases and some may be reduced in accordance with certain Big Boy franchise sale programs, area development agreements or to reflect unique operating conditions.
- (5) Company units have no voting power regarding fees charged to franchisees.
- (6) If you sign an Area Development Agreement, then for the second and each subsequent Franchise Agreement you sign for the Big Boy Restaurants you agree to develop under the Area Development Agreement, you will continue to pay the Royalty Fees as set forth in the Franchise Agreement for your first Big Boy Restaurant, even if the amount of the fees in subsequent Franchise Agreements differ. You will pay all other fees in the amounts specified in each Franchise Agreement that you sign for the Big Boy Restaurants you develop under the Area Development Agreement. The fees in the chart would be incurred per each location that you open under the Area Development Agreement.

Area Development Franchises

In addition to the fees described above for each Individual Unit Franchise that an Area Developer owns and operates, an Area Developer will or may incur the following fees:

<u>Type of Fee ⁽¹⁾</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
<u>Development Fee</u>	<u>\$5,000 times the number of locations to be developed</u>	<u>Upon signing Area Development Agreement</u>	<u>Total franchise fee for each franchise agreement signed by Area Developer is credited \$5,000.</u>
<u>Legal, Accounting and Other Miscellaneous Pre-opening ⁽²⁾ Expenses</u>	<u>\$2,500 to \$5,000</u>	<u>As arranged</u>	<u>As arranged before opening</u>

Notes to Table

- (1) Except as otherwise noted, all fees are imposed by and are payable to us. The fees payable to us are not refundable.
- (2) Fees may include consultation legal or accounting or costs associated with vendors.

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Individual Franchises

Type of Expenditure	Estimated Range of Cost (1)		Method of Payment (2)	When Due	To Whom Payment is to be Made
	Low	High			
Initial Fee	\$40,000		Lump Sum	See Item 5 of this Disclosure Document	Big Boy
Real Estate (3) (4) (5)	\$350,000 70,000 (plus site work)	\$1,200,000 (plus site work)	As Arranged	As Incurred	Site Owner, Contractors
Restaurant Building (3) (4) (5)	\$250,000	\$800,000 1,000,000	As Arranged	As Incurred	Site Owner, Contractors
Architectural Fee (6)	\$40,000 12,500	\$80,000	As Arranged	Before Opening	Suppliers
Engineering Fee	\$2,000	\$50,000	As Arranged	Before Opening	Suppliers
Wages and Travel Expenses for You and your Managers During Training (7)	\$10,000	\$55,000	As Incurred	During Training	Employees, Airlines, Car Rental Companies, Hotels and Restaurants
Travel Expenses for New Store Opening Team (7)	\$6,000	\$25,000	Two payments	50% due 15 days in advance of the New Store Opening team arrival; remaining balance due within 15 days after you receive an invoice	Big Boy

Type of Expenditure	Estimated Range of Cost (1)		Method of Payment (2)	When Due	To Whom Payment is to be Made
	Low	High			
Furniture, Millwork and Equipment (8)	\$250,270.00	\$400,675.00	As Arranged	As Incurred	Suppliers or Leasing Company
POS System (9)	\$25,000	\$45,000	As Arranged	Upon Delivery and Installation	Approved POS System Supplier
Big Boy Statues and Signage	\$20,000	\$60,000	As Arranged	Before Opening	Suppliers
Liquor License Costs (10)	\$300	\$10,000	Lump Sum	Before Opening	Governmental Agencies and for Professional Services
Security, Utility and License Deposits; Impact Fees (11)	\$500	\$20,000	As Incurred	Before Opening	Landlord, Utilities and Government Agencies
Insurance - Three Months (12)	\$3,750	\$6,250	As Arranged	As Incurred	Insurance Companies
Grand Opening Costs, Other Advertising and Promotion - Three Months	\$12,000	\$20,000	As Incurred	As Incurred	Advertising Suppliers
Opening Food Inventory (13)	\$12,000	\$16,000	Lump Sum	Upon Delivery	Big Boy Food Group and <u>Approved</u> Suppliers
Miscellaneous Opening Costs (14)	\$25,000	\$46,500	As Incurred	As Incurred	Suppliers, Vendors, Attorneys, Accountants
Small wares (uniforms, utensils, etc.)	\$20+5,000	\$25+7,000	Lump Sum	Upon Delivery	<u>Approved</u> Suppliers
Employee Salaries - Three Months (15)	\$90,000	\$175,000	As Incurred	As Incurred	Employees

Type of Expenditure	Estimated Range of Cost (1)		Method of Payment (2)	When Due	To Whom Payment is to be Made
	Low	High			
Additional Funds - Three Months [these figures have not been offset by operating revenues](16)	\$25,500	\$30,500	As Incurred	As Incurred	Employees, Suppliers and Utilities
Total (17) (18) (19)	\$1,194,550 4,147,050	\$3,579,250 3,096,250			

Footnotes:

(1) For the estimated range of costs, Big Boy relied on its management's experience in the restaurant business, as discussed in Item 2 of this Franchise Disclosure Document. You should carefully review these figures with your business advisor before making any decision to purchase a Big Boy Restaurant franchise.

~~(2) (2) Payments are not refundable unless otherwise noted. We do not offer any financing for any part of your initial investment. You may, however, finance a portion of your initial investment with a third party. The availability and terms of financing with third parties will depend on factors including the availability of financing generally, your credit history, collateral you may have, and the lending policies of financial or leasing institutions.~~

~~-Big Boy does not offer direct or indirect financing.~~

(3) You must purchase or lease the land for your Big Boy Restaurant and construct the restaurant premises. You must construct the restaurant in accordance with Big Boy's then-current standard plans and specifications for a Big Boy Restaurant, except as modified by you to comply with local ordinances, building codes, permit requirements and market considerations. The modifications will be made at your expense and must be approved in advance by Big Boy. If Big Boy's plans and specifications for the restaurant are modified by anyone other than Big Boy, you must submit final detailed plans and specifications for Big Boy's review and written consent before commencing construction. Big Boy Restaurants are typically located in densely populated neighborhoods, small towns or on interstate freeway interchanges supported by strong trade areas. A prototypical free standing Big Boy Restaurant building incorporates 150 to 180 seats in 4,700 to 5,200 square feet. A prototypical Big Boy Restaurant in a strip center in-line or end cap position incorporates 90 to 100 seats in 3,200 to 3,500-4,000 square feet. The cost to

purchase or lease land and construct a Big Boy Restaurant may vary widely depending upon the location of the land, the demand for the site, the zoning, the assessed value of the parcel, the attributes of the parcel and related area, such as parking availability, accessibility and traffic flow, and the general economic conditions. It is recommended that general contractors selected to manage the construction and/or conversion of your Big Boy Restaurant have restaurant construction experience. Big Boy can recommend general contractors for purposes of preparing a quote.

(4) You can convert an existing building to a Big Boy Restaurant. The cost to do so will generally range from \$300,000 to \$800,000. If you lease the restaurant premises, under certain circumstances, the landlord may agree to pay a portion of the cost for the required remodeling (tenant improvements) and the cost may be reflected in monthly lease payments.

(5) If you lease the premises for your Big Boy Restaurant, annual rental rates will typically be between ~~\$75,000~~ \$50,000 and ~~\$125,000~~ \$125,000. The annual rental for your Franchised Location may include common area maintenance fees and real estate taxes. The rental rates will vary greatly depending on the geographic location, the size of the market, market growth, per capita income, size of the building, the location, traffic count, customer demographics, architectural and landscape features, anchor tenants, economic conditions in the area, competition for the space, and other business factors.

(6) The estimated range of costs for the Architectural Fee is based on Big Boy's approved architectural firm which has prior experience with the design of the restaurant. Costs may be higher if another architectural firm is engaged by you.

(7) -You must pay the salaries, benefits, Travel Expenses and other expenses of your Management Team while you and your Management Team attend the training program.

(8) Big Boy offers, through Big Boy's approved equipment package dealers, a specifically designed equipment package for installation under separate contract into your Big Boy Restaurant. Equipment alternatives or substitutions are not allowed without the written approval of Big Boy. Payment options vary based on arrangements the Franchisee may make with the supplier.

(9) The approved POS System for Big Boy Restaurants is described in more detail in Item 11. A complete computer training program for the POS System typically will not exceed \$5,000. These costs are included in the amount set forth above and are paid directly to the approved POS System supplier. In addition, the estimated range of cost includes an additional \$15,000 that may be incurred if Big Boy mandates that franchisees implement other POS system components such as handheld terminals. As of the effective date of this Franchise Disclosure Document, such components are not required.

(10) The cost of a liquor license will vary greatly by state.

(11) You should check with the local agency that issues zoning requirements (including parking requirements), and building permits (including signage and statue ordinances), business licenses

and health department requirements, to determine what impact, connection, or other site development fees might be required for the specific site for your Big Boy Restaurant. Environmental impact fees, which may include site development and utility connection fees, vary significantly for each location, and may range from 1/2% to 3% of the value of the land.

(12) You must maintain general liability insurance with coverage of at least \$1,000,000 per occurrence and \$2,000,000 aggregate coverage, liquor liability insurance with coverage of at least \$1,000,000 per occurrence (if your restaurant serves any alcoholic beverages), vehicle insurance with coverage of at least \$500,000 per occurrence, property insurance with replacement cost coverage, business interruption insurance with coverage of at least \$300,000 per occurrence, building insurance with coverage of at least replacement cost if you or any of the franchisee's owners own the building or the business premises for the Franchised Location, umbrella liability insurance with coverage of at least \$1,000,000 per occurrence, and all insurance required by law, such as workers' compensation insurance. All coverage must be provided by an insurer that is AM Best rated A-7 or better. All insurance policies must name Big Boy, its sole member and affiliates ("Additional Insureds") as an additional named insured, contain endorsement by the insurance companies waiving all rights of subrogation against the Additional Insureds, and will stipulate that Big Boy will receive copies of all notices of cancellation, nonrenewal, or coverage reduction or elimination at least 30 days prior to the effective date. Expenditures for insurance may vary greatly depending upon workers' compensation and payroll costs.

(13) Big Boy Food Group is an Approved Supplier for the food used by Big Boy Restaurants (see Item 8). Approximately ~~49.1~~20.5% of amounts estimated for opening food inventory will be paid to Big Boy Food Group. The remaining balance will be paid to other Approved Suppliers.

(14) Includes expenditures for your music/call system, telephone service, security, professional fees, and other miscellaneous opening costs.

(15) This estimate does not include the salaries, taxes and benefits for you or your Management Team during training. The actual amount will depend in part on the anticipated volume of the Restaurant's sales during the three month period.

(16) During the first three months of operations, you will need additional funds to cover your expenditures for additional supplies, food and beverage inventories, Royalty Fees, Advertising Fees, utilities, and other operating costs. You may need additional funds available, whether in cash or through unsecured credit lines, or have other assets that you may liquidate, or that you may borrow against, to cover your personal living expenses and any operating losses after the initial phase of your franchise. This estimate has not been offset by any revenues you may generate from operations during this three month period. Your working capital requirements may increase or decrease depending upon your geographic area, number of employees, labor rates, minimum wage laws, operating revenues and other economic factors. The estimates below also do not reflect an amount for investment in real estate, since it is assumed that you will lease your premises. We urge you to retain the services of an experienced accountant or financial adviser in order to develop a business plan and financial projections for your franchise.

(17) These figures are estimates only and it is possible that you may have additional or greater expenses during this period. Your costs will vary depending on the size of your Big Boy Restaurant, your geographic area, economic and market conditions, competition, wage rates, sales levels attained, cost of construction and equipment, and other economic factors. Additional variables that may impact your initial investment may be: the size of your facility; age of the structure; length of your lease or other instrument granting you the right to occupy the premises; if your space is to be built out by the developer with no initial out-of-pocket costs to you; lease arrangements; location in the market; whether you are converting existing premises and whether in the same business; costs of demolishing existing leasehold improvements; construction costs; other variable expenses and whether you currently hold a lease for an acceptable location.

(18) If you sign an Area Development Agreement, you must pay Big Boy a Development Fee equal to \$5,000 multiplied by the number of Big Boy Restaurants you agree to develop which will be credited toward the initial fee. You must pay the Development Fee in full when you sign the Area Development Agreement. The Development Fee is payable for the reservation of future development rights and is not refundable under any circumstances. You must sign a separate Franchise Agreement (which is Big Boy's current Franchise Agreement at the time it is signed) for each Big Boy Restaurant you develop under the Area Development Agreement and pay the nonrefundable then-current Initial Fee for each Big Boy Restaurant you develop. You will pay the Initial Fee each time you sign a Franchise Agreement for a Restaurant you develop according to the development schedule in the Area Development Agreement. You must sign your first Franchise Agreement when you sign the Area Development Agreement. Big Boy will grant additional franchises under the Area Development Agreement in accordance with the terms of the Area Development Agreement.

(19) At your request, Big Boy will assign a Marketing Representative to consult and assist with the Grand Opening. You will re-imburse Big Boy for the Travel Expenses the Marketing Representative incurs during on-site visits to your restaurant. You should allow at least six weeks for your Grand Opening preparations.

Area Development Franchises

YOUR ESTIMATED INITIAL INVESTMENT

<u>Type of Expenditure</u>	<u>Amount</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment is to be Made</u>
Area Developer Fee ⁽¹⁾	\$25,000 to \$50,000	Lump sum	When the Area Development Agreement is signed	Big Boy
Franchise Fees (1)	\$200,000 to \$500,000	Lump Sum	When Franchise Agreement is signed	Big Boy

<u>Type of Expenditure</u>	<u>Amount</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment is to be Made</u>
Legal, Accounting and Other Miscellaneous Pre-opening Expenses (2)	\$2,500 to \$5,000	As arranged	As arranged before opening	Utilities, Lawyer, Accountant, Vendors
Total Estimated Initial Investment	\$227,500 to \$555,000			

Notes to Table

(1) Based on a development schedule of 5-10 franchises.

(2) Miscellaneous pre-opening expenses may include legal fees, organizational and accounting expenses, business licenses, miscellaneous office supplies, utility and phone deposits, equipment deposits and other pre-paid expenses incurred before opening.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Obligation to Purchase or Lease Products and Services Only From Big Boy or Big Boy Food Group

Big Boy believes it would not be possible to obtain from outside sources certain specialty sauces, salad dressings, soups, pic fillings, and ice cream, which are all prepared in accordance with proprietary secret recipes and formulas. You must purchase these items from Big Boy Food Group through Approved Suppliers. Big Boy estimates that purchases of these items will be approximately ~~19.1~~20.5% of your initial food purchases and approximately ~~19.1~~20.5% of your total annual food purchases. Big Boy Food Group will derive profits from sales to you of the items specified above through its Approved Suppliers. Otherwise, you do not have to purchase or lease any products or services only from Big Boy or Big Boy Food Group.

We currently do not intend to require that you lease or sublease your Franchise Location from Big Boy or our Affiliates.

Obligation to Purchase or Lease Products and Services Only From Approved Suppliers

In order to ensure that you adhere to the uniformity requirements and quality standards associated with all Big Boy Restaurants, you must purchase or lease certain products and services only from approved sources Big Boy specifies. Big Boy will provide a written list of the Approved Suppliers for these products and services. Big Boy will also notify you of any additions to or deletions from the list of Approved Suppliers. We attempt to negotiate purchase arrangements with suppliers (including price terms) for the benefit of all Big Boy restaurants, including those owned by franchisees. We do not provide material benefits (e.g. franchise renewal or additional franchises) to a franchisee based upon his purchase of particular products and services or use of Approved Suppliers. No officer of the Franchisor owns an interest in any Approved Supplier.

There are no franchisee purchasing or distribution cooperatives.

If you propose to use any brand and/or supplier which are not then approved by us, you must first notify us and submit sufficient information, specifications and samples concerning such brand and/or supplier so that we can decide whether such brand complies with our specifications and standards and/or such supplier meets our approved supplier criteria. We have the right to charge reasonable fees to cover our costs. We will notify you of our decision within ninety (90) days, a reasonable period of time. We may prescribe procedures for the submission of requests for approval and impose obligations on suppliers, which we may require to be incorporated in a written agreement. We may impose limits on the number of suppliers and/or brands for any of the foregoing items.

Obligation to Purchase or Lease Products or Services that Meet Big Boy's Standards and Specifications

You must purchase or lease certain products and services that satisfy Big Boy's written standards and specifications. This requirement is necessary to ensure that you adhere to the uniformity requirements and quality standards associated with all Big Boy Restaurants. Big Boy will provide you with written standards and specifications for, among other things, the layout of your Big Boy Restaurant premises, your equipment and signs, the decor of your restaurant, uniforms for your employees, and food and beverage items. Big Boy will issue specifications for the insurance you must carry. Your insurance requirements are disclosed in Item 7 of this Franchise Disclosure Document. Big Boy determines its standards and specifications at its sole discretion. Big Boy may modify its written standards and specifications and you must comply with any modifications. You will be responsible for ensuring that all products and services selected by you will continue to conform to Big Boy's standards and specifications. You must also follow all policies set forth in our manuals concerning uniforms and personal appearances to the extent permissible by state or federal law. We may issue and modify our specifications by sending memos, bulletins or updates to our Operations Manual.

Otherwise, you do not have to purchase any goods or services from designated or Approved Suppliers or according to Big Boy's written standards and specifications.

Payments Received by Big Boy or its Affiliates

Big Boy Food Group derives revenue from your purchases of proprietary food produced by ~~from~~ Big Boy Food Group ~~and/or~~ Approved Suppliers. In addition, Big Boy's beverage supplier provides certain rebates based on a dollar amount per case which is currently \$3.75 per gallon. Rebates of \$2.50 per gallon are paid to the Ad Fund ~~for marketing initiatives~~, rebates of \$1.25 are paid to the Company for brand initiatives (half for brand initiatives), and rebates of \$1.25 per gallon are passed through or paid directly to our franchisees. In 2011, the Company chose to contribute \$1.25 per gallon to the Ad Fund. For the 2010 fiscal calendar year, Big Boy's beverage supplier paid \$40,000.00 to the Ad Fund to produce beverage initiatives on television. Big Boy Food Group has entered into an agreement with Reinhart FoodService ("Reinhart"), in which Reinhart is an Approved Supplier for Big Boy Food Group's commissary products. Reinhart collects \$.25, in addition to its delivered cost per case of shipped product to franchise and Company-owned Big Boy Restaurants, to be paid to the Fund monthly as additional marketing funds.

During the last fiscal year ending December 26, 2011, Big Boy Food Group generated revenues totaling ~~\$5,939,000~~ \$5,559,000 from franchisee purchases of products and services from Big Boy Food Group and payments from Approved Suppliers based upon franchisee purchases. This amount was 81% of Big Boy Food Group's total revenues of ~~\$6,947,000~~ \$7,166,000 as reported in International's consolidated audited financial statements for the last fiscal year.

Other than set forth above, neither Big Boy nor any of its affiliates will derive revenue as a result of your purchases from Approved Suppliers, distributors or manufacturers.

Big Boy estimates that all of your purchases from Big Boy, Big Boy Food Group, Approved Suppliers, or in accordance with Big Boy's standards and specifications will represent 90% to 100% of your total purchases to establish your Big Boy Restaurant, and 90% to 100% of your total annual purchases to operate your restaurant.

Gift Card Program

You must participate in Big Boy's gift card program. Big Boy has contracted with a third party supplier to administer a gift card program for Big Boy Restaurants. Your initial cost of equipment, cards and set-up are estimated to be less than \$1,000 and annual costs for most Big Boy Restaurants will generally not exceed \$1,000. Big Boy receives no payments from the gift card program supplier.

Item 9

~~You must participate in Big Boy's gift card program. Big Boy has contracted with a third party supplier to administer a gift card program for Big Boy Restaurants. Your initial cost of equipment, cards and set-up are estimated to be less than \$1,000 and annual costs for most Big Boy Restaurants will generally not exceed \$1,000. Big Boy receives no payments from the gift card program supplier.~~

FRANCHISEE'S OBLIGATIONS

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

Obligation	Article in Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Articles 10 and 19 of Franchise Agreement	Item 11
b. Pre-opening purchases/ leases	Articles 8, 11, 12 and 19 of Franchise Agreement	Items 7 and 8
c. Site development and other pre-opening requirements	Articles 10, 11 and 12 of Franchise Agreement	Items 7 and 11
d. Initial and additional training	Article 15 of Franchise Agreement	Item 11
e. Opening	Article 15.6 of Franchise Agreement	Item 11
f. Fees	Articles 4 and 5 of Franchise Agreement; Article 3 of Area Development Agreement	Items 5, 6 and 7
g. Compliance with standards and policies/ Operating System Manual	Articles 7 and 9 of Franchise Agreement	Items 8 and 11

Obligation	Article in Agreement	Item in Disclosure Document
h. Trademarks and proprietary information	Articles 7, 9 and 14 of Franchise Agreement	Items 13 and 14
i. Restrictions on products/services offered	Article 8 of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	Article 7 of Franchise Agreement	Item 11
k. Territorial development and sales quotas	Article 2 of Franchise Agreement	Item 12
l. Ongoing product/service purchases	Article 8 of Franchise Agreement	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	Article 7 of Franchise Agreement	Item 8
n. Insurance	Article 13 of Franchise Agreement	Items 7 and 8
o. Advertising	Articles 5 and 7 of Franchise Agreement	Items 6 and 11
p. Indemnification	Article 25 of Franchise Agreement; Article 11 of Area Development Agreement	Item 6
q. Owner's participation/management/staffing	Articles 7 and 15 of Franchise Agreement	Items 11 and 15
r. Records/report	Articles 5 and 6 of Franchise Agreement	Item 6
s. Inspections/audits	Articles 6 and 7 of Franchise Agreement	Item 6
t. Transfer	Article 17 of Franchise Agreement; Article 6 of Area Development Agreement	Item 17
u. Renewal	Not applicable	Item 17

Obligation	Article in Agreement	Item in Disclosure Document
v. Post-Termination obligations	Article 22 of Franchise Agreement; Article 8 of Area Development Agreement	Item 17
w. Non-competition covenants	Article 23 of Franchise Agreement; Article 9 of Area Development Agreement	Item 17
x. Dispute resolution	Article 26 of Franchise Agreement; Article 12 of Area Development Agreement	Item 17
y. Right of First Refusal/Option to Purchase	Article 18 of Franchise Agreement	Item 17

Item 10
FINANCING

Big Boy does not offer direct or indirect financing. Big Boy does not guarantee your promissory notes, leases or any other indebtedness or obligation.

From time to time, Big Boy may create a Franchisee Preferred Lending Program which provides information on institutional lenders or private equity companies that are available for new or existing franchisees to contact. These institutional lenders and private equity companies will have discussed their interest for financing the purchase or improvements to real estate, equipment or remodel financing, or working capital for launch or growth of a Big Boy. Big Boy does not guarantee that the suggested institutional lenders or private equity companies will approve financing applications and investment requests.

Big Boy Restaurants is listed on the Small Business Administration (SBA) Registry. This listing is not a guarantee that a potentially new or existing Big Boy franchisee will receive approval of a financing application or investment request.

Item 11
**FRANCHISOR'S ASSISTANCE, ADVERTISING,
COMPUTER SYSTEMS AND TRAINING**

Except as listed below, Big Boy is not required to provide you with any assistance.

Assistance Before Opening of Restaurant

Before you open your Restaurant:

- (1) Big Boy will review the proposed site for the Franchised Location (Article 10 of the Franchise Agreement) based upon the Franchise Site Package you submit and will determine, in its discretion, whether the proposed site meets its current site criteria. A complete Franchise Site Package includes a plot plan, site plan, site photographs, competition map, demographic package, either a control document (including an offer to purchase and terms) or a lease, a financing commitment, budget development costs, and the sales history of a conversion (if applicable). You will also be asked to provide a break-even analysis, a projected first year profit and loss statement, including income and expenses, rent, equipment rent, depreciation, debt payments, net income, operating cash flow, annualized net R.O.I. and annualized cash on cash R.O.I. Factors Big Boy considers when reviewing a proposed site include accessibility, visibility, potential traffic flows, population trends, household income and financial statistics, lease terms and other demographic information. The site review Big Boy conducts is not a warranty, representation or guaranty by Big Boy that a Big Boy Restaurant opened at that site will be a financial success. Big Boy will inform you of the conclusions from the review of the proposed site within 30 days. Big Boy may terminate your Franchise Agreement if you do not purchase or lease a site for your Big Boy Restaurant within 120 days after the date of the Franchise Agreement. Big Boy may also terminate your Franchise Agreement if you fail to open your Big Boy Restaurant within 12 months after the date of the Franchise Agreement.
- (2) Big Boy will provide standards and specifications for the floor plan and layout, signs, appearance and equipment of the restaurant (Articles 10, 11 and 12 of the Franchise Agreement).
- (3) Big Boy will provide lists of approved items of equipment, fixtures, inventory and supplies and lists of approved suppliers for those items (Article 8 of the Franchise Agreement).
- (4) Operating System Manuals will be made available for review after execution of the Franchise Agreement, on the Big Boy Intranet and Learning Center Web Site at www.bigboy.com. ~~Boy.com~~. To protect the confidentiality of the manuals, Big Boy will require that you execute a confidentiality agreement. You must operate the restaurant in compliance with the policies, procedures and specifications in Big Boy's Operating System Manual (Article 9 of the Franchise Agreement).
- (5) Big Boy will provide training (within 90 days of the scheduled opening date of the restaurant) for you, your Operating Partner (defined in Article 15) and each member of your Management Team. Big Boy's training program is more fully described below (Article 15 of the Franchise Agreement).

(6) Upon satisfying unit staffing requirements and paying the deposit for the Opening Team expenses required by Article 15.6 of the Franchise Agreement, Big Boy will send an Opening Team to provide opening assistance for a minimum of 4 weeks at the Franchised Location (Article 15.6 of the Franchise Agreement). You will reimburse Big Boy for the Travel Expenses that the Opening Team incurs (see Items 6 and 7).

(7) Big Boy will provide a sample of the standard menu for Big Boy Restaurants (Article 16 of the Franchise Agreement). Menus must be printed through an Approved Supplier.

Timing of Opening - The opening of your Big Boy Restaurant will generally take place within six to 12 months after you sign the Franchise Agreement. Factors which will affect your opening date include selecting the location for your restaurant, whether your restaurant will be operated out of a converted premises or newly constructed building, obtaining the required licenses, including the liquor licenses, the delivery of your furniture, fixtures and equipment, acquiring food inventory and supplies, obtaining financing (if applicable), hiring and training your employees, and completing the training program. Therefore, you must obtain final approval from Big Boy and a certificate of occupancy prior to the arrival of the Opening Team for classroom training and in-store training.

Grand Opening - You are responsible for the Grand Opening costs for your restaurant (see Item 7). At your request, Big Boy will assign a Marketing Representative to consult and assist with the Grand Opening. You will reimburse Big Boy for the Travel Expenses the Marketing Representative incurs during on-site visits to your restaurant (see Items 6 and 7). You should allow at least six weeks for your Grand Opening preparations.

Assistance During Operation of Restaurant - After the opening of your Big Boy Restaurant:

(1) Big Boy will provide additional training if, during the term of the Franchise Agreement, you hire a new General Manager or Assistant Manager who has not attended and successfully completed Big Boy's training program. Big Boy will conduct the training program in Warren, Michigan, at another location that Big Boy designates, or at your restaurant at the sole discretion of Big Boy. If Big Boy conducts the training program at your restaurant, then you must pay Big Boy the then-current per day on-site Training Fee (see Item 6) and reimburse Big Boy for the expenses it incurs in providing the training. You must pay the salaries, benefits, Travel Expenses and all other expenses for each new employee who attends the training program on your behalf (Article 15.4 of the Franchise Agreement).

(2) Big Boy will periodically visit and review your restaurant and render written reports if deemed appropriate by Big Boy (Article 16 of the Franchise Agreement).

(3) Big Boy will legally protect the Marks and the Restaurant System (Articles 14 and 16 of the Franchise Agreement).

(4) Big Boy may develop and register new Marks (Articles 14 and 16 of the Franchise Agreement).

(5) Big Boy will provide advisory services by telephone, electronic media or in writing (Article 16 of the Franchise Agreement). If Big Boy provides management or operations assistance at the Franchised Location, then you must pay the then-current per diem fee Big Boy charges and Big Boy's out-of-pocket expenses (see Item 6).

(6) Big Boy will furnish all supplements and modifications to the Operating System Manuals (Article 9 of the Franchise Agreement).

(7) Big Boy will provide the names and addresses of new Approved Suppliers for the products and services Big Boy requires for your Big Boy Restaurant (Articles 8 and 16 of the Franchise Agreement).

(8) Big Boy will provide updates to the standard menu for Big Boy Restaurants (Article 16 of the Franchise Agreement).

(9) Big Boy may conduct regional and Update and Improvement Management Seminars. Attendance at these seminars is mandatory. These programs are designed as refresher courses and to introduce any new systems and developments that Big Boy has formulated. In certain major regions of the United States, Big Boy designates a meeting place, time and date for all the franchisees in that region. The meetings generally last one day and are conducted by employees of Big Boy. These seminars are generally held in Michigan, Ohio, and California. You are responsible for all salaries, benefits, Travel Expenses and other costs incurred by the individuals who attend these seminars on your behalf.

(10) Big Boy may hold conventions for its franchisees (Article 15.8 of the Franchise Agreement). Big Boy will determine the timing, location, length and dates for any convention that Big Boy holds for its franchisees. You will be responsible for all salaries, benefits, Travel Expenses and other costs incurred by the individuals who attend a franchisee convention on your behalf.

Advertising Fund

—Big Boy recognizes the value of advertising to enhance the goodwill and public image of its brand and, as such, in its sole discretion, Big Boy has established the Big Boy Advertising and Production Fund, Inc. (the "Fund") to create and produce marketing materials and prepare advertising campaigns. If your Big Boy Restaurant is located in Michigan, with the exception of the Upper Peninsula, you will contribute to the Fund weekly advertising fees equal to two percent (2%) of your weekly Gross Revenues for the preceding Week ("Advertising Fees"), and you must also spend at least 1% of your weekly Gross Revenues for approved local advertising (see Item 6). With ninety (90) days prior written notice from Big Boy, Big Boy can increase your Advertising Fee up to 3% of your weekly Gross Revenue (see Item 6 of this Franchise Disclosure Document and Article 6 of the Franchise Agreement). If your weekly Advertising Fee is increased to 3% of your weekly Gross Revenues, you will not be required ~~longer have to~~

spend at least 1% of your weekly Gross Revenues for approved local advertising (see Item 6). You must participate in any local or regional advertising cooperatives upon notice by Big Boy of their formation.

If your Big Boy Restaurant is located in the Upper Peninsula of Michigan or other regions, you will contribute Advertising Fees equal to one-half of one percent (0.5%) of your weekly Gross Revenues to the Fund, and you must spend at least ~~2+~~ 1.5% of your weekly Gross Revenues for approved local advertising (see Item 6). With ninety (90) days prior written notice from Big Boy, Big Boy can increase your Advertising Fee ~~up~~ to 3% of your weekly Gross Revenue (see item 6 of this Franchise Disclosure Document and Article 6 of the Franchise Agreement). If your weekly Advertising Fee is increased to 3% of your weekly Gross Revenues, you will not be required ~~longer have to~~ spend at least ~~2+~~ 1.5% of your weekly Gross Revenues for approved local advertising (see Item 6). You must participate in any local or regional advertising cooperatives upon notice by Big Boy of their formation. Company-owned Big Boy Restaurants pay Advertising Fees on the same basis as franchised Big Boy Restaurants.

The Fund will be accounted for separately from the Franchisor's other funds and will not be used to defray any of Franchisor's general operating expenses, except for reasonable salaries, administrative costs and overhead the Franchisor may incur in activities related to the administration of the Fund and its programs. The Fund is administered by a Board of Directors made up of two officers of Franchisor and one Franchisee, as well as two Franchisees who serve as advisors. ~~the Senior Vice-President, Marketing and Senior Vice-President, Development Operations for Big Boy Restaurants International LLC and three Franchisees.~~ Accounting functions for the Fund are handled by an accounting firm not affiliated with Big Boy.

The Fund will have the absolute and unilateral right to determine when, how and where the Advertising Fees will be spent or committed including, but not limited to, the right of the Fund to purchase and pay for (a) product research and development, development of logotypes and slogans, production materials and costs, point of sales promotional materials, ad slicks, banners, signs, brochures, radio, television, cable, newspaper, magazine and other print advertising, services provided by advertising agencies, market research, customer retention and incentive programs, direct mail advertising, telemarketing, media time and space advertising, Internet advertising, promotions, marketing, public relations, national, regional and local advertising, and all other forms and methods of advertising, promotion, marketing, and public relations that the Fund deems, in its sole judgment, appropriate and in the best interests of all Big Boy franchisees and the Restaurant System, and (b) all internet and long distance telephone charges, office rental, computers and computer software, furniture, fixtures and equipment, leasehold improvements, personnel salaries and benefits, travel costs, office supplies, collection costs (including attorneys' fees) paid in attempting to collect past due Advertising Fees from franchisees and all other costs and expenses associated with and incurred in connection with administering the Fund, Advertising Fees and the Advertising expenditures. The Fund is not required to spend the Advertising Fees in any particular market and is not required to spend the Advertising Fees in the Franchisee's market area in proportion to the Advertising Fees paid by the Franchisee. The Fund will have the right, but not the obligation, to spend all or part of the Advertising Fees paid by any franchisee in that franchisee's market area. A summary showing the amount of the Advertising Fees received and the amount of the advertising expenditures for the calendar year will be

prepared by the Fund on or before March 31st of each year for the preceding year and will, upon written request, be provided to you. For the fiscal year ended December ~~2625~~, 20102011, ~~8981~~% of the Fund was used to pay for media and the production of advertising (including the cost of media placement, broadcast-production and advertising agency fees), ~~8-611~~% was paid for administrative expenses, and ~~2-48~~% was paid for research (consumer, pricing and nutritional). Big Boy assumes no direct or indirect liability or obligation with respect to the maintenance, direction or administration of the Fund. Big Boy does not act as trustee or in any other fiduciary capacity with respect to the Fund.

POS System

—Big Boy requires that your point-of-sale electronic cash register and computer systems (the "POS System") include at least three POS terminals (more may be required depending upon restaurant size), and computer hardware and software capable of supporting the POS System, including a supported Windows operating system. Based on current operating requirements, a separate PC is recommended to perform other functions including electronic mail (e-mail) and internet access. For either or both PC's you may need to install Microsoft Office 2010, Adobe Acrobat Reader, on-line food inventory ordering software, a firewall, and an anti-virus package. You may have to upgrade computer capabilities periodically as set forth in the Operating System Manual or other instructions delivered in writing by Big Boy. The estimated cost of a typical POS System purchased from the approved POS System vendor, ranges from \$25,000 to \$45,000 (see Item 7), which includes a training program provided by the supplier. The hardware and software components used in the POS System have been tightly integrated to the service and profitability systems of Big Boy Restaurants. The POS System uses industry standard personal computer hardware in conjunction with proprietary hardware and software obtained from the approved POS System vendor. The approved POS System vendor may provide maintenance contracts for ongoing support, equipment repair, and software upgrades at an annual cost generally ranging from \$2,500 to \$5,000.

The POS System is generally used in the restaurant to efficiently and accurately process customer orders. It also compiles sales information including sales, types of transactions, menu mix of products sold, cash control and employee incentive programs. Big Boy may also use the POS System as an employee timekeeping device for payroll processing. Big Boy continues to expand the use of internet / intranet mediums to facilitate your communication with Big Boy and suppliers. Uses include electronic mail, training materials, form and procedures libraries, inventory ordering and other applications. You must have a POS System or separate PC with sufficient capacity to accommodate these activities. Big Boy ~~will~~ may have independent access to the information on your POS System. Big Boy ~~will~~ may also monitor your Gross Revenues electronically.

Big Boy also encourages, but does not require, franchisees to engage a network/security specialist to establish wireless internet access in their Big Boy Restaurants. Big Boy recommends that such wireless access system include, among other things, firewall software/hardware, segregated network components, custom IP schemes, and intrusion protection and/or monitoring software on point of sale devices and equipment.

To insure uniformity, your location(s) will be listed on our website. As a result, you may not develop or create your own website for your franchise location.

Operating System Manuals

—Operating System Manuals will be made available for review on the Big Boy Intranet and Learning Center Web Site. The Operations Manual must remain confidential and is our proprietary property. We have the right to add to and otherwise modify the Operations Manual periodically as we deem necessary, provided these additions or modifications will not alter your fundamental status and rights under the Franchise Agreement.

—To protect the confidentiality of the manuals, Big Boy will require that you execute a confidentiality agreement.

Operations Manual, Volume 1 – Operating System

Table of Contents:

- Section 1 Compliance / Operating Standards – 11 pages
- Section 2 Employee Information Guides – 3 pages
- Section 3 Trademark Usage – 2 pages
- Section 4 Advertising – 1 page
- Section 5 Daily Procedures – 2 pages
- Section 6 Service Standards – 5 pages
- Section 7 Facility Standards – 5 pages
- Section 8 Inspections / Supervision – 12 pages
- Section 9 Legal Requirements – 2 pages
- Section 10 Products and Services – 28 pages

TRAINING PROGRAM

Your Operating Partner, General Manager and Assistant Managers must satisfy in its entirety, all staffing and training requirements of Big Boy before the opening of your restaurant. This training program includes up to eight weeks of on-line and on-the-job managerial instruction courses that will be attended at a franchisor approved location. You are responsible for all salaries, benefits, Travel Expenses and other costs you and your employees incur during the training program.

<u>SUBJECT</u>	<u>HOURS OF CLASSROOM OR ON-LINE TRAINING</u>	<u>HOURS OF ON-THE-JOB TRAINING</u>	<u>LOCATION</u>
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<u>SUBJECT</u>	<u>HOURS OF CLASSROOM OR ON-LINE TRAINING</u>	<u>HOURS OF ON-THE-JOB TRAINING</u>	<u>LOCATION</u>
<p><u>Orientation Day and Module I</u></p> <ul style="list-style-type: none"> • Information Guide • Introduction to the Big Boy Intranet and Mapping to On-Line Learning "My Professional Development" Big Boy On-line Learning Center <p><u>Module I</u></p> <ul style="list-style-type: none"> • Day in the Life of a Big Boy Manager • Allergen Guide • Serving Safe Food Guide • Personal Safety in Our Restaurant-Keeping it Safe • The Standard is Excellence • Today's Guest Best Practices • Management Development Offerings • Serving Safe Food • Keeping It Safe • The Standard is Excellence 	7 Hours On-line	8 Hours 3 Hours	Approved Restaurant Location

<u>SUBJECT</u>	<u>HOURS OF CLASSROOM OR ON-LINE TRAINING</u>	<u>HOURS OF ON-THE-JOB TRAINING</u>	<u>LOCATION</u>
<u>Modules 2 and 3</u> Front of the House Hourly and Management Functions <ul style="list-style-type: none"> • <u>Custom Content Allergen Guide</u> • <u>Job Overviews</u> • <u>FOH Special Procedure Manual</u> 	<u>10 Hours</u> <u>On-Line</u>	<u>200 Hours</u> 200 Hours	Approved Restaurant Location
<u>Modules 4 - 6</u> Heart of the House <ul style="list-style-type: none"> • <u>Hourly and Management Functions</u> • <u>Custom Content</u> • <u>Job Overviews</u> • <u>HOH Special Procedures Manual</u> • <u>Job Overviews</u> • <u>HOH Special Procedure Manual</u> 	<u>10 Hours</u> <u>On-Line</u>	<u>190 Hours</u> 2 Hours	Approved Restaurant Location
<u>Module 7 – Management Competencies</u> <ul style="list-style-type: none"> • <u>Custom Content</u> • <u>Management Certification Test</u> 	<u>6.5 Hours</u> <u>On-Line</u>	<u>93 Hours on the</u> <u>Job-Shadow</u> <u>Experience</u>	<u>Approved Restaurant</u> <u>Location</u>

<u>SUBJECT</u>	<u>HOURS OF CLASSROOM OR ON-LINE TRAINING</u>	<u>HOURS OF ON-THE-JOB TRAINING</u>	<u>LOCATION</u>
<p>Ongoing Regional Development Management Class</p> <ul style="list-style-type: none"> • <u>Best Practices Operations, Controls, Profitability</u> • <u>Marketing – New Menu/Event Roll-outs</u> • <u>Development of People – Training Solutions</u> • <u>ServSafe® Certification</u> • <u>Compliance- Employment Law and Best Practices</u> <ul style="list-style-type: none"> ➤ <u>Risk Management</u> • <u>Development of People</u> <ul style="list-style-type: none"> ➤ <u>Training Solutions</u> • <u>Operations and Control</u> <ul style="list-style-type: none"> ➤ <u>Today's Customer Best Practices</u> ➤ <u>Marketing</u> ➤ <u>Profitability</u> • <u>ServSafe Certification</u> 	<p><u>8 Hour Sessions</u></p> <p><u>6 Hour Sessions</u></p>	<p><u>As determined by the Franchisor</u> 48 Hours</p>	<p><u>Big Boy Learning Center, Warren, Michigan, or at a Dedicated and Approved Facility</u></p>

~~Your Operating Partner, General Manager, Assistant Managers and Kitchen Manager must satisfy in its entirety, all staffing and training requirements of Big Boy before the opening of your restaurant. This training program includes up to eight weeks of on the job managerial instruction courses. The Orientation and Management Commencement may be conducted at the Big Boy Learning Center in Warren, Michigan, on-line or regionally, by the Franchise Business Director. You are responsible for all salaries, benefits, Travel Expenses and other costs you and your employees incur during the training program.~~

The schedule for training classes is specific to your restaurant based on the scheduled opening date. Training must be completed at least one month prior to the scheduled opening of your restaurant. Instructional Training Materials used for the classes include the Operating System Manual, Volume 1- Operations, Volume 2- Human Resources, Volume 3- MFT Development, Volume 5- Safety, Volume 8- Menu Execution and Recipes, Big Boy Serving Safe Food Guide, Big Boy Keeping It Safe Guide, Special Procedure Manuals and Hourly Job Overview Training Packages. Operating System Manual You must complete training to the satisfaction of the Franchisor.

Big Boy's Human Resources and Training Department is staffed by employees who have managed and supervised Big Boy Restaurants and have demonstrated outstanding technical, leadership and business skills. The following individuals provide training instruction:

Debra Murphy, Director of Human Resources and Training

Ms. Murphy has served as Big Boy's Director of Human Resources and Training since 2001. Ms. Murphy received her Professional in Human Resources (PHR) Certification through Eastern Michigan University and is also a certified instructor for Serv-Safe® Alcohol. Ms. Murphy previously served as Director of Human Resources for Elias, Big Boy's predecessor. She first provided classroom instruction, on-the-job training, and assistance to the New Store Opening Team as a Regional Service Supervisor.

Ms. Murphy began her employment with Elias in 1982 as an hourly server. At the unit level, Ms. Murphy was promoted from server to Dining Room Manager. Ms. Murphy joined the Elias Operations administrative staff and has served as a Regional Service Supervisor for both company and franchise units. As a Regional Service Supervisor, Ms. Murphy provided classroom instruction and on-the-job training to 25 units. Ms. Murphy also conducted training for, assisted and was part of the New Store Opening Team. Ms. Murphy then transferred to the Human Resources Department where she began as a Personnel Recruiter. She was promoted to Director of Human Resources in 2001, Ms. Murphy was employed by Big Boy and promoted to Director of Human Resources and Training. Ms. Murphy received her Professional in Human Resources (PHR) Certification through Eastern Michigan University and is also a certified instructor for Serv-Safe® Alcohol.

Donika Marku-Xhinaj, Corporate Training Manager

Ms. Marku-Xhinaj has served as Lead Front of the House Trainer since 2006. Ms. Marku-Xhinaj is Serv Safe® certified for food. She began her employment with Big Boy in May 2006 as a Manager-in-Training. Ms. Marku was promoted to Assistant Manager and joined the New Store Opening Team prior to her promotion in 2006 as Lead Front of the House Trainer. Ms. Marku is Serv-Safe® certified for food. Ms. Marku-Xhinaj trains management and staff in the field and for New Store Openings in addition to her home office duties for the Training Department management duties at her home Big Boy restaurant.

Big Boy offers you and your managers additional management, leadership or refresher personnel development courses. Big Boy provides additional development programs without charge to

you, but may charge for program materials or facilities in the future. You are responsible for all salaries, benefits, Travel Expenses and other costs incurred during any additional training for you or your managers.

Item 12

TERRITORY

You will operate out of a single "Franchised Location" within an "Exclusive Area." Your Exclusive Area will be the area within a two mile radius of your Franchised Location. Your Exclusive Area may not be altered or relocated during the term of the Franchise Agreement, except with the prior written approval of Big Boy. You are not restricted from soliciting or accepting orders outside your Exclusive Area, but you may not sell any products and services offered in connection with your restaurant on a wholesale basis, ~~at any location other than your restaurant or through the Internet, catalog, mail order, telemarketing or any other method of sales, or distribution or at any location other than your restaurant.~~ The continuation of your Exclusive Area is not dependent upon your achieving a certain sales volume, market penetration or meeting any other contingency. The Franchise Agreement does not grant any options, rights of first refusal or similar rights to you for the acquisition of additional franchises within your Exclusive Area or contiguous areas.

if you enter into an Area Development Agreement with Big Boy, you will receive the right to develop and operate Big Boy Restaurants in a specified geographic area called a "Territory." The Territory typically consists of one or more cities or market areas and will be delineated by specifying the streets or highways, specific municipalities and/or counties which form the boundaries of the Territory. Before you sign the Area Development Agreement, a description of the Territory will be placed in the Area Development Agreement and a map of the Territory may also be attached. The size of the Territory and the number of Big Boy Restaurants you will develop within the Territory are determined by the population of the Territory and its market potential, taking into account demographics, economics, the business climate, competition and other relevant factors. Your Territory may not be altered or relocated during the term of the Area Development Agreement. You must meet the development schedule in the Area Development Agreement or you will lose your right to continue to develop Big Boy Restaurants in the Territory. The Area Development Agreement does not grant any options, rights of first refusal or similar rights to you for the acquisition of additional development rights in your Territory or contiguous areas.

Big Boy will not franchise, license, develop, own or operate another Big Boy Restaurant in your Exclusive Area or your Territory. Neither Big Boy or its affiliates plans to operate a franchise business under a different trademark that will sell goods and services similar to those sold by franchisees. However, Big Boy has the absolute right to: (1) develop, own, operate and/or franchise other restaurant concepts under other brand names even if the locations for the concept are within your Exclusive Area or your Territory; (2) develop, own, operate, and/or franchise or other modified Big Boy Restaurants in your Exclusive Area or your Territory if they are located in an international airport, major theme or entertainment parks, casinos, hospitals, mass merchandising outlets, government facilities or professional sports stadiums; (3) market, distribute and sell, on a wholesale or retail basis, foods and other products under any of the Marks and/or under any other brand name, trademark, or service mark, in vending machines, convenience stores, grocery stores, retail and online outlets, and by direct sales, the Internet, mail order, infomercials, telemarketing or by any other marketing or distribution method, even if the sales are made by

distributors or retailers who are located in your Exclusive Area or your Territory; and
(4) advertise, promote and participate in special events that promote the Marks in your Exclusive Area or your Territory.

Item 13
TRADEMARKS

The following is a list of the Marks which you may use under the Franchise Agreement. You may only use the Marks in the manner Big Boy authorizes in writing. You may not use any of the Marks as part of your corporate or other name. You must also follow the instructions of Big Boy for identifying yourself and for filing and maintaining the requisite trade name or fictitious name registrations. All of the Marks are registered on the Principal Register of the United States Patent and Trademark Office and all affidavits of use and renewals for these Marks have been timely filed. Of these Marks, all but "OHHH Boy! Big Boy!" (Reg. No. 2,904,248), "It's a Michigan Thing" (Reg. No. 3,384,611), and "Bob's 'Beyond the Bun' Chicken Sandwich" (Reg. No. 3,467,275) are incontestable for purposes of the Federal Trademark Act.

Name	Registration No.	Registration Date	Use Classification
Running "Big Boy" and Restaurant & Bakery	1,806,061	11/23/93	Class 37, 38 and 100 (Int. Cl. 16 and 43)
Running "Big Boy" (Design only)	1,818,909	2/1/94	Classes 14, 22, 29, 37,38,45,46,47,48,100 & 101 (Int. Cl. 16, 29, 30, 32 & 43)
Standing "Big Boy"	910,758	3/30/1171	Class 100 (Int. Cl. 42)
"Big Boy" (words only)	1,823,393	2/22/94	Class 100 (Int. Cl. 43)
"Big Boy"	913,601	6/08/71	Classes 38, 46 and 101 (Int. Cl. 16, 29, 30 and 35)
"Big Boy"	944,155	10/03/72	Class 45 (Int. Cl. 32)
Running "Big Boy" with Burger	2,090,105	8/19/97	Int. Cl. 43
Original Big Boy	2,145,671	3/24/98	Int. Cl. 43
Standing "Big Boy"	1,166,686	8/25/81	Class 46 (Int. Cl. 29)
"Bob's"	1,230,137	3/08/83	Classes 46 and 100 (Int. Cl. 29, 30 and 43)
"Bob's Big Boy"	1,230,170	3/08/83	Classes 46 and 100 (Int. Cl. 30 and 43)
"Bob's Big Boy Family Restaurants" and Design	1,230,569	3/08/83	Class 100 (Int. Cl. 43)
"Bob's Big Boy Restaurants" and Design	1,230,570	3/08/83	Class 100 (Int. Cl. 43)
"Bob's"	1,300,991	10/16/84	Class 100 (Int. Cl. 43)
"Operation Can Do!"	1,375,215	12/10/85	Class 100 (Int. Cl. 43)

Name	Registration No.	Registration Date	Use Classification
"Big Boy" design	2,634,415	10/15/02	Int. Cl. 43
"Big Boy Diner"	2,059,156	5/6/97	Int. Cl. 43
"Big Boy Restaurant and Market"	2,442,108	4/10/01	Int. Cl. 16 Int. Cl. 43
"OHHH Boy"	2,887,222	9/21/04	Int. Cl. 43
"OHHH Boy! Big Boy"	2,904,248	11/23/04	Int. Cl. 13
"It's A Michigan Thing"	3,384,611	2/19/08	Int. Cl. 43
"Bob's 'Beyond the Bun' Chicken Sandwich	3,467,275	7/15/08	Int. Cl. 30
Slim Jim	3,694,531	10/13/09	Int. Cl. 30
Home of the Original Double Deck Cheeseburger	3,898,347	1/4/11	Int. Cl. 043
Scrammy Hammy	3,898,338	1/4/11	Int. Cl. 029
Blockbuster Breakfast	3,898,337	1/4/11	Int. Cl. 029
Super Big Boy	Serial #76705291	Filed 11/10/10	Int. Cl. 030
Junior Big Boy	Serial #76705293	Filed 11/10/10	Int. Cl. 030

International is the owner of all the Marks disclosed in this Item. On December 22, 2000, Big Boy entered into a Trademark License Agreement with International for the Marks for a perpetual term unless International terminates the agreement in writing. In 2001, International entered into an agreement with Frisch's Restaurants, Inc. ("Frisch's"), where International granted to Frisch's concurrent registration of certain Marks disclosed in this Item for use only in Kentucky, Indiana, certain portions of Ohio, and certain portions of Tennessee. According to such agreement, Big Boy is not permitted to open or operate Big Boy Restaurants in such territories. Otherwise, there are no agreements currently in effect that significantly limit Big Boy's rights to use or license the use of the Marks in a manner material to the franchise.

There are no currently effective material determinations of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator in any state or any court, no pending infringement or opposition proceeding, and no pending material litigation involving the Marks. To the knowledge of Big Boy, there are no superior rights or infringing uses which could materially affect your use of the Marks or other related rights in any state.

You must provide Big Boy with written notice of any claims made against or associated with the Marks. Big Boy is obligated under the Franchise Agreement to protect your right to use the Marks and other related rights and to protect you against claims of infringement and unfair competition with respect to the Marks. However, if anyone establishes to the satisfaction of Big Boy that its rights are, for any legal reason, superior to the rights of Big Boy as to any of the Marks, then you must use the variances to the Marks or to the other service marks, trademarks or trade names required by Big Boy to avoid a conflict with any superior rights.

You will not have the right to and will agree not to defend or enforce any rights associated with the Marks or the Restaurant System in any court or other proceedings for or against imitation, infringement, prior use or for any other claim or allegation. Big Boy will have the sole and absolute right to determine whether it will commence or defend any litigation involving the Marks and/or the Restaurant System, and the cost and expense of all litigation incurred by the Big Boy, including attorneys' fees, specifically relating to the Marks or the Restaurant System will be paid by Big Boy.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Big Boy does not own any patents which are material to the franchise and Big Boy does not have any pending patent applications that are material to the franchise. Big Boy claims copyright protection for its Operating System Manual and other manuals and its confidential information (which includes all information, data, manuals, techniques and know-how designated or treated by Big Boy as confidential), although these materials are not registered with the United States Registrar of Copyrights. Big Boy also claims copyright protection of its menus and placemats. These materials are in the process of being registered with the United States Registrar of Copyrights.

Big Boy claims proprietary rights in its Operating System Manual and other manuals and confidential information and trade secrets, including, without limitation, recipes, menus, and processes. You may use the proprietary information in Big Boy's manuals and other confidential information. You must take reasonable steps to prevent disclosure of this proprietary information to others, and you must also promptly tell Big Boy when you learn about unauthorized use of this proprietary information. Big Boy does not have to take any action to protect its copyrights or other proprietary information, but will respond to this information as it believes appropriate. Big Boy will indemnify you for losses brought by a third party concerning your use of its proprietary information.

The Franchise Agreement requires you to maintain all confidential information both during and after the term of the Franchise Agreement. You may not at any time disclose, copy or use any confidential information, except as Big Boy specifically authorizes. You agree that all information, data, techniques and know-how you and your employees or agents develop or assemble the term of the Franchise Agreement and relating to the Big Boy Restaurant System is confidential information protected under the Franchise Agreement.

Item 15

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

If you are entering into the Franchise Agreement in your individual capacity, Big Boy requires that you personally participate in the operation of your Big Boy Restaurant and guarantee all of the obligations to Big Boy under the agreement. If the party entering into the Franchise Agreement is not an individual, you must designate as the "Operating Partner" an individual approved by us who must own and control or have the right to own and control (subject to reasonable conditions) not less than 10% of the equity and voting rights of the entity entering into the Franchise Agreement and have the authority to bind such entity regarding all operational decisions with respect to the Restaurant. You or your Operating Partner, as the case may be, and each Management Team member you employ must successfully complete the training program. In the event of the death, disability, or termination of employment of any member of your Management Team, you must hire a successor within ten (10) days of such event. Your employees do not have to own an equity interest in your Big Boy Restaurant. Your employees who have access to confidential information and trade secrets must sign confidentiality agreements. Your Restaurant must be open during the business hours specified in the Operating System Manual.

The operating company responsible for operating and managing your Big Boy Restaurant must be dedicated solely to developing and operating the Big Boy Restaurant, and may not hold any interest in, operate, or manage any other business without the prior written approval of Big Boy.

If the party entering into the Franchise Agreement or the Area Development Agreement with Big Boy is not an individual, then you and the other owners must personally guarantee all of the obligations to Big Boy under the agreement. You must also agree that during the term of the agreement you will not participate in any Competitive Restaurant business, and that for 12 months after the expiration or termination of the agreement, you will not participate in any Competitive Restaurant located within five miles of your restaurant or any other Big Boy Restaurant or within any exclusive area that Big Boy grants. These covenants not to compete also apply to your personal guarantors and Owners.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only sell the products and services specified or approved by Big Boy in writing. You must sell the products and services Big Boy requires. Big Boy can change the products and services that you must offer without limitation. If any products or services are added, you must be qualified to provide the products and services before we will authorize you to offer those products and services. If a product or service is deleted, you must cease offering that product or service immediately on written notice from us. We will make all changes in the required products and services for good faith marketing reasons and on a uniform basis for all similarly situated franchisees in a particular market, except when used marketing products or services.

You are not limited to whom you may sell your products and services, but you may not sell any of the products or services offered in connection with your restaurant on a wholesale basis, at ~~any location other than your restaurant,~~ or through Internet, catalogue, 800 number, mail order, telemarketing, or any other method of sales, ~~or distribution, or at any location other than your restaurant.~~ You may not offer or sell beer, wine or other alcoholic beverages at the Restaurant, except with Big Boy's prior written approval and a valid license from the State.

In the event you determine to offer special discounts or coupons to induce customers to patronize your franchise, such discounts or coupons must state the following legend: "THIS COUPON IS VALID ONLY AT (YOUR ADDRESS). OTHER BIG BOY LOCATIONS MAY BE INDEPENDENTLY OWNED AND OPERATED AND ARE UNDER NO OBLIGATION TO ACCEPT THIS COUPON." If your coupons are accepted by other franchisees or Company owned locations, upon our request, you must reimburse the coupon-accepting location the difference between its regular menu price and the price obtained pursuant to the coupon(s) it accepted.

Item 17

**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP**

This table lists certain important provisions of the Franchise Agreement pertaining to renewal, termination, transfer, and dispute resolution. You should read these provisions in the Franchise Agreement attached to this Franchise Disclosure Document

Provision	Article in Franchise Agreement	Summary
a. Term of the Franchise Agreement	3	20 years
b. Renewal or extension of the term	Not applicable	The Franchise Agreement does not give you the right to renew after the initial term expires. If Franchisor approves an additional term, you will have to sign the then-current Franchise Agreement which may contain materially different terms and conditions in order to continue to operate your business <u>and pay a renewal fee which may be different from the initial fee.</u> See Notes below for applicable law.

Provision	Article in Franchise Agreement	Summary
c. Requirements for <u>franchisee</u> you to renew or extend	Not applicable	See Notes below for applicable law.
d. Termination by <u>you</u> <u>franchisee</u>	21	If Big Boy violates any material provision, term or condition of the Franchise Agreement or fails to timely pay any material uncontested obligation due or owing to you.
e. Termination by Big Boy <u>franchisor</u> without cause	Not applicable	
f. Termination by Big Boy <u>franchisor</u> -with cause	20	If you breach the Franchise Agreement.
g. "Cause" defined — <u>curable</u> defaults that can be cured	20.2, 20.3, 20.4	You will have 30 days after receipt of written notice to cure if you: fail to open and commence operations of your Big Boy Restaurant within 12 months after signing the Franchise Agreement; violate any material provision of the Franchise Agreement; fail to pay any obligations or liabilities; issue any check which is dishonored; lose possession of the Franchised Location; lose your food service license or liquor license; fail to timely file any tax return or pay any taxes; fail an inspection; or make an unapproved transfer of any Business Assets or any Ownership Interest; or suffer termination of any other agreement with Big Boy or its affiliates; Big Boy will also have the right to terminate if you engage in any conduct that materially impairs the Marks or the Restaurant System unless you correct the breach within 24 hours after receipt of written notice of breach. You have 10 days after receipt of written notice to cure a failure to pay any fees due to Big Boy or an affiliate.

Provision	Article in Franchise Agreement	Summary
h. "Cause" defined -- <u>noncurable defaults that cannot be cured</u>	20.1, 20.5 and 20.6	<p>Big Boy can terminate the Franchise Agreement without notice and an opportunity to cure within 120 days after the Effective Date of the Franchise Agreement if you: provide false, misleading, incomplete or inaccurate information; fail to obtain a site for the Franchised Location; fail to obtain a valid food service license or fail to obtain a valid liquor license prior to serving alcoholic beverages.</p> <p>Big Boy has the right to terminate the Franchise Agreement immediately upon written notice if you or any of your partners, directors, officers or majority Owners are convicted of or plead guilty or no contest to any law relating to your Big Boy Restaurant, or any felony; or if you: made any material misrepresentation in connection with the acquisition of the franchise; are determined to be insolvent; file for bankruptcy, have an involuntary petition for bankruptcy filed against you; make an assignment for the benefit of creditors; voluntarily or otherwise abandon the Franchised Location; fail to provide, or permit Big Boy to audit, your Financial Records; engage in any conduct which materially impairs the goodwill associated with the Marks or the Restaurant System and fail to correct the breach within 24 hours of receipt of written notice of the breach; violate any provision of the Franchise Agreement three or more times during a 12 month period.</p>
i. <u>Franchisee's</u> Your obligations on termination or nonrenewal	22	<p>You must pay what you owe under the Franchise Agreement within five days after termination; immediately return all printed materials relating to the Restaurant; <u>as well as all signage, statues, or materials that contain the Big Boy licenses or trademarks</u>; cease using the Marks and the Restaurant System; alter the appearance of the Franchised Location; transfer your telephone directory listings to Big Boy; offer Business Assets to Big Boy for purchase.</p>

Provision	Article in Franchise Agreement	Summary
j. Assignment of the contract by Big Boy franchisor	17.1	No restrictions on the right of Big Boy to assign the Franchise Agreement; the assignee is required to fully perform all obligations of Big Boy under the Franchise Agreement.
k. "Transfer" by you franchisee – definition	17.2, 17.3, 17.4, 17.5	Includes assignment in the event of death or disability, sale of ownership interests, and transfer of rights under the Franchise Agreement and the Business Assets.
l. Franchisor's Approval by Big Boy of a transfer by you	17.2	Transfer requires the prior written approval of Big Boy, which will not unreasonably withhold its consent.
m. Conditions for franchisor approval by Big Boy of a transfer by you	17.2	You must provide Big Boy with 90 days written notice of the transfer; pay all money owed to Big Boy; agree to observe all applicable provisions of the Franchise Agreement; sign a release, guarantee the transferee's obligations for 12 months; and pay the Transfer Fee. The transferee must meet the standards established by Big Boy for new franchisees; sign the required legal agreements between the transferee and Big Boy; acquire the right to occupy the Franchised Location; acquire a valid food service and liquor license; successfully complete training, etc.
n. Franchisor's Right of first refusal of Big Boy to acquire your franchisee's business	18.1	You must offer <u>in writing</u> the business assets to Big Boy if you receive a bona fide offer to purchase.
o. Franchisor's Option of Big Boy to purchase your franchisee's business	18	Big Boy has the option to purchase at the price and terms stated in the offer.
p. Your or Operating Partner's Death or disability of franchisee	17.4	If you are an individual, the Franchise Agreement may be transferred to your beneficiary without paying the Transfer Fee to Big Boy, subject to the requirements described in "m" above.

Provision	Article in Franchise Agreement	Summary
q. Non-competition covenants during the term of the franchise Agreement	23.2	You may not participate in any Competitive Restaurant business.
r. Non-competition covenants after the Franchise Agreement is terminated or expires	23.3	For a period of 12 months after the termination of your Franchise Agreement, you may not participate in any Competitive Restaurant that is within five miles of the Franchised Location or any other Big Boy Restaurant, or within any exclusive area granted by Big Boy.
s. Modification of the agreement	27.9	Only by written agreement between you and Big Boy.
t. Integration/merger clauses	27.10	The Franchise Agreement constitutes the entire and complete agreement between you and Big Boy.
u. Dispute resolution by arbitration or mediation	21.3, 26	Except for certain claims, all disputes must be submitted to binding arbitration.
v. Choice of forum	26.3, 27.12	Macomb County, Michigan. See Notes below for applicable law.
w. Choice of law	31	Governing law will be the laws of Michigan or if applicable by statute, of the state in which the Franchised Location is located.

This table lists certain important provisions in the Area Development Agreement pertaining to termination, transfer and dispute resolution. You should read these provisions in the Area Development Agreement attached to this Franchise Disclosure Document.

Provision	Article in Area Development Agreement	Summary
a. Term of Area Development Agreement	2	To be determined by you and Big Boy.
b. Renewal or extension of the term	Not applicable	See Notes below for applicable law.

Provision	Article in Area Development Agreement	Summary
c. Requirements for you to renew or extend	Not applicable	See Notes below for applicable law.
d. Termination by you	Not applicable	You may terminate the Area Development Agreement on any grounds available by applicable law.
e. Termination by Big Boy without cause	Not applicable	
f. Termination by Big Boy with cause	7	If you breach the Area Development Agreement.
g. "Cause" defined - defaults that can be cured	7.1, 7.2, 7.3	You will have 30 days to cure if you: violate any material provision of the Area Development Agreement; fail to pay any fees or expenses due to Big Boy or third parties; issue any check which is dishonored for insufficient funds; make an unapproved transfer of the Area Development Agreement or any ownership interest in the Area Development Agreement; or if any Franchise Agreement between you and Big Boy is terminated for any reason. Big Boy will also have the right to terminate the Area Development Agreement if you engage in any conduct which materially impairs the Marks or the Restaurant System and fail to correct the breach within 24 hours after receipt of written notice. You have 10 days to cure a failure to pay any fees due to Big Boy or its affiliates.

Provision	Article in Area Development Agreement	Summary
h. "Cause" defined - defaults that cannot be cured	7.4, 7.5	Big Boy has the right (subject to state law) to terminate the Area Development Agreement immediately upon written notice if you, or any of your current directors, officers or majority Owners are convicted of or plead guilty or no contest to a charge of violating any law, and such conviction or plea could adversely affect your Big Boy Restaurants or the Marks; or if you: made any material misrepresentation in the acquisition of your rights under the Area Development Agreement; fail to comply with the development schedule in the Area Development Agreement; abandon any of your restaurants;; are determined to be insolvent; file for bankruptcy; have any involuntary petition of bankruptcy filed against you; make an assignment for the benefit of creditors; or are involved in any conduct which materially impairs the goodwill associated with the Marks or the Restaurant System and you fail to correct the breach within 24 hours after receipt of written notice.;
i. Your obligations on termination or nonrenewal	8	You must pay what you owe under the Area Development Agreement and all Franchise Agreements; your rights under the Area Development Agreement revert to Big Boy; you must continue to operate the Restaurants you opened before termination of the Area Development Agreement.
j. Assignment of the contract by Big Boy	6.1	No restrictions on the right of Big Boy to assign the Area Development Agreement.
k. "Transfer" by you — definition	6.2, 6.3, 6.4, 6.5	Includes assignment in the event of death or disability, sale of ownership interests, and assignment of rights under the Area Development Agreement.
l. Approval of Big Boy of a transfer by you	6.2, 6.4, 6.5	Transfer requires the prior written approval of Big Boy, which will not unreasonably withhold its consent.

Provision	Article in Area Development Agreement	Summary
m. Conditions for approval by Big Boy of a transfer by you	6.3, 6.4	You must provide Big Boy with at least 90 days written notice of the assignment; pay all money owed to Big Boy and not otherwise be in default of the Area Development Agreement; agree to observe all applicable provisions of the Area Development Agreement; sign a joint and mutual release between you and Big Boy; and pay the Assignment Fee. The assignee must meet the standards established by Big Boy for area developers; the assignee's Owners and Personal Guarantors must execute the legal agreements required by Big Boy; and the required parties and employees of the assignee must have successfully completed the initial training program.
n. Right of first refusal of Big Boy to acquire your business	Not applicable	
o. Option of Big Boy to purchase your business	Not applicable	
p. Your death or disability	6.2	If you are an individual, your Area Development Agreement may be assigned to your beneficiary without paying an Assignment Fee to Big Boy, subject to the requirements described in "m" above.
q. Noncompetition covenants during the term of the Area Development Agreement	9.2	You may not participate in any Competitive Restaurant.
r. Noncompetition covenants after the Area Development Agreement is terminated or expires	9.3	For a period of one year after termination you may not participate in any competitive restaurant that is within five miles of the Territory or any other Big Boy Restaurant, or within any territory granted by Big Boy, or convert your restaurant(s) to a Competitive Restaurant.
s. Modification of the agreement	13.7	Only by written agreement between you and Big Boy.

Provision	Article in Area Development Agreement	Summary
t. Integration/merger clauses	13.8	The Area Development Agreement constitutes the entire and complete agreement between you and Big Boy (subject to state law).
u. Dispute resolution by arbitration or mediation	12	Except for certain claims, all disputes must be submitted to binding arbitration.
v. Choice of forum	12.3, 13.10	Macomb County, Michigan. See Notes below for applicable law.
w. Choice of law	17	Governing law will be the laws of Michigan, or if applicable by statute, the state in which the Area Developer's primary place of business is located.

These states have statutes which may supersede the Franchise Agreement and the Area Development Agreement in your relationship with Big Boy, including the areas of termination and renewal of your franchise: ARKANSAS (Stat. Section 70-807), CALIFORNIA (Bus. & Prof. Code Sections 20000-20043), CONNECTICUT (Gen. Stat. Section 42-133e, *et seq.*), DELAWARE (Code Section 2552), HAWAII (Rev. Stat. Section 482E-1), ILLINOIS (Rev. Stat. Chapter 815ILCS 705/19 and 705/20), INDIANA (Stat. Section 23-2-2.7), IOWA (Code Sections 523H.1-523H.17), MICHIGAN (Stat. Section 19.854(27)), MINNESOTA (Stat. Section 80C.14), MISSISSIPPI (Code Section 75-24-51), MISSOURI (Stat. Section 407.400), NEBRASKA (Rev. Stat. Section 87-401), NEW JERSEY (Stat. Section 56:10-1), SOUTH DAKOTA (Codified Laws Section 37-5A-51), VIRGINIA (Code 13.1-557-574-13.1-564), WASHINGTON (Code Section 19.100.180), WISCONSIN (Stat. Section 135.03). These and other states may have court decisions that may supersede the provisions of the Franchise Agreement and the Area Development Agreement in your relationship with Big Boy.

Provisions of the Franchise Agreement and the Area Development Agreement giving Big Boy the right to terminate upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Sec. 101, *et seq.*).

~~Note to California franchisees: THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THIS FRANCHISE DISCLOSURE DOCUMENT.~~

~~Neither Big Boy nor any person identified in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sec. 78a, *et seq.*, suspending or expelling such persons from membership in such association or exchange.~~

~~California Business and Professions Code Sections 20000 through 20043 provide rights to California franchisees concerning termination or nonrenewal of a franchise. If the Franchise Agreement or the Area Development Agreement contains provisions that are inconsistent with California law, California law will control.~~

~~You must sign a release of claims if you transfer your franchise. California Corporations Code, Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Consequently, California Corporations Code, Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516), and California Business and Professions Code, Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).~~

~~The Franchise Agreement and the Area Development Agreement contain covenants not to compete which extend beyond the termination or expiration of the Agreements. These provisions may not be enforceable under California law.~~

~~California Corporations Code, Section 31425 requires franchisors to give California franchisees a disclosure document, approved by the California Department of Corporations, before the solicitation of a proposed material modification of an existing franchise.~~

~~The Franchise Agreement and the Area Development Agreement require binding arbitration. The arbitration will occur at Big Boy's general offices in Warren, Michigan with the costs being borne by the parties. This provision may not be enforceable under generally applicable contract defenses, such as fraud, duress or unconscionability.~~

~~The provisions of the Franchise Agreement and the Area Development Agreement requiring jurisdiction and venue in Michigan may not be enforceable under California law. Business and Professions Code, Section 20010.5 relating to forum selection clauses restricting venue outside the State of California for arbitration may be preempted by the Federal Arbitration Act. Section 20040.5 may still apply to any provision relating to judicial proceedings.~~

~~Neither the Franchise Agreement nor the Area Development Agreement contains a liquidated damages clause.~~

~~Note to Illinois franchisees: The Franchise Agreement and the Area Development Agreement will be governed by Illinois law. The conditions under which your franchise can be terminated and your rights upon nonrenewal will be affected by Illinois law, 815 ILCS 705/19 and 705/20. Section 4 of the Illinois Franchise Disclosure Act of 1987 (the "Illinois Act") provides that the provisions of the Franchise Agreement and the Area Development Agreement which designate jurisdiction or venue in a forum outside of Illinois are void. Section 1 of the Illinois Act and the regulations promulgated under the Illinois Act require that the choice of law provisions of the Franchise Agreement and the Area Development Agreement cannot provide for a choice of law other than Illinois.~~

Note to Minnesota franchisees: The provisions of Minn. Stat. Sec. 80C.01 to 80C.22 apply when a sale or offer to sell a franchise is made in Minnesota, when an offer to purchase is made and accepted in Minnesota, or when the franchise is located in Minnesota. If Minnesota franchise laws are applicable, Big Boy will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you receive 90 days' notice of termination (with 60 days to cure) and 180 days' notice for renewal of the franchise. In Minnesota, applicable law limits the scope of the joint and mutual release that you execute as a condition of transfer of the franchise. Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.140J provide that provisions of the Franchise Agreement and the Area Development Agreement which designate jurisdiction or venue outside of Minnesota are unenforceable, and further provide that no provision of this Franchise Disclosure Document, the Franchise Agreement or the Area Development Agreement can abrogate or reduce any of the rights as provided for under Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedy provided for by the laws of Minnesota.

Note to North Dakota franchisees: Post-term covenants not to compete are generally unenforceable in North Dakota, except in limited circumstances provided by law. The North Dakota Securities Commission has held that requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota is unenforceable. The scope of the joint and mutual release executed by you as a condition of transfer of the franchised business will be limited by applicable North Dakota law. The provisions of the Franchise Agreement and the Area Development Agreement which require arbitration of disputes in Michigan may be unenforceable under North Dakota law, which requires that the location of arbitration be agreed to by the parties or determined by the arbitrator if the parties cannot agree, and which prohibits waiver of jury trials.

Item 18
PUBLIC FIGURES

Big Boy does not use any public figure to promote the franchise. No public figure is involved in Big Boy's management.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

Big Boy does not make any representation 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 Keith E. Sirois, Chief Executive Officer, 4199 Marcy Street, Warren, MI 48091-5628, (586) 759-6000, the Federal Trade Commission, and the appropriate state regulatory agencies.

The following table represents fiscal year 2011 Gross Sales for all franchise and company owned Restaurants:

2011 Sales Distribution			
Big Boy -- Franchise and Company Units			
Number of Units: 128			
Annual Sales			
High Unit	Low Unit	Average	Median
\$4,797,606	\$337,261	\$1,099,444	\$1,063,372

Notes:

- (1) "Gross Sales" means the entire amount of business revenue generated by the Unit less discounts and bad debts.
- (2) Only those Franchise and Company restaurants with 12 months of actual sales in 2011 are reported in this chart.
- (3) The sales levels, sales averages, and median sales shown in this chart reflect the experience of certain franchised and company-operated restaurants and should not be considered as the actual or potential sales that you will realize. Big Boy Franchise Management LLC does not represent that you can expect to attain any particular sales level. Results for a new Franchisee may differ from the results stated in the Financial Performance Representation.
- (4) You should also be aware that the financial performance of any particular Unit might be affected by a number of factors that may vary due to the individual characteristics of the site. The factors include, but are not limited to: competition from other businesses; location of your site; your experience; the quality and effectiveness of your managerial skills; and your decisions with respect to location, additional advertising programs, personnel and cost controls; geographic and socioeconomic conditions in your locality; business cycles; and the performance of the local, national and world economy.
- (5) Substantiation of the data used in preparing the figures in the table will be made available to you on reasonable request.

IMPORTANTLY, THE SUCCESS OF YOUR FRANCHISE WILL DEPEND LARGELY UPON YOUR INDIVIDUAL ABILITIES AND YOUR MARKET, AND THE FINANCIAL RESULTS OF YOUR FRANCHISE ARE LIKELY TO DIFFER, PERHAPS MATERIALLY, FROM THE RESULTS SUMMARIZED IN THIS ITEM 19.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

**BIG BOY RESTAURANTS
SYSTEM OUTLET SUMMARY**
For years ~~2009-2009~~ to ~~2010~~2011

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2008 <u>2009</u>	128 <u>123</u>	123 <u>119</u>	(5) <u>(4)</u>
	2009 <u>2010</u>	123 <u>119</u>	119 <u>118</u>	(4) <u>(1)</u>
	2010 <u>2011</u>	118 <u>119</u>	109 <u>118</u>	(9) <u>(1)</u>
Company-Owned	2008 <u>2009</u>	25 <u>21</u>	24 <u>23</u>	(1) <u>(2)</u>
	2009 <u>2010</u>	24 <u>23</u>	23 <u>21</u>	(1) <u>(2)</u>
	2010 <u>2011</u>	21 <u>23</u>	21 <u>20</u>	(1) <u>(1)</u>
Total Outlets	2008 <u>2009</u>	153 <u>144</u>	142 <u>142</u>	(1) <u>(2)</u>
	2009 <u>2010</u>	142 <u>142</u>	139 <u>142</u>	(3) <u>(2)</u>
	2010 <u>2011</u>	142 <u>139</u>	139 <u>129</u>	(3) <u>(10)</u>

BIG BOY RESTAURANTS
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
For years ~~2008-2009~~ to ~~2010-2011~~

State	Year	Number of Transfers
California	2008-2009	<u>0</u> <u>1</u>
	2009-2010	<u>1</u> <u>0</u>
	2010-2011	<u>0</u>
Michigan	2008-2009	<u>3</u> <u>0</u>
	2009-2010	<u>0</u>
	2010-2011	<u>0</u>
Total	2008-2009	<u>3</u> <u>1</u>
	2009-2010	<u>1</u> <u>0</u>
	2010-2011	<u>0</u>

BIG BOY RESTAURANTS
STATUS OF FRANCHISED OUTLETS
For years 2008-2009 to 2010-2011

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	<u>2008</u> <u>20</u> <u>09</u>	<u>412</u>	<u>27</u>	<u>01</u>	<u>01</u>	0	<u>01</u>	<u>417</u>
	<u>2009</u> <u>20</u> <u>10</u>	<u>417</u>	<u>73</u>	<u>40</u>	<u>40</u>	0	<u>02</u>	<u>418</u>
	<u>2010</u> <u>20</u> <u>11</u>	<u>418</u>	<u>30</u>	<u>00</u>	0	0	<u>21</u>	<u>414</u>
Florida	<u>2008</u> <u>20</u> <u>09</u>	<u>21</u>	0	0	0	0	<u>40</u>	1
	<u>2009</u> <u>20</u> <u>10</u>	1	0	0	0	0	0	1
	<u>2010</u> <u>20</u> <u>11</u>	1	0	0	0	0	<u>01</u>	<u>40</u>
Hawaii	<u>2008</u> <u>20</u> <u>09</u>	1	0	<u>01</u>	0	0	0	<u>40</u>
	<u>2009</u> <u>20</u> <u>10</u>	<u>40</u>	0	<u>40</u>	0	0	0	0
	<u>2010</u> <u>20</u> <u>11</u>	0	0	0	0	0	0	0
Illinois	<u>2008</u> <u>20</u> <u>09</u>	1	0	0	0	0	0	1
	<u>2009</u> <u>20</u> <u>10</u>	1	0	0	0	0	0	1
	<u>2010</u> <u>20</u> <u>11</u>	1	0	0	0	0	0	1
Michigan	<u>2008</u> <u>20</u> <u>09</u>	<u>4010</u> <u>6</u>	<u>40</u>	<u>38</u>	<u>40</u>	0	<u>40</u>	<u>40698</u>
	<u>2009</u> <u>20</u> <u>10</u>	<u>40698</u>	0	<u>80</u>	0	0	<u>01</u>	<u>9897</u>
	<u>2010</u> <u>20</u> <u>11</u>	<u>9897</u>	<u>01</u>	0	0	0	<u>44</u>	<u>9793</u>
North Carolina	<u>2008</u> <u>20</u> <u>09</u>	1	0	0	0	0	0	1
	<u>2009</u> <u>20</u> <u>10</u>	1	0	0	0	0	<u>01</u>	<u>40</u>
	<u>2010</u> <u>20</u> <u>11</u>	<u>40</u>	0	0	0	0	<u>40</u>	0

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
North Dakota	20082009	1	0	0	0	0	0	1
	20092010	1	0	0	0	0	0	1
	20102011	1	0	0	0	0	0	1
Total	20082009	428123	37	310	1	0	40	423119
	20092010	423119	73	400	40	0	04	449118
	20102011	449118	31	0	0	0	410	448109

**BIG BOY RESTAURANTS
STATUS OF COMPANY OWNED OUTLETS
For years 2008-2009 to 2010-2011**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Re-acquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Michigan	20082009	2017	0	03	31	0	4719
	20092010	4719	01	30	41	0	4919
	20102011	4919	04	0	40	01	4918
Ohio	20082009	4	0	0	0	0	4
	20092010	4	0	0	02	0	42
	20102011	24	0	0	02	0	2
Total	20082009	2521	0	03	41	0	2423
	20092010	2423	01	30	43	0	2321
	20102011	2321	40	0	30	01	2420

PROJECTED OPENINGS AS OF DECEMBER ~~31~~²⁵, 2010~~2011~~

State	Franchise Agreement Signed but Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected new Company-Owned Outlets in the Next Fiscal Year
Arizona	0	0	0
California	0	21	0
Florida	0	0	0
Michigan	0	0	1
Total	0	21	1

The names, addresses and telephone numbers of the Big Boy Restaurant franchisees in the United States as of December ~~26, 2010~~^{25, 2011} are listed in Exhibit E. The addresses and telephone numbers of the Big Boy Restaurant Company-Owned locations in the United States as of December ~~26, 2010~~^{25, 2011} are listed in Exhibit F. Attached as Exhibit G is a list of the name, city, state and telephone number of every franchisee who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during ~~2010~~²⁰¹¹. No franchisees failed to communicate with Big Boy within the 10 weeks before the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Big Boy Franchise Management LLC. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. Matters in which confidentiality clauses have been used include the release of sales information to prospective transferees and amendments to existing franchise agreements.

No independent franchisee organizations have asked to be included in this disclosure document.

Item 21

FINANCIAL STATEMENTS

Attached as Exhibit H are the Consolidated and Combined Audited Financial Statements of Big Boy Restaurants International LLC and Liggett Restaurant Group, Inc. for the periods ended, ~~December 28, 2008, December 27, 2009, and December 26, 2010 and~~ December 25, 2011 with Report of Independent Auditors.

item 22

CONTRACTS

Attached as Exhibits to this Franchise Disclosure Document are the following contracts and their attachments:

1. Franchise Agreement (Exhibit B)
- ~~2. Vet Fran Program Addendum (Exhibit B-1)~~
- ~~3. Area Development Agreement (Exhibit C)~~

Item 23

RECEIPT

Two copies of the Receipt which acknowledge your receipt of this Franchise Disclosure Document, including all Exhibits, are attached to this Franchise Disclosure Document as Exhibit J. You must date and execute one copy of the Receipt and deliver it to Big Boy.

**ADDENDUM TO
BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA**

The terms of Items 6, 9, 11, 12 and 17 of this Franchise Disclosure Document have been negotiated with certain franchisees/area developers during the last 12 months. The material terms that were negotiated by Big Boy Franchise Management, LLC ("Big Boy") with certain California franchisees/area developers with respect to their respective Big Boy Restaurants are summarized below:

1. The Advertising Fees required to be paid to Big Boy under each of the Franchise Agreements for Big Boy Restaurants in California that were entered into during the last 12 months are reduced to 0.5% of Gross Revenues to cover production costs. The Franchisees are required to spend 2.5% of Gross Revenues for approved local market advertising. Upon three months prior written notice to the Franchisees, Big Boy may increase the Advertising Fees to be paid by the Franchisees to Big Boy to 3% and in such event the Franchisees will not be required pay for any local market advertising.

2. The Exclusive Territory of one Franchised Location in California was extended from a two-mile radius to a three-mile radius from the Franchised Location. In addition, if Franchisor desires to locate another Big Boy restaurant within a four-mile radius of the Franchised Location, the Franchisor shall perform a feasibility study to determine the potential impact on the Franchisee's Big Boy restaurant.

3. One California Franchisee is permitted to sell merchandise depicting its Franchised Location via the internet provided that all such merchandise and the manner in which it is to be sold is approved in writing by Franchisor.

4. In the event of a transfer of the Franchise Agreement by the Franchisee, one California Franchisee is required to guarantee the obligations of the transferee under the Franchise Agreement for a period of 6 months following the transfer and one California Franchisee is not required to guarantee the obligations of the transferee.

Copies of the Notices of Negotiated Sale of Franchise will be made available to you within five business days after you submit a written request to Legal Department, Big Boy Restaurants International, LLC, 4199 Marcy Street, Warren, Michigan 48091-5628.

**ADDENDUM TO
BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF HAWAII**

~~Item 5, Paragraph i of the Franchise Disclosure Document is amended by the addition of the following language:~~

~~Payment of the Initial Fee for your franchised Big Boy Restaurant in the State of Hawaii will be deferred until the date of the Restaurant opening.~~

~~Item 17, Franchise Agreement Table, t-Integration/Merger clauses, of the Franchise Disclosure Document is amended by the addition of the following language:~~

~~Nothing in the Franchise Agreement is meant to disclaim any representations made in the Franchise Disclosure Document or its attachments or addenda.~~

~~Item 17, Area Development Agreement Table, t-Integration/Merger clauses, of the Franchise Disclosure Document is amended with deletion of reference to Article 13.8 and addition of reference to Article 12.8, and by the addition of the following language:~~

~~Nothing in the Franchise Agreement is meant to disclaim any representations made in the Franchise Disclosure Document or its attachments or addenda.~~

~~Item 21 of the Franchise Disclosure Document is amended by the addition of the following language:~~

~~Big Boy Restaurants International LLC has guaranteed the performance of Big Boy's obligations under the Franchise Agreement and the Area Development Agreement in the State of Hawaii. The Guaranty of Performance is attached to this Addendum.~~

~~Exhibit A of the Franchise Disclosure Document is amended by the deletion of the contact information for the State of Hawaii and the addition of the following:~~

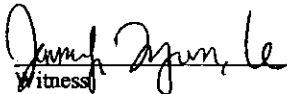
State Agency	Agent for Service of Process
Hawaii Department of Commerce and Consumer Affairs	Commissioner of Securities Hawaii Department of Commerce and Consumer Affairs
Business Registration Division P.O. Box 10 Honolulu, Hawaii 96810	Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722

GUARANTY OF PERFORMANCE


For value received, Big Boy Restaurants International LLC or "Guarantor", the Parent Company, located at One Big Boy Drive, Warren, Michigan 48091, absolutely and unconditionally guarantees the performance by its wholly owned subsidiary, Big Boy Franchise Management LLC, a Michigan limited liability company ("Franchisor"), of all obligations under the Hawaii Franchise Investment Law in connection with Franchisor's services as Parent Company pursuant to the registration of such franchises in the State of Hawaii under the jurisdiction of the Hawaii Franchise Investment Law, as the same have been or may hereafter be amended, modified, renewed or extended for time to time. This guaranty shall continue in force until all such liability of the Franchisor has been completely discharged. Guarantor shall not be discharged from liability hereunder as long as any such claim by a franchisee against Franchisor remains outstanding. Notice of acceptance is waived. Notice of default on the part of Franchisor is not waived. This guaranty shall be binding upon guarantor, its successors and assigns.

In witness whereof, guarantor has, by a duly authorized officer, executed this guarantee at Tampa, Florida this 5th day of August, 2010.

ATTEST:


Witness

GUARANTOR:
BIG BOY RESTAURANTS
INTERNATIONAL LLC


By: Keith E. Sirols
Its: Chief Executive Officer

GUARANTY OF PERFORMANCE

For value received, Big Boy Restaurants International LLC or "Guarantor", the Parent Company, located at One Big Boy Drive, Warren, Michigan 48091, absolutely and unconditionally guarantees the performance by its wholly owned subsidiary, Big Boy Franchise Management LLC, a Michigan limited liability company ("Franchisor"), of all obligations under the Illinois Franchise Disclosure Act and Rules in connection with Franchisor's services as Parent Company pursuant to the registration of such franchises in the State of Illinois under the jurisdiction of the Illinois Franchise Disclosure Act, as the same have been or may hereafter be amended, modified, renewed or extended for time to time. This guaranty shall continue in force until all such liability of the Franchisor has been completely discharged. Guarantor shall not be discharged from liability hereunder as long as any such claim by a franchisee against Franchisor remains outstanding. Notice of acceptance is waived. Notice of default on the part of Franchisor is not waived. This guaranty shall be binding upon guarantor, its successors and assigns.

In witness whereof, guarantor has, by a duly authorized officer, executed this guarantee at Warren, Michigan, this 24th day of March, 2011.

ATTEST:

Deanne M. Hill

GUARANTOR:
BIG BOY RESTAURANTS
INTERNATIONAL LLC

Keith E. Sirois

By: Keith E. Sirois
Its: Chief Executive Officer

**ADDENDUM TO
BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA**

~~Item 5. Paragraph 1 of the Franchise Disclosure Document is amended by the addition of the following language:~~

~~Payment of the Initial Fee for your franchised Big Boy Restaurant in the State of Minnesota will be deferred until the date of the Restaurant opening.~~


~~Item 21 of the Franchise Disclosure Document is hereby amended by the addition of the following language:~~

~~Big Boy Restaurants International LLC has guaranteed the performance of Big Boy's obligations under the Franchise Agreement and the Area Development Agreement in the State of Minnesota. A copy of the Guaranty of Performance has been filed with the Minnesota Department of Commerce and is attached to this Addendum.~~

GUARANTY OF PERFORMANCE

For value received, Big Boy Restaurants International LLC ("International"), located at 4199 Marcy, Warren, Michigan 48091, absolutely and unconditionally guarantees the performance by Big Boy Franchise Management LLC ("Big Boy"), located at 4199 Marcy, Warren, Michigan 48091, of all of the obligations of Big Boy under its franchise registration in the State of Minnesota, dated July ____, 2003, and of its Franchise Agreement and Area Development Agreement. This guaranty continues until all obligations of Big Boy under the Minnesota franchise registration, Franchise Agreement and Area Development Agreement are satisfied. International is not discharged from liability if a claim by the franchisee against Big Boy remains outstanding. Notice of acceptance is waived. Notice of default is not waived. This guaranty is binding on International and its successors and assignees. International executes this guaranty at Warren, Michigan on the 30 day of June, 2003.

Big Boy Restaurants International LLC

By: 
ANTHONY T. MICHAELS
Title: Chief Executive Officer

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~~BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NORTH DAKOTA~~

~~Notwithstanding anything in the Offering Circular to the contrary, Big Boy Franchise Management LLC ("BBFM") agrees to do one of the following in its sole discretion:~~

~~It shall escrow 100% of the franchise fee paid by a franchisee who is a resident of North Dakota until the obligations of the franchisor to assist the franchisee to establish and open its or her business are fulfilled.~~

~~In lieu of the escrow funds or a guarantee of performance, BBFM may post a surety bond in an amount equal to 100% of the franchise fee, said bond to be issued by a corporate surety authorized to transact business in the State of North Dakota. BBFM shall determine the number of franchisees it hopes to sell in North Dakota and multiply the franchise fee times that number to determine the amount of the bond. In no event, however, is the bond to be less than \$25,000.~~

~~In lieu of the escrow funds or guarantee of performance or surety bond, BBFM may defer the initial franchise fee until such time as all initial obligations owed to franchisee under the franchise agreement or other documents have been fulfilled by BBFM and the franchisee has commenced doing business pursuant to the franchise agreement.~~

BIG BOY FRANCHISE MANAGEMENT LLC

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT A: FRANCHISEE QUESTIONNAIRE

FRANCHISEE QUESTIONNAIRE

As you know, Big Boy Franchise Management LLC (the "Franchisor") and you are preparing to enter into a Franchise Agreement for the operation of a franchised Big Boy® restaurant (the "Franchise"). The purpose of this questionnaire is to determine whether any statements or promise were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest responses to each question.

Please note that your execution of this questionnaire may not all-representations-requiring-a prospective franchisee to constitute your assent to a release, estoppel or waiver of liability are not intended to, nor shall they act as, a release, estoppel or waiver of any liability if incurred under the Maryland Franchise Registration and Disclosure Laws of many states, including Maryland and Michigan.

QUESTION	YES	NO
1. Have you received and personally reviewed the Franchisor's Franchise Disclosure Document (the "FDD") provided to you?		
2. Did you sign a receipt for the FDD indicating the date you received it?		
3. Do you understand all of the information contained in the FDD?		
4. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?		
5. Please insert the date on which you received a copy of the Franchise Agreement with all materials blanks fully completed		
6. Do you understand the terms of and your obligations under the Franchise Agreement?		
7. Have you discussed the benefits and risks of operating the Franchise with an attorney, accountant or other professional advisor?		
8. Do you understand the risks associated with operating the Franchise?		
9. Do you understand that the success or failure of the Franchise will depend in large part upon your skills and abilities, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?		
10. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Franchise that is contrary to, or different from, the information contained in the FDD?		

QUESTION	YES	NO
11. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchise will generate that is contrary to, or different from, the information contained in the FDD?		
12. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs involved in operating the Franchise that is contrary to, or different from, the information contained in the FDD?		
13. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual, average or projected profits or earnings or the likelihood of success that you should or might expect to achieve from operating the Franchise that is contrary to, or different from, the information contained in the FDD?		
14. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance relating to the Franchise that is contrary to, or different from, the information contained in the FDD?		
15. Did you receive a copy of our Franchise Disclosure Document (and all exhibits and attachments) at least fourteen calendar days prior to signing the Franchise Agreement?	<hr/> <hr/> <hr/>	<hr/> <hr/>
16. Did you receive a copy of the Franchise Agreement at least seven calendar days prior to the date on which the Franchise Agreement was executed?		
15. Did you receive a copy of our Franchise Disclosure Document (and all exhibits and attachments) at least fourteen calendar days prior to signing the Franchise Agreement?		
16. Did you receive a copy of the Franchise Agreement at least seven calendar days prior to the date on which the Franchise Agreement was executed?		

If you answered "Yes" to any of questions ten (10) through ~~sixteen~~fourteen (14~~6~~), please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if

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necessary, and refer to them below.) If you have answered "No" to each of the foregoing questions, please leave the following lines blank.

You understand that your answers are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

FRANCHISE APPLICANT

FRANCHISE APPLICANT

Dated: _____

Dated: _____

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BIG BOY FRANCHISE MANAGEMENT LLC

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT B: FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

BIG BOY FRANCHISE MANAGEMENT LLC

4199 Marcy Street
Warren, Michigan 48091-5628
Telephone: (586) 759-6000

Franchisee

Franchised Location

Name

Name

Street

City State Zip Code

()
Area Code Telephone

E-Mail Address

Street

City State Zip Code

()
Area Code Telephone

()
Area Code Fax

Restaurant No.

EFFECTIVE DATE
OF FRANCHISE AGREEMENT

**BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT INDEX**

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**BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT**

This Franchise Agreement (this "Agreement") is made and entered into this _____ day of _____ ("Effective Date") by and between Big Boy Franchise Management LLC, a Michigan limited liability company (the "Franchisor"), and _____ a _____ (the "Franchisee").

RECITALS

Big Boy Restaurant System. The Franchisor has developed a unique business system for operating and franchising unique family restaurants with table service that serve breakfast, lunch and dinner and feature sandwiches, including the Big Boy® Sandwich, the Super Big Boy® Sandwich, beverages and other food products (the "Big Boy System" or the "Restaurant System").

Licensing of Marks. The Franchisor has extensively publicized the name "Big Boy®" to the public as an organization of restaurant businesses operating under the Restaurant System. The Franchisor has the right and authority to license the use of the name "Big Boy®" and the other Marks for use in connection with the Restaurant System to selected persons, businesses or entities who will comply with the uniformity requirements and quality standards of the Franchisor. The Franchisor will continue to develop, use, and control the use of the name "Big Boy®" and the other Marks, in order to identify for the public the source of foods, food items, food products, beverages and services marketed under the Restaurant System, and to represent to the public the Restaurant System's high standards of quality, appearance, cleanliness and service.

Operation of Big Boy Restaurant. The Franchisee desires to develop, own and operate a Big Boy Restaurant (the "Big Boy Restaurant" or the "Restaurant") at the Franchised Location in conformity with the Restaurant System and the Franchisor's uniformity requirements and quality standards as established and promulgated from time to time by the Franchisor. The Franchisee understands and acknowledges the importance of complying with the high standards of quality, appearance, procedures, controls, cleanliness and service established by the Franchisor, and the necessity of operating the Restaurant in strict conformity with the standards and specifications established by the Franchisor.

Right to Use Marks and Restaurant System. The Franchisee acknowledges that it would take substantial capital and human resources to develop a restaurant concept that is similar to a Big Boy Restaurant and, for those reasons, the Franchisee desires to acquire the right to use the Marks and the Restaurant System and to own and operate a Big Boy Restaurant pursuant to the terms and conditions of this Agreement.

Pursuant to the above Recitals and in consideration of the mutual promises and covenants set forth in this Agreement, the Franchisor and the Franchisee agree and contract as follows:

Article 1
DEFINITIONS

For purposes of this Agreement, the following words will have the following definitions:

1.1 Abandon.

"Abandon" will mean the conduct of the Franchisee indicating the willingness, desire or intent of the Franchisee to discontinue operating the Franchisee's Big Boy Restaurant in accordance with the quality

standards, uniformity requirements and the Restaurant System as described in this Agreement, the Operating System Manual or otherwise in writing including, but not limited to, the failure of the Franchisee to operate the Big Boy Restaurant for five or more consecutive days without the prior written approval of the Franchisor, or the failure of the Franchisee to remain open for business during the business hours designated by the Franchisor.

1.2 Affiliate.

"Affiliate will mean any person or entity that directly or indirectly owns or controls the referenced party, that is directly or indirectly owned or controlled by the referenced party, or that is under common control with the referenced party. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract, or otherwise.

1.3 Approved Suppliers.

"Approved Suppliers" will mean the suppliers and distributors that have been approved in writing by the Franchisor to offer and sell the Products and Services specified in the Operating System Manual or otherwise in writing by the Franchisor.

1.4 Assistant Manager.

"Assistant Manager" will mean an individual responsible for supervising an operational shift during the daily operation of the Franchisee's Big Boy Restaurant.

1.5 Business Assets.

"Business Assets" will mean: (a) the FF&E, Signs, supplies, food and liquor inventory, trucks, automobiles, Computer Equipment, equipment leases, contracts, and all other assets owned by the Franchisee and used in connection with Franchisee's Big Boy Restaurant, (b) all assets listed on the Franchisee's Financial Statements and tax returns relating to or used in connection with Franchisee's Big Boy Restaurant; (c) the Lease for the Franchised Location; (d) the land and building for the Franchisee's Big Boy Restaurant, if the land and building are owned by the Franchisee or any Owner or any Affiliate of the Franchisee; (e) this Agreement; (f) any Ownership Interest in the Franchisee; and (g) all other interests in the Franchisee or the Franchisee's Big Boy Restaurant.

1.6 Claims and Damages.

"Claims and Damages" will mean all losses, damages, judgments, liabilities, fines, penalties, assessments, and all related expenses, and will include, without limitation: (a) damages to real and personal property and damages for loss of use of real and personal property, (b) damages for lost profits, (c) special and consequential damages, (d) personal injury damages, (e) damages resulting from the death of a person or persons, including wrongful death damages, (f) Costs and Expenses and all other expenses incurred in defending any claims or litigation, (g) Salaries and Travel Expenses and all related expenses incurred in defending any claims or litigation, (h) amounts paid in settlement of any disputed claims or litigation, (i) product liability damages, (j) amounts paid pursuant to any court judgment or court decree, resulting from any civil or criminal claims, demands, allegations, lawsuits, litigation, arbitration proceedings, administrative actions or other legal proceedings, and (k) damages assessed under any federal, state or local statutes, rules, regulations or ordinances.

1.7 Computer Equipment.

"Computer Equipment" will mean the computer hardware and peripherals used in the operation of the Restaurant, including the POS system, printers, monitors, modems, and networking equipment, and other computer systems and electronic devices, specified in the Operating System Manual or otherwise in writing by the Franchisor.

1.8 Computer Software.

"Computer Software" will include the computer software and operating system approved and specified in this Agreement, the Operating System Manual, or otherwise in writing by the Franchisor for use in the operation of the Franchisee's Big Boy Restaurant.

1.9 Competitive Restaurant.

"Competitive Restaurant" will mean any family-style restaurant offering breakfast, lunch and/or dinner (including, by way of illustration only, Denny's, Bob Evans, Perkins, Shoney's, CoCos, Carrows, Ram's Horn, IHOP restaurants, Mimi's, Cracker Barrel, ~~Tim Hortons, Cosi, Panera, Baker's Square, Marie Callender's, and various concy iskinds, and Corner Bakery~~), any restaurant that sells double deck hamburgers or any restaurant that sells food products under the name "Bob's," or "Boy." Restrictions in this Agreement on competitive activities do not apply to the ownership of shares of a class of securities that are listed on a stock exchange or traded on the over-the-counter market and that represent less than five percent (5%) of that class of securities.

1.10 Costs and Expenses.

"Costs and Expenses" will mean all attorney's fees, deposition costs, expert witness fees, court costs, investigation costs, accounting fees, filing fees and Travel Expenses.

1.11 Dollars.

"Dollars" will mean United States of America dollars.

1.12 Entity.

"Entity" will mean any corporation, limited liability company, general partnership, limited partnership limited liability partnership, or other legal entity formed in compliance with applicable law.

1.13 FF&E.

"FF&E" will mean the furniture, fixtures and equipment specified in the Operating System Manual or otherwise in writing by the Franchisor used in the operations of the Franchisee's Big Boy Restaurant.

1.14 Financial Records.

"Financial Records" will mean the computerized and hand prepared records and ledgers, sales ledgers, work papers, books, bank statements, federal and state income tax returns, federal and state sales tax returns, daily cash register tapes, accounts, and other financial information relating to the Gross Revenues, food and beverage costs, and labor costs for the Franchisee's Restaurant.

1.15 Financial Statements.

"Financial Statements" will mean: (a) monthly and year-to-date balance sheet and profit and loss statement; and (b) annual balance sheet, profit and loss statement, statement of cash flows and explanatory footnotes for the Franchisee's Restaurant.

1.16 Franchise.

"Franchise" will mean the license rights granted by the Franchisor to the Franchisee authorizing the Franchisee to develop and operate a Big Boy Restaurant at the Franchised Location in conformity with the Restaurant System using the name "Big Boy®" and the other Marks.

1.17 Franchised Location.

"Franchised Location" will mean the single address set forth in Article 2.1 of this Agreement.

1.18 General Manager.

"General Manager" will mean the individual responsible for supervising the overall management and operation of the Franchisee's Big Boy Restaurant including, but not limited to, administration, basic operations, marketing, customer and community relations, record keeping, employee staffing and training, inventory control, hiring and firing, food preparation and maintenance of the Franchised Location.

1.19 Gross Revenues.

"Gross Revenues" will mean the total dollar sales from all customers of the Franchisee's Big Boy Restaurant, and will include all cash and credit sales made by the Franchisee of every kind and nature made at, from, by or in connection with the Franchisee's Big Boy Restaurant including, but not limited to, all dollars and income received from: (a) the sale of all foods, food products, food items, and services, whether prepared in the Restaurant or pre-packaged; (b) the sale of all alcoholic and non-alcoholic beverages and drinks; (c) the sale of all goods, products or items sold by or at the Franchisee's Restaurant; (d) admission fees or cover charges; (e) vending machines, telephones, electronic or other games, and other amusement games; (f) slot machines and gaming machines; (g) the sale of lottery tickets and pull tabs; (h) the sale of hats, sweatshirts, T-shirts, jackets, clothing, music records, tapes and compact discs; (i) the sale of newspapers, magazines, candies and gum; (j) the sale of foods, food products, food items, and services at any banquet; (k) the sale of any catered foods, food products, food items, and services; (l) the sale of any foods, food products or food items that are carried out of the Restaurant; (m) the sale of any foods, food products, and food items that are delivered by the Franchisee or other delivery service; (n) the sales of foods, food products food items, and all other products and services offered in connection with the Franchisee's Big Boy Restaurant; (o) all sales, use or gross receipts tax rebates; and (p) all business interruption insurance payments made to the Franchisee under any insurance policy carried by the Franchisee. "Gross Revenues" will not include any coupons, discounts on employee meals or sales, use or gross receipts tax imposed by any federal, state, municipal or governmental authority directly upon sales, if the amount of the tax is added to the selling price and is charged to the customer, a specific record is made at the time of each sale of the amount of such tax, and the amount of such tax is paid to the appropriate taxing authority by the Franchisee.

1.20 Home Page.

"Home Page" will mean the website or home page on the Internet used to advertise, market or promote the Franchisee's Restaurant, to communicate with its customers, and/or to post employment opportunities at the Restaurant.

1.21 Lease.

"Lease" will mean the written or oral agreement between the Franchisee and the Landlord that grants the Franchisee the right to rent and occupy the Franchised Location, and will include any oral or written rental agreement between the Franchisee and the Franchisee's Owners.

1.22 Major Brand Name Restaurant.

"Major Brand Name Restaurant" will mean any restaurant which has at least 50 restaurant locations within the contiguous United States which operate under the same name.

1.23 Management Team.

"Management Team" will mean the Franchisee's General Manager(s) and Assistant Managers.

1.24 Marks.

"Marks" will include the name "Big Boy®" and the specific trademarks, trade names, service marks, logos and commercial symbols, phrases, slogans, and tag lines created and developed by the Franchisor for use in connection with the operation of Big Boy® Restaurants that are specified in this Agreement, the Operating System Manual, or otherwise in writing by the Franchisor.

1.25 Opening Team.

"Opening Team" will mean the Franchise Business Director and operations personnel specified in the Operating System Manual, in this Agreement or otherwise in writing by the Franchisor who will, during the times specified in the Operating System Manual, provide opening assistance to the Franchisee at the Franchised Location when the Franchisee's Restaurant is scheduled to open for business.

1.26 Operating Partner.

"Operating Partner" will mean the individual so designated in Exhibit A of this Agreement by the Franchisee.

1.27 Operating System Manual.

"Operating System Manual" will mean the confidential Operating System Manuals, recipe manuals, and all other manuals and written materials developed by the Franchisor for the operation of a Big Boy Restaurant.

1.28 Owner.

"Owner" will mean any person or Entity that owns any Ownership Interest in the Franchisee.

1.29 Ownership Interest.

"Ownership Interest" will mean (a) capital stock if the Franchisee is a corporation, (b) membership interest if the Franchisee is a limited liability company, (c) partnership interest if the Franchisee is a partnership, (d) limited or general partnership interests if the Franchisee is a limited partnership, and (e) all other types and means of any ownership or interest in the Franchisee or in any Affiliate of Franchisee that owns the land and building for the Franchisee's restaurant.

1.30 Personal Guarantors.

"Personal Guarantors" will mean the individuals and Entities required to sign the Personal Guaranty attached to this Agreement, which will include the Owners and their spouses; if applicable, and any Affiliate of Franchisee that owns the land and/or building used for the Franchisee's restaurant.

1.31 Products and Services.

"Products and Services" will mean all of the foods, food products, food items, seasonings, gravies, sauces, salad dressings, alcoholic and non-alcoholic beverages and drinks, products, sundries, goods, supplies, merchandise and/or services specified in the Operating System Manual or otherwise in writing by the Franchisor that have been approved by the Franchisor for use or sale under the Marks and the Restaurant System.

1.32 Restaurant System.

"Restaurant System" will mean the distinctive Products and Services associated with (a) the Big Boy Restaurant Business System, (b) the Franchisor's trademarks, trade names, service marks, and copyrights, (c) the Franchisor's distinctive interior and exterior building designs, decor, furnishings, menus, uniforms, slogans, signs, signs, logos, commercial symbols and color combinations, and (d) the uniformity requirements, standards of consistency and quality, procedures, cleanliness, sanitation, controls,

specifications, training, advertising, and instructions promulgated by the Franchisor in connection with the operation of a Big Boy Restaurant.

1.33 Salary or Salaries.

"Salary" or "Salaries" will mean wages or hourly rate of pay, fringe benefits, federal and state withholding taxes and Social Security taxes.

1.34 Signs.

"Signs" will mean the interior and exterior signs used to advertise the Restaurant at the Franchised Location.

1.35 Transfer or Transferred.

"Transfer" or "Transferred" will mean to sell, assign, trade, transfer, lease, sublease or otherwise dispose of

1.36 Travel Expenses.

"Travel Expenses" will include all transportation, lodging, food, entertainment, automobile rental, and related travel expenses.

1.37 Week.

"Week" will mean a period of seven consecutive days from Monday through Sunday.

1.38 Weekly Report.

"Weekly Report" will mean the written record in the form and format set forth in the Operating System Manual of (a) the daily Gross Revenues, (b) the food costs and labor costs, and (c) such other information as may be required by the Franchisor, and submitted to the Franchisor for the Franchisee's Restaurant which will be provided to the Franchisor each Week during the Term of this Agreement.

Article 2
GRANT OF LICENSE

2.1 Franchised Location.

The Franchisor hereby grants the Franchisee the personal right to operate one Big Boy Restaurant in conformity with the Restaurant System using the name "Big Boy®" and the other Marks specified by the Franchisor in writing at the following single location: _____
(the "Franchised Location").

2.2 Undetermined Franchised Location.

If the Franchised Location has not been determined as of the Effective Date, then the geographic area in which the Franchisee's Restaurant is to be located will be described or otherwise defined in an exhibit signed by the parties and attached to this Agreement. At such time as the address of the Franchised Location is determined, then the address will be inserted into this Agreement and initialed by the parties or will be described in an exhibit attached to this Agreement and signed by both parties.

2.3 Exclusive Area.

Except as provided to the contrary in this Article, the Franchisee will receive an "Exclusive Area" consisting of the area within a two mile radius from the Franchised Location. The Franchisee's Exclusive Area is exclusive only to the extent that the Franchisor will not have the right to franchise, license, develop, own or operate ("Develop") a Big Boy Restaurant in the Franchisee's Exclusive Area. Notwithstanding the foregoing, the Franchisor will have the absolute right to: (a) Develop other restaurant

concepts under other brand names even if the locations for those restaurant concepts are located within the Exclusive Area; (b) Develop Big Boy Restaurants in the Exclusive Area if they are located at or within international airports, major theme or entertainment parks, casinos, hospitals, mass merchandising outlets, government facilities or professional sports stadiums; (c) market, distribute and sell foods and other products on a wholesale or retail basis, under any of the Marks, in vending machines, convenience stores, grocery stores, retail and online outlets, and by direct sale, the Internet, mail order, infomercials, telemarketing or by any and all other marketing and distribution methods, even if such sales are made to customers or by distributors or retailers who are located in the Exclusive Area and (d) advertise, promote and participate in special promotions in the Exclusive Area, including, without limitation, cooking, recipe or restaurant competitions, sporting events, and fund-raising and charitable events.

2.4 Lease or Purchase of Franchised Location.

The Franchisee will not sign any lease or purchase agreement or obtain any related rights to possession, occupancy or ownership of the Franchised Location prior to the Effective Date of this Agreement. Franchisee must lease, sublease or purchase the land building for the Franchised Location within 120 days following the Effective Date of this Agreement in accordance with the provisions of Article 19 hereof

2.5 Conditions.

The Franchisee hereby undertakes the obligation to operate a Big Boy Restaurant using the Restaurant System at the Franchised Location in strict compliance with the terms and conditions of this Agreement for the entire Term. The rights and privileges granted to the Franchisee by the Franchisor under this Agreement are applicable only to the single location designated as the Franchised Location, are personal in nature, and may not be used by the Franchisee at any other location, or in any other channel of distribution, other than the Franchised Location.

2.6 Personal License.

The Franchisee will not have the right to franchise, subfranchise, license or sublicense its rights under this Agreement. Neither the Franchisee nor any of the Owners have the right to transfer this Agreement or any rights under this Agreement, except as specifically provided for in this Agreement.

2.7 Personal Guaranty.

The Franchisee will secure the signatures of the Personal Guarantors on the Personal Guaranty attached to this Agreement on the Effective Date.

Article 3
TERM OF AGREEMENT

Unless terminated in accordance with the terms and conditions of this Agreement, the term of this Agreement (the "Term") will commence on the Effective Date and will continue thereafter for a period of twenty (20) years. This Agreement will not be enforceable until it has been signed by both the Franchisee and the Franchisor and a signed copy has been delivered to the Franchisee.

Article 4
INITIAL FEE

The Franchisee will pay the Franchisor an Initial Fee of \$40,000, which is payable in full to the Franchisor on the date the Franchisee signs this Agreement. The Franchisee acknowledges that (a) the Initial Fee is consideration for the Franchise granted to the Franchisee under this Agreement, (b) the

Initial Fee has been fully earned by the Franchisor, and (c) the Initial Fee will not be refundable to the Franchisee for any reason or under any circumstances.

Article 5
ROYALTY FEES; MARKETING AND ADVERTISING FEES

5.1 Amount of Royalty Fees.

In addition to the Initial Fee, the Franchisee will, for the entire Term of this Agreement, pay the Franchisor royalty fees equal to four percent (4%) of the Franchisee's weekly Gross Revenues for the preceding Week ("Royalty Fees"). Notwithstanding the foregoing, if the Franchisor has authorized the Franchisee to sell alcoholic beverages at the Franchised Location and the state in which the Franchised Location is located prohibits the Franchisor from receiving royalty payments on the Franchisee's sale of alcoholic beverages, the Royalty Fees payable by the Franchisee hereunder shall be an amount equal to four and one-tenth percent (4.1%) of the Franchisee's weekly Gross Revenues (other than revenues derived from the sale of alcoholic beverages). The weekly Royalty Fees payable to the Franchisor under this Article will be due and payable by the Franchisee on or before the eighth day after the end of each Week during the entire Term of this Agreement.

5.2 Big Boy Advertising and Production Fund, Inc.

The Franchisor has established the Big Boy Advertising and Production Fund, Inc. (the "Fund") to create and produce marketing materials and prepare advertising campaigns. Franchisee restaurants located in Michigan, with the exception of the Upper Peninsula, will contribute to the Fund weekly advertising fees equal to two percent (2%) of the Franchisee's weekly Gross Revenues for the preceding Week ("Advertising Fees") and, in addition, the Franchisee will spend one percent (1%) of weekly Gross Revenues for local market advertising. Franchisee restaurants located in the Upper Peninsula of Michigan or other regions outside the state of Michigan, will contribute to the Fund weekly advertising fees equal to one-half percent (0.5%) of the Franchisee's weekly Gross Revenues for the preceding week, and in addition, the Franchisee will spend ~~one~~ two and one-half percent (42.5%) of weekly Gross Revenues for local market advertising. Big Boy restaurants owned by the Franchisor or its Affiliates shall contribute to the Fund on the same basis. The Franchisor will have the right to increase the weekly Advertising Fees from two percent (2%) up to three percent (3%) of the Franchisee's weekly Gross Revenues by giving the Franchisee 90 day written notice of the increase. In that event, beginning on the later of (i) the first day of the fourth month after the date the written notice is received by the Franchisee or (ii) the date specified in the written notice from the Franchisor, the Franchisee will, for the remaining Term of this Agreement, pay the Fund Advertising Fees equal to three percent (3%) of the Franchisee's weekly Gross Revenues and the Franchisee will no longer be required to spend any percentage of its Gross Revenues for local marketing advertising. The weekly Advertising Fees payable to the Fund under this Article will be due and payable by the Franchisee on or before the eighth day after the end of each Week during the entire Term of this Agreement. The Fund will be accounted for separately from the Franchisor's other funds and will not be used to defray any of Franchisor's general operating expenses, except for reasonable salaries, administrative costs and overhead the Franchisor may incur in activities related to the administration of the Fund and its programs. The Advertising Fees will be spent as provided for in Article 5.3.

5.3 Advertising Expenditures.

The Fund will have the absolute and unilateral right to determine when, how and where the Advertising Fees will be spent or committed including, but not limited to, the right of the Fund to purchase and pay for (a) product research and development, development of logotypes and slogans, production materials and costs, point of sales promotional materials, ad slicks, banners, signs, brochures, radio, television, cable, newspaper, magazine and other print advertising, services provided by advertising agencies, market

research, customer retention and incentive programs, direct mail advertising, telemarketing, media time and space advertising, Internet advertising, promotions, marketing, public relations, national, regional and local advertising, and all other forms and methods of advertising, promotion, marketing, and public relations that the Fund deems, in its sole judgment, appropriate and in the best interests of all Big Boy franchisees and the Restaurant System, and (b) all long distance telephone charges, office rental, computers and computer software, furniture, fixtures and equipment, leasehold improvements, personnel salaries and benefits, travel costs, office supplies, collection costs (including attorneys' fees) paid in attempting to collect past due Advertising Fees from franchisees and all other costs and expenses associated with and incurred in connection with administering the Fund, Advertising Fees and the Advertising expenditures. The Fund will not be required to spend the Advertising Fees in any particular market and will not be required to spend the Advertising Fees in the Franchisee's market area in proportion to the Advertising Fees paid by the Franchisee. The Fund will have the right, but not the obligation, to spend all or part of the Advertising Fees paid by any franchisee in that franchisee's market area. A summary showing the amount of the Advertising Fees received and the amount of the advertising expenditures for the calendar year will be prepared by the Fund on or before March 31st of each year for the preceding year and will, upon written request, be provided to the Franchisee. Except as otherwise expressly provided in this Article, the Franchisor assumes no direct or indirect liability or obligation with respect to the maintenance, direction or administration of the Fund. The Franchisor does not act as trustee or in any other fiduciary capacity with respect to the Fund.

5.4 Weekly Report.

On or before 12:00 noon on the eighth day after the end of each Week, the Franchisee will e-mail, electronically submit, or fax the Weekly Report for the Franchisee's Big Boy Restaurant to the Franchisor and the Fund for that Week. Big Boy reserves the right to poll or audit Franchisces sales.

5.5 Franchisee's Obligation to Pay.

The Royalty Fees and Advertising Fees payable by the Franchisee under this Article will be calculated and paid by the Franchisee to the Franchisor and the Fund as provided herein each Week during the entire Term of this Agreement. The Franchisee's obligation to pay the Royalty Fees and Advertising Fees pursuant to the terms of this Agreement will be absolute and unconditional, and will remain in full force and effect until the Term of this Agreement has expired or until this Agreement has been terminated in accordance with the terms and conditions set forth in this Agreement and applicable law. The Franchisee will not have the "right of offset" for any payments due to the Franchisor and the Fund and, as a consequence, the Franchisee will timely pay all Royalty Fees and Advertising Fees due and payable under this Agreement regardless of any claims or allegations the Franchisee may allege against the Franchisor or the Fund. The Franchisor's or the Fund's acceptance of any payments of Royalty Fees and Advertising Fees will be without prejudice and will not constitute a waiver of the Franchisor's rights to claim a payment deficiency or to audit the Franchisee's Financial Records. All payments of Royalty Fees and Advertising Fees will be applied first to the oldest amounts owing and the interest charges and administrative fees in connection therewith.

5.6 Pre-Authorized Bank Debits.

The Franchisee will, from time to time during the Term of this Agreement, execute such documents as the Franchisor may request to provide the Franchisee's unconditional and irrevocable authority authorizing and directing the Franchisee's bank to pay and deposit directly to the account of the Franchisor or the Fund, as the case may be, and to charge to the account of the Franchisee, the amount of the Royalty Fees and the Advertising Fees payable by the Franchisee pursuant to this Agreement. The authorization will be in the form attached to this Agreement and will permit the Franchisor and the Fund to designate the amount to be debited or drafted from the Franchisee's account and to adjust the payments to the amount of the Royalty Fees and Advertising Fees payable by the Franchisee. If the Franchisee fails at any time to provide the required Weekly Reports, then the Franchisor and the Fund will have the absolute right to

debit the Franchisee's bank account for the same amount of the Royalty Fees and Advertising Fees that were payable by the Franchisee according to the last Weekly Report received from the Franchisee. The Franchisee will, at all times during the Term of this Agreement, maintain a balance in its bank account sufficient to allow the appropriate amount to be debited from the Franchisee's bank account for the Royalty Fees and Advertising Fees payable by the Franchisee.

Article 6 FINANCIAL STATEMENTS

6.1 Financial Statements.

The Franchisee must engage an accounting firm prior to opening. The Franchisee will, at its expense, prepare Financial Statements for the Franchisee's Restaurant. All Financial Statements will be in the form prescribed by the Franchisor in writing, will conform to the standard chart of accounts prescribed by the Franchisor and will be prepared in accordance with generally accepted accounting principles applied on a consistent basis. The monthly Financial Statements for the Franchisee's Restaurant will be due within 15 days after the end of each month and the yearly Financial Statements will be due within 90 days after the Franchisee's fiscal year end.

6.2 Substantiation of Weekly Report and Financial Statements.

Within three business days after receiving a written request from the Franchisor, the Franchisee will provide the Franchisor with originals or exact copies of the Financial Records requested by the Franchisor to substantiate the information provided in the Weekly Report and Financial Statements submitted by the Franchisee pursuant to this Article.

6.3 Sales and Income Tax Returns.

Within 90 days after the Franchisee's fiscal year end, the Franchisee will furnish the Franchisor with copies of the Franchisee's yearly federal income tax returns filed by the Franchisee's Restaurant. Within three business days after receipt of a written request from the Franchisor, the Franchisee will furnish the Franchisor with copies of all state sales tax returns filed by the Franchisee's Restaurant for each month of the current calendar year.

6.4 Audit Rights.

Within three business days after receiving written notice from the Franchisor, the Franchisee and the Franchisee's accountants will make all of Franchisee's computer and hand prepared Financial Records available to the Franchisor during business hours for review and audit by the Franchisor or its designee. If the Financial Records are computerized, then the Franchisee will grant the Franchisor or its designee the absolute right to access the Franchisee's computer and software programs containing the Financial Records and the absolute right to copy the Financial Records to a computer disk or to any portable or other computer owned or controlled by the Franchisor. The Financial Records for each fiscal year will be kept in a secure place by the Franchisee and will be available for audit by the Franchisor for at least five years from the date they are created. The Franchisee will provide the Franchisor with adequate facilities to conduct the audit.

6.5 Payment of Audit Costs.

If an audit of the Franchisee's Financial Records reveals any deficiencies in the Royalty Fees, Advertising Fees or other amounts payable to the Franchisor under this Agreement, then the Franchisee will, within five days after receipt of an invoice from the Franchisor indicating the amounts owed, pay the deficiency owed to the Franchisor, together with interest as provided for herein. If an audit by the Franchisor results in a determination that the Franchisee's Gross Revenues were understated by more than two percent (2%) or more in any month, quarter or year, then the Franchisee will, within five days after receipt of an

invoice from the Franchisor, reimburse the Franchisor for all costs and expenses (including employee Salaries, Travel Expenses and audit fees) incurred by the Franchisor for the audit.

6.6 Refusal to Submit Records or Permit Audit.

The Franchisee's failure or refusal to provide the Financial Records requested by the Franchisor to substantiate the Weekly Report and Financial Statements in accordance with Article 6.2 or to produce the Financial Records in accordance with Article 6.4 will be grounds for the immediate termination of this Agreement by the Franchisor.

6.7 Confidentiality of Financial Records.

The Franchisor will maintain the confidentiality of all Financial Statements and Financial Records submitted by the Franchisee to the Franchisor pursuant to this Article. However, any Financial Statements or Financial Records that are relevant to any issue in any arbitration or court proceeding between the Franchisor and the Franchisee may be disclosed or introduced into evidence in any such proceedings.

Article 7
QUALITY CONTROL, UNIFORMITY AND
STANDARDS REQUIRED OF FRANCHISEE

7.1 Quality and Service Standards.

The Franchisor will develop, from time to time, uniform standards of quality, cleanliness and service regarding the business operations of the Franchisee's Big Boy Restaurant to protect and maintain (for the benefit of the Franchisor and all of its franchisees) the distinction, valuable goodwill and uniformity represented and symbolized by the Marks and the Restaurant System. Accordingly, to ensure that all Big Boy franchisees maintain and adhere to the uniformity requirements and quality standards for the Products and Services associated with the Marks and the Restaurant System, the Franchisee agrees to maintain the uniformity and quality standards required by the Franchisor for all Products and Services associated with the Marks and the Restaurant System and agrees to the terms and conditions contained in this Article to assure the public that all Big Boy Restaurants will be uniform in nature and will sell and dispense quality Products and Services.

7.2 Big Boy® Sandwich; Super Big Boy® Sandwich

The Franchisor has developed, advertised and marketed the Big Boy® sandwich and the Super Big Boy® sandwich (collectively, the "Big Boy® sandwiches") as signature products associated with the Restaurant System and the Marks. The Franchisee will offer and sell the Big Boy® sandwiches, and the menus for the Franchisee's Big Boy Restaurant will prominently feature and describe the Big Boy® sandwiches in the manner approved by the Franchisor. The Franchisee will not refer to any other sandwiches, hamburgers or other food items as a Big Boy® sandwich" or a Super Big Boy® sandwich.

7.3 Compliance with Standards.

The Franchisee will use the Marks and the Restaurant System in strict compliance with the moral and ethical standards, quality standards, health standards, operating procedures, specifications, requirements and instructions required by the Franchisor, which may be amended and supplemented by the Franchisor from time to time.

7.4 Identification of Restaurant.

The Franchisee will operate the Restaurant so that it is clearly identified and advertised as a Big Boy Restaurant. The style and form of the words "Big Boy®" and the other Marks used in any advertising,

marketing, public relations or promotional program must have the prior written approval of the Franchisor. The Franchisee will use the name "Big Boy®," the approved logos and all graphics commonly associated with the Restaurant System and the Marks which now or hereafter may form a part of the Restaurant System, on all paper supplies, furnishings, advertising, public relations and promotional materials, ~~Signs~~signs, stationery, business cards, linens, towels, napkins, aprons, menus, menu boards, food and beverage containers, placemats, uniforms, clothing and other materials in the identical combination and manner as may be prescribed by the Franchisor in writing. The Franchisee will, at its expense, comply with all legal notices of registration required by the Franchisor or its attorneys and will, at its expense, comply with all trademark, trade name, service mark, copyright, patent or other notice markings that are required by the Franchisor or by applicable law.

7.5 Other Business.

The Franchisee will use the Franchised Location solely for the operation of a Big Boy Restaurant and will not directly or indirectly operate or engage in any other business or activity from the Franchised Location without the prior written consent of the Franchisor. The Franchisee will not participate in any dual branding program, or in any other program, promotion or business pursuant to which a trademark, service mark, trade name, logo, slogan, or commercial symbol owned by any person or Entity other than the Franchisor is displayed, featured or used in connection with the Franchisee's Big Boy Restaurant without the prior written consent of the Franchisor.

7.6 Franchisee's Name.

The Franchisee will not use the name "Big Boy®" or any derivative thereof as the legal name of its Entity or sole proprietorship name. The Franchisee will hold itself out to the public as an independent contractor that is operating its Restaurant as a franchised Big Boy Restaurant. The Franchisee will file for a certificate of assumed name in the manner required by applicable state law to notify the public that the Franchisee is operating its Restaurant as an independent contractor pursuant to this Agreement.

7.7 Approved Advertising

The Franchisee will not conduct any advertising or promotion for its Restaurant unless and until the Franchisor has given the Franchisee prior written approval for all concepts, content, materials and media proposed for any such advertising and/or promotion. The Franchisee will not permit any third party to advertise its business, services or products on the premises of or in connection with the Franchisee's Big Boy Restaurant. The Franchisor will at all times have the right to remove any unauthorized advertising or promotional materials from the Franchisee's Restaurant at the Franchisee's expense. All advertising and other materials provided to the Franchisee by the Franchisor or contained in the current Operating System Manual will be deemed to be approved.

7.8 Telephone Directory Listings.

The Franchisee will, at its expense, continually list and advertise in the "Yellow Pages" in the Franchisee's market area under the heading of "Restaurants" and under other headings or listings designated by the Franchisor in writing. The format, size and content of the listings and advertising copy will conform in all respects to the standards established by the Franchisor in the Operating System Manual. The Franchisee will, at its cost, also list in the "White Pages" of the Franchisee's market area under the name "Big Boy®".

7.9 Television; Vending and Gaming Machines; Tickets.

Except with the prior written approval of the Franchisor, which may be withheld at the sole and absolute discretion of the Franchisor, the Franchisee will not (a) permit any ~~television~~-jukebox, video and electronic games, vending machines (including cigarette, gum and candy machines), rides or other mechanical or electronic entertainment devices, coin or token operated machines (including pinball), or gambling machines or other gambling devices to be used on the premises of the Franchised Location, or

(b) offer for sale or allow employees to offer for sale at or near the Franchised Location any tickets, subscriptions, pools, chances, raffles, lottery tickets or pull tabs.

7.10 Standard Attire or Uniforms.

The Franchisee will require its employees to wear the standard attire or uniforms described in the Operating System Manual. All employees of the Franchisee will wear clean and neat attire or uniforms and will practice good personal hygiene.

7.11 Business Hours; Personnel.

The Franchisee's Big Boy Restaurant will be open during the times and hours specified by the Franchisor in the Operating System Manual, unless the Franchisor has agreed to different hours and times in writing. The Franchisee will at all times during business hours have management personnel on duty who are responsible for supervising the employees and the business operations of the Franchisee's Restaurant. The Franchisee will have a sufficient number of adequately trained and competent service, kitchen and other personnel on duty to guarantee efficient service to the Franchisee's customers. The Franchisee will take such steps as are necessary to ensure that its employees develop and preserve good customer relations, render competent, prompt, courteous and knowledgeable service and meet the quality and service standards established by the Franchisor.

7.12 Credit Cards.

The Franchisee will honor all credit, charge, courtesy or cash cards or other credit devices required or approved by the Franchisor in writing. The Franchisee must obtain the written approval of the Franchisor prior to honoring any unapproved credit, charge, courtesy or cash cards, or other credit devices. The Franchisee is required to comply with Payment Card Industry (PCI) data security standards.

7.13 Gift Cards, Certificates and Coupons.

The Franchisee will not create, sell or issue gift cards or certificates and will not issue coupons or discounts of any type except as may be approved in advance in writing by the Franchisor. The Franchisee will participate in all electronic and written gift certificate, gift card, coupon and customer loyalty programs approved by the Franchisor and will purchase or acquire all equipment necessary to accept electronic and written gift certificates, gift cards, coupons, and customer loyalty rewards and cards in the manner prescribed in the Operating System Manual.

7.14 Music and Music Selection.

In order to maintain the image and ambiance associated with the Restaurant System, the Franchisee will only play the music and music selections that have been approved by the Franchisor in the Operating System Manual or otherwise in writing.

7.15 Standards of Service.

The Franchisee will at all times give prompt, courteous and efficient service to its customers. The Franchisee will, in all dealings with its customers, suppliers and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct.

7.16 Security and Safety.

The Franchisee will be responsible for implementing, obtaining, installing and maintaining the security and safety procedures, measures, devices and systems necessary to adequately protect the employees, public, guests and customers of the Franchisee's Big Boy Restaurant during and after business hours.

7.17 Equipment and Supplies.

The Franchisee will, at its sole expense, obtain and maintain at all times during the Term of this Agreement, the FF&E, inventory and supplies required by the Franchisor for use in the operation of the

Franchisee's Big Boy Restaurant which must meet the then-current standards and specifications established by the Franchisor.

7.18 Maintenance.

The Franchisee will, at its expense, repair, paint and keep in a clean and sanitary condition the interior, the exterior, the parking lot, signage, statue, exterior lighting, and the grounds of the Franchised Location and the Franchisee's Restaurant, and will replace all floor coverings, wall coverings, light fixtures, curtains, blinds, shades, furniture, room furnishings, wall hangings, Signs, fixtures and other decor items as they become worn-out, soiled or in disrepair. All mechanical equipment, including ventilation, heating and air conditioning, must be kept in good working order by the Franchisee at all times. All replacement FF&E, Signs, statue, décor items, supplies and other items used in the Restaurant by the Franchisee must comply with the Franchisor's then-current standards and specifications.

7.19 Remodeling of Business Premises.

The Franchisee will make the reasonable capital expenditures necessary to extensively remodel, modernize, redecorate and renovate ("remodel" or "remodeling") the Franchisee's Restaurant and to replace and modernize the supplies and FF&E so that the Franchisee's Restaurant and the premises will reflect the then-current image of Big Boy Restaurants. All remodeling and all replacements for the FF&E must conform to the Franchisor's then-current plans and specifications. The Franchisee will commence remodeling the Franchised Location within four months after the date the Franchisee receives written notice from the Franchisor specifying the required remodeling, and will diligently complete such remodeling within six months after its commencement. Except as provided for in Article 7.19 of this Agreement, the Franchisee will not be required to remodel the Restaurant, or to replace and modernize its FF&E more than once every five years during the Term of this Agreement.

7.20 Alterations to Restaurant.

The Franchisee will not install or permit to be installed on or above the Restaurant, without the prior written consent of the Franchisor, any FF&E, Signs, décor or other items not previously approved by the Franchisor.

7.21 Inspection Rights.

The Franchisee will permit the Franchisor or its representatives to enter, remain on, and inspect the Franchised Location whenever the Franchisor reasonably deems it appropriate and without prior notice to interview the Franchisee's employees and customers, to take photographs and videotapes of and examine the interior and exterior of the Franchised Location, to examine or review representative samples of the Products and Services sold or used at the Franchisee's Restaurant, and to evaluate the quality of the Products and Services provided by the Franchisee to its customers. The Franchisor will also have the right to send a representative of the Franchisor to dine at the Franchisee's Big Boy Restaurant to evaluate the operations of the Franchisee's Big Boy Restaurant and the quality of the Products and Services provided by the Franchisee to its customers. The Franchisor will have the right to use all interviews, photographs and videotapes of the Franchisee's Big Boy Restaurant for such purposes as the Franchisor deems appropriate including, but not limited to, use in advertising, marketing and promotional materials. The Franchisee will not be entitled to, and hereby expressly waives, any right that it may have to be compensated by the Franchisor, its advertising agencies, and other franchisees of Big Boy Restaurants for the use of such photographs or videotapes for advertising, marketing and promotional purposes. The Franchisor will not use any photographs of the Franchisee's employees or customers unless written releases have been obtained by the Franchisor.

7.22 Operating Partner; Management of Big Boy Restaurant.

If the Franchisee is an Entity, Franchisee must designate in Exhibit A as the "Operating Partner" an individual approved by the Franchisor who must: (a) own and control or have the right to own and control

(subject to reasonable conditions acceptable to Franchisor) not less than 10% of the equity and voting rights of Franchisee; (b) have the authority to bind the Franchisee regarding all operational decisions with respect to the Restaurant; and (c) have completed Franchisor's training program to Franchisor's satisfaction. The Franchisee or the Operating Partner: (a) shall exert full-time and best efforts to the development and operation of the Restaurant; and (b) may not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment or otherwise may conflict with Franchisee's obligations hereunder. The Restaurant at all times must be managed by the Franchisee (if an individual), the Operating Partner, or a General Manager who has completed Franchisor's training program to Franchisor's satisfaction. The Franchisee will be totally and solely responsible for the operation of its Big Boy Restaurant, and will control, supervise and manage all the employees, agents and independent contractors who work for or with the Franchisee. The Franchisee will be responsible for the acts of its employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all applicable federal, state, city, local and municipal laws, statutes, ordinances, rules and regulations. The Franchisor will not have any right, obligation or responsibility to control, supervise or manage the Franchisee's employees, agents or independent contractors.

7.23 Disclosure of Ownership Interests.

Franchisee and the Owners represent, warrant and agree that Exhibit A is current, complete and accurate. Franchisee agrees that an updated Exhibit A will be furnished to Franchisor promptly so that Exhibit A (as so revised by Franchisee) is at all times current, complete and accurate. Each Owner must be an individual acting in his or her individual capacity, unless Franchisor waives this requirement.

7.24 Compliance with Applicable Law.

The Franchisee will, at its expense, comply with all applicable federal, state, city, local and municipal laws, statutes, ordinances, rules and regulations pertaining to the construction or remodeling of the Franchised Location and the operation of the Franchisee's Big Boy Restaurant including, but not limited to, all health, food service and liquor licensing laws, all health and safety regulations, all environmental laws, all laws relating to employees, including all wage and hour laws, employment laws, workers' compensation laws, discrimination laws, sexual harassment laws, and disability discrimination laws. The Franchisee will, at its expense, be solely and exclusively responsible for determining the licenses and permits required by law for the Franchisee's Big Boy Restaurant, for obtaining and qualifying for all such licenses and permits, and for complying with all applicable laws.

7.25 Payment of Taxes.

The Franchisee will be absolutely and exclusively responsible and liable for filing all required tax returns and for the prompt payment of all federal, state, city and local taxes including, but not limited to, individual and corporate income taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, F.I.C.A. taxes, inventory taxes, liquor taxes, personal property taxes and real estate taxes ("Taxes") payable in connection with the Franchisee's Big Boy Restaurant. The Franchisor will have no liability for any Taxes which arise or result from the Franchisee's Restaurant and the Franchisee will indemnify the Franchisor for all Taxes that may be assessed or levied against the Franchisor which arise out of or result from the Franchisee's Restaurant.

7.26 Payments to Creditors.

The Franchisee will timely pay all of its obligations and liabilities due and payable to all suppliers, landlords, lessors, vendors, creditors and the Franchisor for all services, products and goods purchased by the Franchisee.

7.27 Security Interest in Franchise Agreement.

This Agreement and the Franchise granted to the Franchisee hereunder may not be pledged as collateral or be the subject of a security interest, lien, levy, attachment or execution by the Franchisee's creditors or any financial institution, except with the prior written approval of the Franchisor. Franchisee will not grant any security interest or lien against the Big Boy® Slatue or signage to anyone other than Big Boy.

7.28 Default Notices and Significant Correspondence.

The Franchisee will deliver to the Franchisor, immediately upon receipt by the Franchisee or delivery at the Franchised Location, copies of all: (a) notices of default received from the landlord of the Franchised Location or any mortgagee, trustee under any deed of trust, contract for deed holder, lessor, or any other party with respect to the Franchised Location; (b) legal proceeding or lawsuit claiming damages in excess of \$5,000 relating in any way to the Franchisee's Restaurant or to the Franchised Location; (c) consumer complaints/claims made in writing; (d) written employee complaints or claims, including any matters relating to employment laws; and (e) written inspection reports or any other notices, claims, reports, warnings or citations from or by any governmental authority, including any health or safety authority. Upon written request, the Franchisee will provide such additional information as may be required by the Franchisor regarding the disclosed matter.

7.29 Catastrophes.

If the Restaurant or the Franchised Location is damaged or destroyed by fire or other casualty, then the Franchisee will, within 90 days thereafter, initiate the repairs and reconstruction necessary to restore the Franchised Location and the Restaurant to its original condition prior to such casualty. If in the reasonable judgment of the Franchisor, the damage or destruction is of such a nature or extent that it is feasible for the Franchisee to repair or reconstruct the premises of the Restaurant in conformance with the then-current standard Big Boy Restaurant decor specifications without incurring substantial additional costs, then the Franchisor may require the Franchisee to do so by giving written notice to the Franchisee. A Restaurant closed due to fire or other casualty will not be considered abandoned.

7.30 Health Classification and Maintenance of Standards.

The Franchisee will at all times operate and maintain the Franchisee's Big Boy Restaurant in a manner that will insure that the Franchisee's Big Boy Restaurant will obtain the highest health classification possible for restaurants of like kind from the governmental authorities that inspect restaurants in the area in which the Restaurant is operated. If the Franchisee is not able to obtain this health classification, or if the Franchisee fails to operate in accordance with the general standards of quality, maintenance, repairs and sanitation required by the Franchisor, then the Franchisor may, at its option, place such trained personnel in the Franchisee's Big Boy Restaurant as the Franchisor deems necessary to train the Franchisee's operating personnel until the Restaurant can obtain the highest health classification or meet the general standards. The Franchisee will pay the Franchisor's Travel Expenses, employee compensation costs and other costs of providing personnel to the Franchisee's Restaurant. The Franchisor may modify its procedures and policies with regard to health classification requirements, and may require that the Franchisee post its health classification report in a conspicuous place in the Franchisee's Big Boy Restaurant to insure the public's access to such information.

7.31 Periodic Inspections.

The Franchisor will have the absolute right to inspect, evaluate, videotape and photograph the Franchisee's Big Boy Restaurant at any time during normal business hours to determine whether the Franchisee is complying with the standards set forth in the Operating System Manual, the standards of quality and service associated with the Business System and the terms and conditions of this Agreement ("Inspection.") The results of each Inspection will be provided to the Franchisee in writing. If the Franchisee fails to attain a passing score as specified in the Operating System Manual on any Inspection conducted by the Franchisor, then the Franchisee will have 30 days from the date the Franchisee receives

the written Inspection report from the Franchisor to correct the operational deficiencies specified in the Inspection report. If the operational deficiencies are not corrected within 30 days, then the Franchisor will have the right to terminate this Agreement as provided herein.

7.32 Hiring Restrictions.

The Franchisee will not employ nor seek to employ any General Manager or Assistant Manager who is, or has been during the previous three months, employed by the Franchisor or any other Big Boy franchisee without first obtaining the consent of that person's employer or former employer and will not, directly or indirectly, induce any General Manager or Assistant Manager to leave his or her employment with any Big Boy Restaurant.

Article 8
PRODUCTS AND SERVICES

8.1 Products and Services.

The Franchisee will offer and sell only the Products and Services specified in the Operating System Manual or that have been approved in writing by the Franchisor. The Franchisee will not, under any circumstances, have the right to offer or sell any other foods, beverages, merchandise or services that are not specified in the Operating System Manual or otherwise approved by the Franchisor in writing. The Franchisee will offer and sell all of the Products and Services specified in the Operating System Manual or otherwise approved by the Franchisor in writing and will maintain sufficient inventories to realize the full economic potential of the Restaurant. From time to time at its discretion, the Franchisor may notify the Franchisee through written notice that it has modified, added or deleted Products and Services to be offered by Franchisee. Such changes may be immediate if requested by Franchisor. The Franchisee will offer for sale and sell the Products and Services only on a retail basis (to the end user) from the Franchised Location and will not sell any Products and Services or other foods, beverages, merchandise or services under any of the Marks or the Business System (a) on a wholesale basis (for resale to another retailer or wholesaler), (b) on a retail basis at or from any other location other than the Franchised Location (except as approved by the Franchisor in writing), (c) by means of the Internet, catalogue sales, mail order sales, infomercials or telemarketing, or (d) by any other means or methods of sales or distribution. The Franchisee will have the absolute right to sell all Products and Services to its customers and guests at whatever prices and on whatever terms it deems appropriate.

8.2 Approved Suppliers.

The Franchisee acknowledges that the reputation and goodwill of Big Boy Restaurants is based on, and can be maintained only by, the sale of distinctive high quality products and services. Therefore, the Franchisee agrees that the Restaurant will use and/or offer for sale only food products, beverages, ingredients, uniforms, packaging materials, menus, forms, labels and other supplies and other products and services that conform to our specifications and quality standards and/or are purchased from Approved Suppliers (which may include the Franchisor and/or any of its Affiliates). The Franchisor may modify the list of Approved Suppliers and/or approved brands. After notice of such modification, the Franchisee may not reorder any brand or from any supplier which is no longer an Approved Supplier. If the Franchisee proposes to use any brand and/or supplier which is not then approved by us, you must first notify the Franchisor and submit sufficient information, specifications and samples concerning such brand and/or supplier so that the Franchisor can decide whether such brand complies with our specifications and standards and/or such supplier meets the Franchisor's approved supplier criteria. The Franchisor has the right to charge reasonable fees to cover our costs. The Franchisor will notify the Franchisee of its decision within a reasonable period of time. The Franchisor may prescribe procedures for the submission of requests for approval and impose obligations on suppliers, which the Franchisor may require to be incorporated in a written agreement.

Franchisor may impose limits on the number of suppliers and/or brands for any of the foregoing items. Subject to the provisions contained in this Article 8.2, the Franchisee acknowledges and agrees that (i) the Franchisor and/or its Affiliates may receive payments, fees, commission or reimbursements from suppliers and third parties in respect to such purchases, (ii) the Franchisor and/or its Affiliates may have investments in such suppliers, and (iii) the Franchisor and/or its Affiliates may profit from the Franchisee's purchases from approved suppliers. The Franchisee must maintain at all times an inventory of approved food products, beverages, ingredients and other products sufficient in quantity, quality and variety to realize the Restaurant's full potential. Franchisor may conduct market research to determine consumer trends and salability of new food products and services. Franchisee agrees to cooperate by participating in Franchisor's market research programs by test marketing new food products and services in the Restaurant and providing to the Franchisor timely reports and other relevant information regarding such market research. The Franchisee must purchase a reasonable quantity of such test products and make a reasonable effort to sell them.

8.3 Delivery and Catering.

The Franchisee will not, without the prior written consent of the Franchisor, offer or provide delivery or catering services for any of the Products and Services.

8.4 Alcoholic Beverages.

The Franchisee will not serve beer, wine, liquor or other alcoholic beverages at or from its Big Boy Restaurant, except with the prior written approval of the Franchisor, which approval may be withheld at the sole and absolute discretion of the Franchisor.

8.5 Payments to Franchisor.

The Franchisee acknowledges that the Franchisor may receive commissions, volume discounts, purchase discounts, performance payments, signing bonuses, rebates, marketing and advertising allowances, co-op advertising, administrative fees, enhancements, price discounts, economic benefits and other payments ("Payments") based upon purchases of Products and Services from Approved Suppliers, the Franchisor, and/or other suppliers, vendors and distributors ("Suppliers" or "Supplier"). Any Payments received by the Franchisor from any Suppliers as a result of or based on the Franchisee's purchases from those Suppliers will be the exclusive property of the Franchisor and the Franchisee will not have any right to any Payments received by the Franchisor from any Suppliers. If the Franchisor is a Supplier for any Products and Services and if the Franchisee purchases Products and from the Franchisor, then any Payments made to the Franchisor by any Supplier that are based on the Franchisee's purchases of any Products and Services from the Franchisor will be the exclusive property of the Franchisor and the Payment will be deemed to be a reduction of the price paid by the Franchisor for the Products and Services sold to the Franchisee by the Franchisor. The Franchisee will not, under any circumstances, have the right to receive or claim the right to any portion of any Payments received by the Franchisor from any Supplier for the sale of any Products and Services purchased by the Franchisor and thereafter sold to the Franchisee by the Franchisor.

8.6 Branding of Products.

The Franchisee will not under any circumstances have the right to: (a) use or display the Marks on or in connection with any product or service other than the Products and Services; (b) acquire, develop or manufacture any product under the name "Big Boy®" or any of the Marks, or direct any other person or Entity to do so; (c) acquire, develop or manufacture any product that has been developed or manufactured by or for the Franchisor for use in conjunction with the Restaurant System and which is sold under any of the Marks, or direct any other person or Entity to do so; and (d) use, have access to, or have any rights to any proprietary formulas, ingredients, or recipes for any of the Franchisor's proprietary products or other Products and Services.

8.7 Independent Shopping Services.

The Franchisor will have the right to hire an independent shopping service to visit, dine at and/or evaluate the Franchisee's Big Boy Restaurant and the quality of the foods, beverages and services provided to customers by the Franchisee's Big Boy Restaurant. The Franchisor will determine the number and frequency of the visits the shopping service will make to the Franchisee's Big Boy Restaurant and the form of the reports the shopping service will provide to the Franchisor.

Article 9
CONFIDENTIAL OPERATING SYSTEM MANUAL
AND OTHER CONFIDENTIAL INFORMATION

9.1 Compliance with Operating System Manual.

The Franchisor will make the Operating System Manual (collectively, the "Operating System Manual") available for review on the Big Boy Intranet and Learning Center Web Site. To protect the confidentiality of the manuals, the Franchisor will require that the Franchisee execute a confidentiality agreement. The Franchisee will conform to the common image and identity created by the foods, food items, beverages, products, music, food portions, recipes, ingredients, cooking techniques and processes, cleanliness, sanitation and services associated with its Big Boy Restaurant which are portrayed and described by the Operating System Manual. The Franchisee will modify the operations of the Restaurant to implement all changes, additions and supplements made by the Franchisor to the Restaurant System which are reflected in the Operating System Manual as promptly as reasonably possible. The Franchisee will implement all operational changes to the Restaurant System deemed necessary by the Franchisor to: (a) improve the standards of service or the food, food items, beverages, and products offered for sale under the Restaurant System; (b) protect the goodwill associated with the Marks; (c) improve the operation of the Franchisee's Restaurant; and (d) protect the health and safety of the Franchisee's employees, customers or guests. The Franchisor reserves the right to revise the Operating System Manual at any time during the Term of this Agreement. The Operating System Manual and all supplements, changes and additions to the Operating System Manual are and will be deemed confidential in all respects and will be deemed to be trade secrets of the Franchisor. The Franchisee will not use the Operating System Manual or any information contained therein in connection with the operation of any other restaurant or other business or for any purpose other than in conjunction with the operation of the Franchisee's Big Boy Restaurant.

9.2 Revisions to Operating System Manual.

The Franchisor may from time to time revise the Operating System Manual, and the Franchisee expressly agrees to operate its Big Boy Restaurant in accordance with all such revisions. The Franchisee will at all times keep its Operating System Manual current and up-to-date, and in the event of any dispute regarding the Operating System Manual, the terms of the most recent version of the master copy of the Operating System Manual maintained by the Franchisor will be controlling in all respects.

9.3 Confidentiality of Operating System Manual.

The Operating System Manual will, at all times during the Term of this Agreement and thereafter, remain the sole and exclusive property of the Franchisor. The Franchisee will treat the Operating System Manual and any other manuals created for or approved for use in the operation of the Franchisee's Big Boy Restaurant as secret and confidential and the Franchisee will use all reasonable means to keep such information secret and confidential. Neither the Franchisee nor any employees of the Franchisee will make any copy, duplication, record or reproduction of the Operating System Manual, or any portion thereof, available to any unauthorized person.

9.4 Confidentiality of Other Information.

The Franchisor and the Franchisee expressly understand and agree that the Franchisor will be disclosing and providing to the Franchisee certain confidential and proprietary information concerning the Restaurant System and the procedures, operations, technology and data used in connection with the Restaurant System. The Franchisee will not, during the Term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person or Entity any such confidential and proprietary information, knowledge or know-how concerning the methods of operation of the Restaurant which may be communicated to the Franchisee, or of which the Franchisee may be apprised by virtue of this Agreement. The Franchisee will divulge such confidential and proprietary information only to its employees who must have access to it in order to operate the Franchisee's Big Boy Restaurant. Any and all information, knowledge and know-how including, without limitation, drawings, memos, letters, writings, e-mails, reports, client lists, materials, equipment, technology, methods, procedures, techniques, recipes, specifications, computer programs, systems and other data which the Franchisor copyrights or designates as confidential or proprietary will be deemed confidential and proprietary for the purposes of this Agreement.

Article 10
SITE SELECTION; CONSTRUCTION COSTS;
BUSINESS PREMISES SPECIFICATIONS

10.1 Site Selection.

The Franchisee will be solely responsible for selecting the site of the Franchised Location for the Franchisee's Big Boy Restaurant, regardless of whether the Franchised Location is owned or leased by the Franchisee: The Franchisee will retain an experienced commercial real estate broker or salesperson that has a minimum of five years' experience in locating restaurant sites to advise the Franchisee and to locate, acquire, purchase or lease the site for the Franchisee's Big Boy Restaurant. Accordingly, no provision in this Agreement will be construed or interpreted to impose any obligation upon the Franchisor to locate a site for the Franchised Location, to assist the Franchisee in the selection of a suitable site for the Franchised Location, or to provide any assistance to the Franchisee in the purchase or lease of the Franchised Location.

10.2 Site Selection Criteria.

The Franchisee will not lease, purchase or otherwise acquire a site for the Franchised Location until such information as the Franchisor may require regarding the proposed site has been provided to the Franchisor by the Franchisee, and either the Franchisor has issued a notice that the site meets the Franchisor's criteria or the Franchisee has executed the site release as required by Article 10.3 of this Agreement. The Franchisor requires the Franchisee to submit a "Franchise Site Package" with information relating to, among other things, accessibility, visibility, potential and actual traffic flows, population trends, household income and financial statistics, lease terms and other demographic information. A complete Franchise Site Package includes a plot plan, site plan, site photographs, competition map, demographic package, either a control document (including an offer to purchase and terms) or a lease, a financing commitment, budget development costs, and the sales history of a conversion (if applicable). The Franchisee will also be required to provide a break-even analysis, a projected 1st year profit and loss statement, including income and expenses, rent, equipment rent, depreciation, debt payments, net income, operating cash flow, annualized net R.O.L and annualized cash on cash R.O.I. The review of the site conducted by the Franchisor will not be deemed to be a warranty, representation or guaranty by the Franchisor that if the Franchisee's Big Boy Restaurant is opened and operated at that site, it will be a financial success. The Franchisor will have the right to require that the Franchisee obtain, at the Franchisee's expense, an economic feasibility and demographics study for the proposed site of the Franchised Location. Any feasibility and demographics study required by the Franchisor will be

completed by a real estate or marketing expert mutually agreed upon in writing by the Franchisor and the Franchisee.

10.3 Site Release.

Within 30 days after completing its review of a proposed site for the Franchised Location, the Franchisor will provide written notice to the Franchisee stating that the proposed site meets the Franchisor's site criteria, or listing the criteria that the site does not meet. The decision to locate the Franchised Location at the proposed site is solely that of the Franchisee. However, if the Franchisee chooses to locate the Franchised Location at a proposed site for which the Franchisor has notified the Franchisee that certain site criteria has not been met, then the Franchisee must execute a release, in the form prescribed by the Franchisor, releasing the Franchisor and its officers, directors, shareholders, agents and employees, in their corporate and individual capacities, from any and all claims arising from, in connection with, or as a result of developing the Franchised Location at the site proposed by the Franchisee, or relating in any way to the Franchisor's review of the proposed site. The Franchisee will not sign any lease, purchase agreement or obtain any related rights to possession, occupancy or ownership to any site, or premises located on any site, to which the Franchisor has objected unless and until the Franchisee has executed the release required pursuant to this provision.

10.4 Floor Plans and Layout; Construction Plans.

The Franchisor will, at its expense, provide the Franchisee with its prototypical floor plan and a layout for a free standing Big Boy Restaurant, or an in-line end cap prototype, including the layout for the kitchen, customer seating, refrigeration, ovens, burners, preparation lines, bussing stations, dry storage, point-of-sale system, and individual cash registers. The Franchisee will, at its cost, retain Big Boy's approved kitchen consultant and a licensed architect and will be responsible for the preparation of working drawings, construction plans and architectural plans and specifications for the construction, renovation or remodeling of the Franchisee's Big Boy Restaurant. The Franchisee will provide to the Franchisor the final build out expense, a final set of as-built construction drawings and any other construction information reasonably requested by the Franchisor. The Franchisee will not have the right to use any working drawing, construction plans, or architectural plans and specifications for the construction of the Franchisee's Restaurant until they have been approved by the Franchisor in writing. The Franchisee will be responsible for the accuracy of all drawings, plans and specifications used for the construction, renovation or remodeling of the Franchisee's Restaurant.

10.5 Construction and Remodeling Costs.

The Franchisee will, at its expense, be solely responsible for all costs and expenses incurred for the construction, renovation or remodeling of the Franchisee's Big Boy Restaurant at the Franchised Location including, but not limited to, all costs for architectural plans and specifications, all modifications to the floor plans and layouts necessitated by the structure, construction or layout of the Franchised Location, building permits, site preparation, demolition, construction of the parking lot, landscaping, heating, ventilation and air conditioning, interior decorations, FF&E, leasehold improvements, labor, architectural and engineering fees, electricians, plumbers, general contractors and subcontractors.

10.6 Compliance with Specifications.

The Franchised Location and the Franchisee's Restaurant will conform to all specifications for decor, FF&E, exterior and interior decorating designs and color schemes established by the Franchisor and the Franchisee will obtain the materials and equipment from Big Boy's Approved Suppliers. The Franchisee will obtain and pay for the FF&E, inventory and supplies specified by the Operating System Manual or otherwise in writing by the Franchisor used by the Franchisee for the operation of its Big Boy Restaurant. The FF&E used in the Franchisee's Big Boy Restaurant must be installed and located in accordance with

the floor plans approved by the Franchisor and must conform to the quality standards and uniformity requirements established by the Franchisor.

10.7 Inspection during Construction or Renovation.

The Franchisee will be solely responsible for inspecting the Franchised Location during construction or renovation to confirm that the Franchised Location is being constructed or renovated in a workmanlike manner and according to the specifications established by the Franchisor. The Franchisee will be solely responsible for complying with all applicable local, state and federal laws, ordinances, statutes and building codes, and for acquiring all licenses and building and other permits required by all federal, state, city, municipal and local laws in connection with the construction or renovation of the Franchisee's business premises at the Franchised Location. The Franchisor will have no responsibility to the Franchisee or any other party if the Franchised Location is not constructed or renovated by the Franchisee or its architect or contractor: (a) according to the standard specifications established by the Franchisor; (b) in compliance with all applicable federal, state or local laws or ordinances; or (c) in a workmanlike manner. The Franchisee will not open the Restaurant for business without the Franchisor's prior written approval.

Article 11
SIGNS

11.1 Approved Signs.

The Franchisee will purchase or lease all of the Signs specified by the Franchisor for the Franchisee's Restaurant and the Franchised Location from Approved Suppliers of Big Boy. All Signs at the Franchised Location must comply with the standard sign plans and specifications established by the Franchisor. The Franchisor will provide the Franchisee with a copy of the standard sign plans and specifications and the Franchisee will, at its expense, prepare or cause the preparation of complete and detailed plans and specifications for the Signs and will submit such plans and specifications to the Franchisor for its written approval. The Franchisor will have the absolute right to inspect, examine, videotape and photograph the Signs for any reason at any time during the Term of this Agreement. Franchisee will relinquish to Franchisor on any termination or expiration of this Agreement, any ownership interest, whether by operation of law or otherwise, in and to any Signs, which will subsequently become the property of Franchisor.

11.2 Statues.

The Franchisee will purchase all Big Boy Statues (the "Statues") specified by the Franchisor for the Franchisee's Restaurant and the Franchised Location from Approved Suppliers of Big Boy. All Statues at the Franchised Location must comply with the standard specifications established by the Franchisor. The Franchisor will have the absolute right to inspect, examine, videotape and photograph the Statues for any reason at any time during the Term of this Agreement. Franchisee will relinquish to Franchisor on any termination or expiration of this Agreement, any ownership interest, whether by operation of law or otherwise, in and to any Statues, which will subsequently become the property of Franchisor.

11.3 Payment of Costs and Expenses.

The Franchisee will, at its expense, be responsible for any and all installation costs, sign costs, architectural fees, engineering costs, construction costs, permits, licenses, repairs, maintenance, utilities, insurance, taxes, assessments and levies in connection with the construction, erection, maintenance or use of the Signs including, if applicable, all electrical work, construction of the base and foundation, relocation of power lines and all required soil preparation work. The Franchisee will comply with all

federal, state and local laws, regulations, building codes and ordinances relating to the construction, erection, maintenance and use of the Signs.

11.4 Modifications; Inspection.

The Franchisee may not alter, remove, change, modify, or redesign the Signs unless approved by the Franchisor in writing. The Franchisor will have the unequivocal and unilateral right to redesign the plans and specifications for the Signs during the Term of this Agreement without the approval or consent of the Franchisee. Within 30 days after receipt of written notice from the Franchisor, the Franchisee must, at its expense, either modify or replace the Signs so that the Signs displayed at the Franchised Location will comply with the redesigned plans and specifications as issued by the Franchisor. The Franchisee will not be required to modify or replace the Signs more than once every five years.

11.5 Interior Signs.

The Franchisee will purchase and install in accordance with the Franchisor's written specifications all interior signs specified in writing from time to time by the Franchisor for use in the Franchisee's Big Boy Restaurant. The Franchisee will not, without the prior written consent of the Franchisor, install or display any sign, menu board, poster, display or advertisement, whether functional or decorative, other than those items specified in writing by the Franchisor.

Article 12

OFFICE EQUIPMENT; COMPUTER HARDWARE AND SOFTWARE

12.1 Office and Telecommunications Equipment; Telephone Lines.

The Franchisee will, at its sole expense, obtain and maintain at all times during the Term of this Agreement, electronic telephone facsimile ("fax") equipment, and other telecommunications equipment for use in the operation of the Franchisee's Big Boy Restaurant as specified in the Operating System Manual, and, all telecommunications and fax equipment must be in operation to send and receive information 24 hours a day.

12.2 Computer Equipment and Software.

The Franchisee will, at its sole expense, purchase, lease, or acquire all of the Computer Equipment and Computer Software required for the operation of the Franchisee's Restaurant specified in the Operating System Manual including, but not limited to, the Computer Equipment and Computer Software for: (a) the point-of-sale cash register system (the "POS System"), (b) the accounting system, (c) the processing of credit cards and bank debit cards, (d) the processing of Big Boy gift cards, and (e) the on-line inventory ordering software. The Franchisee will, upon written notice from the Franchisor, update and upgrade the Computer Equipment and Computer Software as deemed necessary by the Franchisor from time to time for the efficient operation of the Restaurant. The POS System must provide the information and functions (including payroll and employee timekeeping) described in the Operating System Manual. The Franchisor will have the right to directly access and download all Financial Records, Financial Statements and other information contained in the POS System according to the protocol set forth in the Operating System Manual.

12.3 Other Equipment.

The Franchisee will purchase and pay for all other electronic and other equipment, including Computer Equipment and Computer Software, described in the Operating System Manual or otherwise in writing by the Franchisor, to electronically process credit cards, bank debit cards, gift certificates, gift cards, coupons and customer loyalty cards as specified in the Operating System Manual.

12.4 Internet Provider.

The Franchisee will, at all times during the Term of this Agreement, have access to the Internet.

12.5 E-Mail Address.

The Franchisee will, at all times during the Term of this Agreement, maintain an e-mail address on the Internet. The Franchisee's e-mail address will be provided to the Franchisor and will be used as a method for the Franchisee and the Franchisor to communicate with each other and to transmit documents and other information. The Franchisee will not use the words "Big Boy," "Big," "Boy" or "Bob's" as any part of its e-mail address or its domain name if a Home Page is maintained by the Franchisee on the Internet. The Franchisee will review its e-mail at least once a day and will respond to all e-mails from the Franchisor and others within 24 hours, except for weekend e-mails, which may be answered every Monday.

12.6 Internet Website.

The Franchisee will not establish a website or Home Page on the Internet to advertise or promote its Big Boy Restaurant without the prior written consent of the Franchisor. All features of any proposed Home Page, including the domain name, content, format, and links to other websites, must be approved by the Franchisor prior to the activation of the Home Page by the Franchisee. The Franchisee's Home Page must advertise only the Franchisee's Big Boy Restaurant, and all content and information maintained by the Franchisee on the Home Page will at all times be subject to the Operating System Manual and this Agreement including, without limitation, the provisions of this Agreement relating to trademark usage, the Franchisee's business, advertising approval, confidentiality, and product and service limitations. The Franchisee will not link its Home Page to any Internet site or to the Franchisor's Internet home page without the Franchisor's prior written approval.

Article 13
INSURANCE

13.1 General Liability Insurance.

The Franchisee will purchase and maintain, at its sole cost and expense, a general liability insurance policy with coverage of at least \$1,000,000 per occurrence and \$2,000,000 aggregate coverage insuring the Franchisee and the Franchisor, and their respective officers, directors, agents and employees from and against any and all loss, liability, claim, damage or expense of any kind whatsoever, including bodily injury, personal injury, food poisoning or other sickness, death, property damage, products liability and all other occurrences, resulting from the condition, operation, use, business or occupancy of the Franchisee's Restaurant and the Franchised Location, including the surrounding area, the parking area and the sidewalks.

13.2 Liquor Liability Insurance.

If the Franchisee serves alcoholic beverages of any type at its Big Boy Restaurant, then the Franchisee will purchase and maintain, at its sole cost and expense, liquor liability insurance with minimum coverage of \$1,000,000 per occurrence insuring the Franchisee and the Franchisor, and their respective officers, directors, agents and employees from any and all loss, liability, claim, damage, or expense of any kind whatsoever, including bodily injury, personal injury, death, and property damage, resulting from the sale or service of liquor by the Franchisee or any of the Franchisee's employees at or from the Franchisee's Restaurant.

13.3 Vehicle Insurance.

The Franchisee will purchase and maintain, at its sole cost and expense, vehicle liability insurance covering all vehicles used in connection with the operation of the Restaurant with minimum coverage of

\$500,000 per occurrence insuring the Franchisee and the Franchisor, and their respective officers, directors, agents and employees from any and all loss, liability, claim, damage, or expense of any kind whatsoever, including bodily injury, personal injury, death, and property damage, resulting from the use, operation or maintenance of any automobiles, trucks or vehicles owned by the Franchisee or used by the Franchisee or any of the Franchisee's employees (including automobiles, trucks and other vehicles used in the Franchisee's Restaurant that are owned or leased by any employee or agent of the Franchisee).

13.4 Business Property Insurance

The Franchisee will purchase and maintain, at its sole cost and expense, special peril property insurance coverage, which will include fire and extended coverage, for the inventory, machinery, equipment, furniture, fixtures and furnishings owned or leased by the Franchisee and used by the Franchisee at the Franchised Location. The Franchisee's property insurance policy (including fire and extended coverage) must have minimum coverage limits equal to at least actual "replacement" cost.

13.5 Business Interruption Insurance.

The Franchisee will purchase and maintain, at its sole cost and expense, business interruption insurance with coverage of at least \$300,000 per occurrence insuring the Franchisee for and against all losses and damages resulting from an interruption in the operation of the Franchisee's Big Boy Restaurant.

13.6 Building Insurance.

If the Franchisee, or any of the Franchisee's Owners, owns, either directly or indirectly, the building or the business premises at the Franchised Location, then the Franchisee will insure the building or the business premises for and against all risk, loss and damages in an amount equal to at least actual "replacement" cost. If the Franchised Location is either partially or completely destroyed by fire or any other catastrophe, then the Franchisee will use the insurance proceeds to repair or reconstruct the Franchised Location and recommence business as soon as reasonably possible.

13.7 Umbrella Liability.

The Franchisee will, at its sole cost and expense, purchase and maintain umbrella liability insurance in the minimum amount of \$1,000,000 that will provide liability insurance coverage for any liability incurred by the Franchisee and the Franchisor in excess of the primary liability insurance coverage carried by the Franchisee under this Article.

13.8 Other Insurance.

The Franchisee will, at its sole cost and expense, purchase and maintain all other insurance required by applicable state and federal laws including if applicable, workers' compensation insurance for its employees. The Franchisee will also purchase such other insurance that may be reasonably requested by the Franchisor. The insurance required by this Article is the minimum coverage for the Franchisee's Restaurant. The Franchisee will be responsible for determining and purchasing all other insurance for its Restaurant utilizing good business practices, and for determining whether the insurance required under this Article is sufficient in coverage and amount.

13.9 Insurance Companies; Evidence of Coverage.

All insurance companies providing coverage to the Franchisee must be AM Best rated A-/7 or better and be acceptable to and approved by the Franchisor, and must be licensed in the state where coverage is provided. The Franchisee will provide the Franchisor with certificates of insurance evidencing the insurance coverage required of the Franchisee pursuant to this Article no later than the date the Franchisee opens for business, and the Franchisee will immediately provide, upon expiration, change or cancellation, a new certificate of insurance to the Franchisor.

13.10 Defense of Claims.

All liability and other insurance policies purchased and maintained by the Franchisee in connection with the Franchisee's Restaurant will provide and pay for attorneys to defend any legal actions, lawsuits or claims brought against the Franchisee and the Franchisor, and their respective officers, directors, agents and employees.

13.11 Rights of Franchisor

All insurance policies purchased and maintained by the Franchisee pursuant to this Article will name the Franchisor, its sole member and affiliates ("Additional Insureds") as an additional named insured, will contain endorsements by the insurance companies waiving all rights of subrogation against the Additional Insureds, and will stipulate that the Franchisor will receive copies of all notices of cancellation, nonrenewal, or coverage reduction or elimination at least 30 days prior to the effective date.

Article 14

LICENSING OF MARKS AND RESTAURANT SYSTEM

14.1 Right to License Marks.

The Franchisor warrants that, except as otherwise provided for herein, it has the right to grant the Franchisee and to license the Marks and the Restaurant System to the Franchisee. Any and all improvements made by the Franchisee to the Marks or the Restaurant System will be the sole and absolute property of the Franchisor, which will have the exclusive right to register and protect all such improvements in its name in accordance with applicable law. The Franchisee's right to use and identify with the Marks and the Restaurant System will exist concurrently with the Term of this Agreement and such use by the Franchisee will inure exclusively to the benefit of the Franchisor. Franchisee does not have the authority to grant a license in any of the marks.

14.2 Conditions to License of Marks.

The Franchisor hereby grants to the Franchisee the nonexclusive personal right to use the Marks and the Restaurant System in accordance with the provisions of this Agreement. The Franchisee's nonexclusive personal right to use "Big Boy®" as the name of the Franchisee's Restaurant and its right to use the Marks and the Restaurant System applies only to the Franchisee's Restaurant at the Franchised Location and such rights will exist only so long as the Franchisee fully performs and complies with all of the conditions, terms and covenants of this Agreement. The Franchisee will only have the right to use the Marks in connection with the operation of the Restaurant and will not use the Marks in any way or in any other manner except as approved in writing by the Franchisor. "Nonexclusive," for the purposes of this Article, will mean that the Franchisor has or will grant franchises to other franchisees authorizing such franchisees to operate Big Boy Restaurants in conformity with the Restaurant System using the name "Big Boy®" and the other Marks, and that the Franchisor, its affiliates and/or subsidiaries will own, manage and operate Big Boy Restaurants.

14.3 Franchisee's Authorized Use.

The Franchisee will only use the Marks designated by the Franchisor and only in the manner authorized and permitted by the Franchisor. The Franchisee's right to use the Marks is limited to the uses set forth in this Agreement and any unauthorized use will constitute an infringement of the rights of the Franchisor under this Agreement and under the Lanham Act (15 U.S.C. §1051, et seq.). The Franchisee will not have or acquire any rights in any of the Marks or the Restaurant System other than the right of use as provided herein. The Franchisee will have the right to use the Marks and the Restaurant System only in the manner prescribed, directed and approved by the Franchisor in writing and will not have the right to use the Marks in connection with the sale of any products or services other than the Big Boy Products and Services. If in the judgment of the Franchisor, any acts of the Franchisee demean the goodwill,

uniformity, quality or business standing associated with the Marks or the Restaurant System, then the Franchisee will, upon written notice from the Franchisor, immediately modify its use of the Marks or the Restaurant System in the manner prescribed by the Franchisor in writing.

14.4 Adverse Claims to Marks.

If there are any claims by any third party that its rights to any or all of the Marks are superior to those of the Franchisor and if the attorneys for the Franchisor are of the opinion that such claim by a third party is legally meritorious, or if there is an adjudication by a court of competent jurisdiction that any party's rights to the Marks are superior to those of the Franchisor, then upon receiving written notice from the Franchisor, the Franchisee will, at its sole expense, immediately adopt, implement and use the changes and amendments to the Marks that are specified by the Franchisor. If required, the Franchisee will immediately cease using the Marks specified by the Franchisor, and will, as soon as reasonably possible, commence using the new trademarks, trade names, service marks, logos, designs and commercial symbols designated by the Franchisor in writing at the Franchised Location in connection with the operations, advertising, marketing and promotion of the Franchisee's Restaurant. The Franchisee will not make any changes or amendments whatsoever to the Marks or the Restaurant System unless specified or approved in advance by the Franchisor in writing.

14.5 Defense or Enforcement of Rights to Marks.

The Franchisee will have no right to and will not defend or enforce any rights associated with the Marks or the Restaurant System in any court or other proceedings for or against imitation, infringement, prior use or for any other claim or allegation. The Franchisee will give the Franchisor immediate written notice of any and all claims or complaints made against or associated with the Marks and the Restaurant System and will, without compensation for its time and at its expense, cooperate in all respects with the Franchisor in any lawsuits or other proceedings involving the Marks and the Restaurant System. The Franchisor will have the sole and absolute right to determine whether it will commence or defend any litigation involving the Marks and/or the Restaurant System, and the cost and expense of all litigation incurred by the Franchisor, including attorneys' fees, specifically relating to the Marks or the Restaurant System will be paid by the Franchisor.

14.6 Tender of Defense.

If the Franchisee is named as a defendant or party in any action involving the Marks or the Restaurant System solely because the plaintiff or claimant is alleging that the Franchisee does not have the right to use the Marks or the Restaurant System licensed by the Franchisor to the Franchisee at the Franchised Location pursuant to this Agreement, then the Franchisee may tender the defense of the action to the Franchisor and the Franchisor will, at its expense, defend the Franchisee in the action provided that the Franchisee has tendered defense of the action to the Franchisor within seven days after receiving service of the pleadings or the Summons and Complaint relating to the action. The Franchisor will indemnify and hold the Franchisee harmless from any damages assessed against the Franchisee in any actions resulting solely from the Franchisee's proper and authorized use of the Marks and the Restaurant System at the Franchised Location if the Franchisee has timely tendered defense of the action to the Franchisor.

14.7 Franchisee's Right to Participate in Litigation.

The Franchisee may, at its expense, retain an attorney to represent it individually in any litigation and court proceedings involving the Marks or the Restaurant System, and may do so with respect to matters involving only the Franchisee (i.e., not involving the Franchisor or its interests); however, the Franchisor and its attorneys will control and conduct all litigation involving the Marks or the Restaurant System and the rights of the Franchisor. Except as expressly provided for herein, the Franchisor will have no liability to the Franchisee for any costs that the Franchisee may incur in any litigation involving the Marks or the Restaurant System, and the Franchisee will pay for all costs, including attorneys' fees, that it may incur in

any litigation or proceeding arising as a result of matters referred to under this Article, unless it tenders the defense to the Franchisor in a timely manner pursuant to and in accordance with Article 14.6.

Article 15
TRAINING PROGRAM; OPENING ASSISTANCE

15.1 Training Program.

The Franchisor will provide a training program for the Franchisee, the Operating Partner, the Franchisee's General Manager and two Assistant Managers. (the "Management Team") at the Big Boy Learning Center in Warren, Michigan, or at another approved training site designated by the Franchisor, to educate, familiarize and acquaint them with the Restaurant System and the operations of the Big Boy Restaurant. The training program will include ~~classroom~~ on-line and on-the-job training and instruction on hiring and training of employees, scheduling, financial reporting, computer operations, marketing, advertising, promotion, purchasing procedures, food preparation, food safety, food presentation, food quality, food portions, liquor service, food and beverage inventory and cost control, customer service, customer relations, equipment operation and maintenance, general maintenance and other topics selected by the Franchisor. The Franchisee (if an individual), Operating Partner, and Franchisee's Management Team must attend and successfully complete the training program and be certified in writing by the Franchisor prior to commencing the business operations of the Franchisee's Restaurant, except as provided otherwise in this Agreement.

15.2 Training Schedule.

The training program will be scheduled by the Franchisor in its sole discretion. The training program will be for up to eight w-Weeks for the Franchisee, Operating Partner, the Franchisee's General Manager, and Assistant Managers all of whom must begin training at a date that will result in their completion of training at least one month prior to the scheduled opening of the Restaurant. If such individuals do not attend complete each required training session at the training site designated by the Franchisor, then the Franchisor will have the right to conduct the uncompleted training at the Franchised Location in accordance with a schedule to be determined by the Franchisor. In that event, the Franchisee will pay the Franchisor the then-current per day on-site Training Fee for each trainer conducting the training and will reimburse the Franchisor for each trainer's Travel Expenses. If the Franchisee, the Operating Partner, and the Franchisee's Management Team do not successfully complete the required training program prior to the scheduled opening date of the Franchisee's Restaurant, then such person(s) will not be permitted or authorized to participate in the operations of the Franchisee's Restaurant.

15.3 Changes in Personnel.

The Franchisee must at all times employ a General Manager and at least two Assistant Managers who have successfully completed the prescribed training program and have been certified in writing by the Franchisor. If the employment of any General Manager or Assistant Manager is terminated for any reason, the Franchisee will hire a replacement within 10 days following the effective date of such termination. The Franchisee will immediately notify the Franchisor in writing of any personnel changes in the positions of General Manager or Assistant Manager at the Franchisee's Restaurant. If the Franchisee hires a new General Manager or Assistant Manager who has not successfully completed the Franchisor's required training program, then that person must begin the training program within 15 days after the date of hire by the Franchisee, and must attend and successfully complete the required training program. If, in the judgment of the Franchisor, the new General Manager or Assistant Manager does not successfully complete the required training program, then the Franchisee will not permit that person to continue to participate in the operation of the Franchisee's Restaurant.

15.4 Training of Personnel.

The training program for the Franchisee, the Operating Partner, and all General Managers and Assistant Managers required by this Article 15 will be conducted by the Franchisor at the Franchised Location, at the Franchisor's Big Boy Learning Center in Warren, Michigan, or at another approved training site designated by the Franchisor, at the sole discretion of the Franchisor. If the Franchisor provides the training program at the Franchised Location, then the Franchisee will pay the Franchisor the then-current per day on-site Training Fee for each trainer conducting the training and will reimburse the Franchisor for each trainer's Travel Expenses. If the training program is provided at the Franchisor's headquarters, then the Franchisee will pay the Franchisor the then-current per day Training Fee. If, with Franchisor's express written approval, the training program is at a Big Boy restaurant owned by another franchisee under the supervision of such franchisee's Operating Partner, the Franchisee will pay the then-current training fee per individual trained to such other franchisee.

15.5 Payment of Salaries and Expenses.

The Franchisee will pay the Salaries, unemployment compensation, workers' compensation insurance, Travel Expenses and all other expenses for all persons who attend the Franchisor's training program on behalf of the Franchisee. The persons attending the Franchisor's training program will not be employees of the Franchisor, and the Franchisor will not have any obligation to pay the persons attending training for the time they spend for on the job training at an existing Big Boy Restaurant or the time spent in classroom training.

15.6 New Store Opening Assistance.

After the Franchisee, Operating Partner and Management Team have successfully completed the Franchisor's training program, as evidenced by a validated Final Manager in Training Evaluation Form acknowledged by the Franchise Business Director, and the Franchisee has scheduled an opening date for its Restaurant, the Franchisor will provide an Opening Team who will work at the Franchised Location for a minimum of two Weeks before the opening of the Franchisee's Restaurant and two Weeks after the opening (a total of four Weeks) to provide opening assistance to the Franchisee. Franchisor will determine, in its sole discretion, the number of people in the Opening Team. The opening assistance provided by the Opening Team will include implementing internal controls, assistance with training employees, purchasing food, beverages, and supplies, implementing the Restaurant System and evaluating the Franchisee's initial business operations. The Franchisee will pay a deposit in an amount determined by Franchisor in advance of the opening for the Opening Team's Travel Expenses and the other expenses due and payable to Franchisor in connection with the opening and, upon receiving an invoice, reimburse the Franchisor for the remaining balance of such expenses. If Franchisor determines in its reasonable discretion that the Opening Team, or any portion thereof, must provide continued assistance to Franchisee's Restaurant beyond such four week period so that Franchisee's staff is adequately trained and so that the continued operation of Franchisee's Restaurant will comply with Franchisor's standards, or if Franchisee requests the continued assistance of all or part of the Opening Team beyond such four Week period, then the Franchisee will pay the Franchisor the then-current per day on-site Training Fee for each such member of the Opening Team and will reimburse the Franchisor for each trainer's Travel Expenses.

15.7 Hiring and Training of Employees by Franchisee.

The Franchisee will hire all employees of the Restaurant, will determine the terms of their employment and compensation, and will implement a training program for employees of the Restaurant in compliance with the Operating System Manual. The Franchisee will at all times maintain a staff of trained employees sufficient to efficiently operate the Restaurant in compliance with the standards of quality and service established by the Franchisor.

15.8 Conventions.

The Franchisee and, upon the written request of the Franchisor, the Franchisee's General Manager will attend each convention and Update and Improvement Seminar held by the Franchisor for the franchisees of Big Boy Restaurants. The date and location of all conventions and seminars will be at the sole discretion of the Franchisor. The Franchisee will pay, when registering for the convention, the then-current fee charged by the Franchisor to attend the convention. The Franchisee will pay the Salaries, unemployment compensation taxes, workers' compensation insurance, Travel Expenses and all other expenses related to the attendance of the Franchisee and all other employees and individuals attending the convention or seminar on the Franchisee's behalf

Article 16
OTHER OBLIGATIONS OF BIG BOY

Consistent with the Franchisor's uniformity requirements and quality standards, the Franchisor or its authorized representative will: (a) provide the Franchisee with a written schedule of all Products and Services for sale or use by Big Boy Restaurants, and the FF&E, Signs, supplies and inventory necessary and required for the operation of the Franchisee's Restaurant; (b) provide the Franchisee with a list of the Approved Suppliers and other suppliers for the Products and Services necessary and required for the Franchisee's Restaurant; (c) visit and review the Franchisee's Restaurant as often as the Franchisor deems necessary and render written reports to the Franchisee as deemed appropriate by the Franchisor; (d) protect, police and, when appropriate, enforce the Marks for the benefit of all Big Boy franchisees in the manner deemed appropriate by the Franchisor; (e) develop and, if applicable, register additional trademarks, trade names, service marks, tag lines, logos or commercial symbols for use in connection with the Restaurant System as deemed appropriate by the Franchisor (f) upon the reasonable written request of the Franchisee, render reasonable advisory services and answer questions by telephone, electronic media or in writing pertaining to the operations of the Franchisee's Restaurant; (g) provide the Franchisee with a sample of the standard Big Boy menu, and all updates and modifications to the menu.

Article 17
TRANSFERS

17.1 Transfer of Agreement by Franchisor.

This Agreement may be unilaterally Transferred by the Franchisor to a person or Entity without the approval of and without prior notice to the Franchisee and, in such event, this Agreement will inure to the benefit of the successors and assigns of the Franchisor. The Franchisor will provide the Franchisee with written notice of any Transfer within 90 days after the Transfer has been completed, and the assignee will be required to fully perform all obligations of the Franchisor under this Agreement.

17.2 Transfer of Agreement by Franchisee.

The rights granted to the Franchisee pursuant to this Agreement may be Transferred by the Franchisee only with the prior written approval of the Franchisor. If Franchisor has not exercised its right of first refusal under Article 18.1, the Franchisor will not unreasonably withhold its written consent to any Transfer of this Agreement if the Transfer does not violate Article 17.11 of this Agreement and if the Franchisee and/or the transferee franchisee complies with the following conditions: (a) the Franchisee has provided written notice to the Franchisor of the proposed Transfer of this Agreement at least 90 days prior to the effective date of the Transfer; (b) all of the Franchisee's monetary obligations due to the Franchisor under this Agreement and under any other contract have been paid in full and the Franchisee is not otherwise in default under this Agreement; (c) the Franchisee has executed a written agreement, in a form satisfactory to the Franchisor, in which the Franchisee agrees to observe all applicable obligations, covenants, and provisions of this Agreement that continue beyond the expiration or termination of this

Agreement, including the covenants not to compete contained in Article 23 of this Agreement; (d) the Franchisee and the Owners and Personal Guarantors have executed, except to the extent limited or prohibited by applicable law a general release, in a form satisfactory to the Franchisor, of any and all claims against the Franchisor its Affiliates, officers, directors, members, agents and employees, in their corporate and individual capacities; (e) the transferee franchisee and its Owners and the Operating Partner (if the transferee franchisee is an Entity) have demonstrated to the satisfaction of the Franchisor that they meet the managerial, financial and business standards required by the Franchisor for new franchisees, possess a good business reputation and credit rating, and have the management team with the aptitude and ability to operate the Big Boy Restaurant in an economic and businesslike manner (as may be evidenced by prior related business experience or otherwise); (f) the transferee franchisee and all Owners of the transferee franchisee and the Personal Guarantors, execute the assignment agreement between the Franchisor, the Franchisee and the transferee franchisee and such other ancillary agreements as the Franchisor or its legal counsel may require for the Transfer of this Agreement for the Franchisee's Big Boy Restaurant to the transferee franchisee; provided, however, that the Franchisor, at its option, may require that the transferee franchisee and all Owners of the transferee franchisee and the Personal Guarantors execute Franchisor's current form of Franchise Agreement as well as remodel the Big Boy Restaurant to the then current design specifications and, in such event, this Agreement shall be terminated pursuant to a termination agreement between Franchisor and Franchisee; (g) the transferee franchisee has purchased the Business Assets and the Franchised Location, acquired the Lease for the Franchised Location or otherwise acquired possession of and access to the Franchised Location for a term consistent with the remaining term of this Agreement or the new Franchise Agreement, as the case may be; (h) the transferee franchisee has, if the Restaurant has been approved by the Franchisor to sell liquor, purchased or otherwise acquired a valid liquor license and a valid food service license for the Big Boy Restaurant at the Franchised Location; (i) the Franchisee and the Franchisee's Personal Guarantors agree to guarantee the obligations of the transferee franchisee under the terms of this Agreement for a period of 12 months after the transfer and to extend the guarantee for an additional 12 months if any default occurs within such 12 month period, and (j) the transferee franchisee or its Operating Partner (if the transferee franchisee is Entity) and the transferee's Management Team have successfully completed the initial training program as set forth in Article 15 of this Agreement.

17.3 Transfer of Agreement by Franchisee to Owned or Controlled Entity.

If the Franchisee is an individual or a partnership, this Agreement may be Transferred by the Franchisee to an Entity that is owned or controlled by the Franchisee without paying any Transfer Fee and without complying with Article 18.1 hereof, provided that: (a) the Franchisee and the Owners of the new Entity sign or have signed a personal guaranty in the form attached to this Agreement; (b) the Franchisee furnishes prior written proof to the Franchisor substantiating that the assignee Entity will be financially able to perform all of the terms and conditions of this Agreement; and (c) none of the Owners operate, franchise, develop, manage or control any Competitive Restaurant. The Franchisee will give the Franchisor 15 days prior written notice of the Transfer of this Agreement to an Entity owned or controlled by the Franchisee; however, the Transfer of this Agreement will not be valid or effective until the Franchisor has received the documents which its attorneys reasonably deem necessary to properly and legally document the Transfer of this Agreement as provided herein.

17.4 Transfer by Individual Franchisee in Event of Death or Permanent Disability.

If the Franchisee is an individual, then in the event of the death or permanent disability of the Franchisee, or the death or permanent disability of the Operating Partner or an Owner of a controlling interest in the Franchisee, the executor, administrator or other personal representative of such person shall Transfer this Agreement to a third party approved by the Franchisor in accordance with the applicable provisions of this Article 17 within a reasonable period of time not to exceed 9 months following such death or permanent disability. Notwithstanding the foregoing, in the event of any such Transfer, the provisions of Article 18 will be inapplicable and the Transferee will not be required to pay the Transfer Fee.

17.5 Transfer of Ownership Interests.

The Ownership Interests owned by the Franchisee or by the Owners may not be ~~Transferred~~transferred by the Franchisee or the Owners until the Ownership Interests have first been offered to the Franchisor in writing under the same terms and conditions offered to any third party. If the Franchisee or the Owners desire to Transfer their Ownership Interests or any portion thereof, then they will first offer them to the Franchisor in writing under the same terms and conditions as being offered to any third party. The Franchisor will have 30 business days to accept any offer to acquire any Ownership Interest. Notwithstanding the terms of this Article, the Franchisee or the Owners may bequeath or Transfer their Ownership Interests to any of the other Owners, or to grantor trusts for their benefit, or to members of their immediate family (spouse, parents, brothers, sisters, children, whether natural or adopted) without first offering them to the Franchisor and without payment of the Transfer Fee, provided that each proposed transferee Owner who will be involved in the management of the Restaurant has: (a) successfully completed the training program required by the Franchisor, and (b) been certified by the Franchisor as being qualified to operate the Restaurant. The Franchisee and the Owners must provide the Franchisor with written notice of all proposed Transfers of Ownership Interests, and the proposed transferee Owners must: (a) be approved by Big Boy; (b) agree to be personally liable under this Agreement; and (c) execute a personal Guaranty in the form attached hereto pursuant to which they agree, among other things, to perform all of the terms and conditions contained in this Agreement, including the covenants not to compete. No assignment pursuant to the preceding paragraph shall relieve Franchisee or the Owners of their respective obligations hereunder and Franchisee and the Owners remain jointly and severally liable for all obligations hereunder. All Ownership Interests issued by the Franchisee must bear the following legend:

The ownership interest represented by this document is subject to a written Franchise Agreement that grants Big Boy Franchise Management LLC the option to purchase the ownership interest represented by this document. Any person or entity acquiring the ownership interest represented by this document will be subject to the terms and conditions of the Franchise Agreement between the entity specified on the face of this document and Big Boy Franchise Management LLC, which includes provisions containing covenants not to compete that apply to all owners of the entity specified on the face of this document.

17.6 Owners Subject to Covenant Not to Compete.

Any Owner that sells or purchases its Ownership Interest will be subject to the covenants not to compete and the other provisions of Article 23 of this Agreement and all other provisions of this Agreement that apply to a selling or purchasing Owner.

17.7 Sale of Ownership Interest to Public.

The Franchisee will not have the right to sell its Ownership Interests to the public or to more than 15 persons or Entities without the written approval of the Franchisor, which may be denied in the sole discretion of the Franchisor. If the Franchisee has received the required written approval from the Franchisor and intends to sell any part of its Ownership Interests to the public or to more than 15 persons or entities under any foreign, federal or state securities laws, then the Franchisee will provide the Franchisor with written notice of the proposed offering and with a copy of the proposed prospectus for its review at least 20 days prior to the time that any such document is filed with any foreign or state securities commission or the Securities and Exchange Commission. The Owners of the Franchisee prior to the public offering will, at all times, retain a majority of the voting Ownership Interests of the Franchisee and will personally guarantee all obligations of the Franchisee under this Agreement. The Franchisor will have the absolute right to attend all "due diligence" meetings held in preparation for the offer to sell the Ownership Interests to the public, and the Franchisee will give the Franchisor at least five

business days prior written notice of such meetings. The Franchisee will pay the Franchisor for the actual costs incurred by the Franchisor for the legal, accounting and related due diligence costs incurred by the Franchisor in connection with any public offering and will be payable to the Franchisor on a monthly basis and will be payable even if the Franchisee is unable to complete the public offering. The Franchisee will not have the right to sell any of its Ownership Interests to the public or to any other person or Entity until the Franchisee has complied in all respects with the applicable provisions of this Agreement.

17.8 Documentation.

Copies of the following documents will be delivered to the Franchisor at least 10 days before the effective date of the Transfer: (a) a Certificate of Good Standing for the transferee franchisee; (b) a photocopy of a sample certificate of Ownership containing the legend required pursuant to Article 17.5; and (c) a copy of the resolution of the transferee franchisee's board of directors, board of governors, or other governing body authorizing the assumption of the Franchise and this Agreement or the new Franchise Agreement, as the case may be, and of the Lease if the Franchisee's Big Boy Restaurant is leased from Franchisor or its subsidiary, which copy shall be certified as correct by an officer or manager of the transferee franchisee.

17.9 Acknowledgment of Restrictions.

The Franchisee acknowledges and agrees that the restrictions on Transfer imposed herein are reasonable and necessary to protect the Restaurant System and the Marks, as well as the reputation and image of the Franchisor, and are for the protection of the Franchisor, the Franchisee and all other franchisees that own and operate Big Boy Restaurants. Any Transfer permitted by this Article will not be effective until the Franchisor receives a completely executed copy of all Transfer documents and the Franchisor consents to the Transfer in writing. Any attempted Transfer made without complying with the requirements of this Article will be void.

17.10 Transfer Fee.

If this Agreement is Transferred to another person or Entity, or if the Owners Transfer in the aggregate controlling interest in the Franchisee to a third party, then except as otherwise provided for in Article 17.3 or Article 17.4, the Franchisee will pay the Franchisor, on or before the date of Transfer, a Transfer Fee of \$10,000. The Transfer Fee is to reimburse the Franchisor for the costs incurred in connection with the Transfer, including attorneys' fees, accountants' fees, out-of-pocket expenses, long distance telephone calls, administrative costs, the time and related cost of its employees and officers, and the Franchisor's costs to provide the initial training program to the transferee franchisee and the transferee franchisee's General Manager at the Franchisor's headquarters or another approved training site designated by the Franchisor pursuant to Article 15. The Salaries and Travel Expenses incurred by the transferee franchisee's employees to attend the initial training program will be paid by the transferee franchisee in accordance with Article 15.5 of this Agreement. If a new Franchise Agreement is provided, then the full initial fee may be required.

17.11 Transfer to Competitor Prohibited.

The Franchisee and the Owners will not Transfer this Agreement or their Ownership Interests in the Franchisee or the Franchise to any person, partnership, corporation or Entity that owns, operates, franchises, develops, consults with, manages, is involved in, or controls any Competitive Restaurant. If the Franchisor refuses to permit a Transfer of this Agreement under this provision, then the Franchisee's and the Owners' only remedy will be to have the Arbitrator determine whether the proposed transferee's business is a Competitive Restaurant.

Article 18
OPTION OF BIG BOY TO PURCHASE

18.1 Right of First Refusal.

If Franchisee desires to Transfer any interest in or any part of the Business Assets (as defined in Article 1.5 and including, without limitation, the land and building where the Restaurant is located if owned by Franchisee or any Owner or Affiliate of Franchisee), Franchisee must obtain a bona fide executed written offer and earnest money deposit in an amount of at least 5% of the offering price from a fully-disclosed purchaser and must deliver immediately to Franchisor a complete and accurate copy of such offer. The Franchisor will have the option, exercisable by written notice deliverable to the Franchisee within 30 days from the date of delivery of a complete and accurate copy of such offer to Franchisor, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that: (a) Franchisor may substitute cash for any form of payment proposed in such offer; (b) Franchisor's credit shall be deemed equal to the credit of any proposed purchaser; and (c) the Franchisor will have not less than 90 days from the option exercise date to consummate the transaction. The Franchisor shall have the right to investigate and analyze the Business Assets and all other matters the Franchisor deems necessary or desirable in order to make an informed investment decision with respect to the fairness of the terms of Franchisor's right of first refusal. The Franchisor may conduct such investigation in any manner Franchisor reasonably deems appropriate and Franchisee and the Owners must cooperate fully with Franchisor in connection therewith. If Franchisor exercises its option to purchase, Franchisor shall be entitled to purchase such interest subject to all representations, warranties, releases, non-competition covenants, closing documents, and indemnities as Franchisor reasonably may require. If Franchisor does not exercise its option to purchase, and the sale to such offeror is not completed within 90 days after delivery of such offer to Franchisor, or if there is a material change in the terms of the offer, Franchisee must notify the Franchisor promptly and Franchisor will have an additional option to purchase (on the terms of the revised offer, if any, and otherwise as set forth herein) during the 30 day period following Franchisee's notification of the expiration of the 90 day period or the material change to the terms of the offer. The provisions of this Article 18.1 will not apply to the assignment or pledge of any of Business Assets (with the exception of this Agreement) by the Franchisee or any Affiliated Owner to a bank, financial institution or other lender in connection with the Franchisee's financing of the leasehold improvements, FF&E, supplies and inventory or operating funds for the Franchisee's Big Boy Restaurant.

18.2 Compliance with Agreement.

The Franchisee's obligations under this Agreement including, but not limited to, its obligations to pay the Royalty Fees and Advertising Fees and to operate the business as a Big Boy Restaurant, will in no way be affected or changed because of non-acceptance by the Franchisor of the Franchisee's written offer to purchase the Business Assets, and as a consequence, the terms and conditions of this Agreement will remain in full force and effect. The decision by the Franchisor not to exercise the rights granted to it pursuant to this Article will not, in any way, be deemed to grant the Franchisee the right to terminate this Agreement and will not affect the Term of this Agreement. Moreover, if the Franchisor does not exercise the rights granted to it pursuant to this Article and if the Franchisee sells or otherwise disposes of its Business Assets to a third party, then both the Franchisee and the third party purchaser will be required to comply in all respects with the terms and conditions of this Agreement. Any Transfer of the Business Assets of the Franchisee's Big Boy Restaurant that does not include an assignment of this Agreement to the transferee will constitute a wrongful termination of this Agreement.

18.3 Option to Determine Value of Business Assets and Real Estate.

Upon expiration or termination of this Agreement for any reason, or if the Franchisee at any time ceases to do business at the Franchised Location as a Big Boy Restaurant, the Franchisor shall have the right, but not the obligation, exercisable by giving notice thereof ("Appraisal Notice") within 10 days after the date

of such termination or expiration or Franchisor's notice of the cessation of business, to require that a determination be made of (i) the "Agreed Value" (as defined below) of the Business Assets (other than real property) used in the Restaurant which the Franchisee owns, excluding any cash and short-term investments and any items not meeting Franchisor's specifications for Big Boy Restaurants and (ii) the value (the "Appraised Real Estate Value") of the land and building (the "Real Estate") where the Restaurant is located if it is owned by Franchisee or any of the Owners or Affiliates of Franchisee. Upon such notice, Franchisee and the Owners and Affiliates may not sell the Real Estate or sell or remove any of the Business Assets from the Franchised Location and must give Franchisor, Franchisor's designated agents and the "Appraiser" (as defined below) full access to the Real Estate, the Restaurant and all the Franchisee's books and records at any time during customary business hours in order to conduct inventories and determine the purchase price for the Business Assets and Real Estate.

18.4 Agreed Value of Business Assets (other than Real Estate).

The Agreed Value of the Business Assets (other than the Real Estate) shall be determined by consultation between the Franchisee and the Franchisor. If Franchisee and Franchisor are unable to agree on the Agreed Value of such Business Assets within 15 days after the Appraisal Notice, then the Agreed Value will be as follows: (a) in the event of an expiration of this Agreement, the Agreed Value shall be the "Fair Market Value," consisting of the amount which an arm's length purchaser would be willing to pay for the Business Assets, assuming that the Business Assets would be used for the operation of a Big Boy Restaurant under a valid franchise agreement reflecting the then-current (or if Franchisor is not offering franchises at that time, then the most recent) standard terms upon which Franchisor offers franchises for Big Boy Restaurants, less the cost of any required remodeling; and (b) in the event of any termination of this Agreement or Franchisee's cessation of business at the Franchised Location as a Big Boy Restaurant, the Agreed Value shall be the lesser of the Appraised Asset Value (as defined below) and the Net Book Value (as defined below). The "Appraised Asset Value" shall be the amount which an arm's length purchaser would be willing to pay for the Business Assets, considering their age and condition and without reference to their use in a Big Boy Restaurant. The "Net Book Value" shall be the net book value of the Business Assets, as reflected on Franchisee's books and records, provided all capital assets will be depreciated on a straight line basis over a reasonable period of time not to exceed 5 years, without residual value. The Fair Market Value, the Appraised Asset Value and/or Net Book Value will be determined by a member of a nationally recognized accounting firm (other than a firm which conducts audits of the Franchisor's financial statements) selected by the Franchisor who has experience in the valuation of restaurant businesses (the "Appraiser"). The Franchisor will notify the Franchisee of the identity of the Appraiser, who will make its determination and submit a written report ("Appraisal Report") to the Franchisee and the Franchisor as soon as practicable, but in no event more than 60 days after the Appraiser's appointment. The Franchisee agrees to promptly provide the Appraiser with such books and records as the Appraiser may require, which the Franchisee represents and warrants to be complete and accurate. In absence of such books and records or if the Appraiser is not satisfied with their completeness or accuracy, the Appraiser may make the determination of the Agreed Value on the basis of other sources and information the Appraiser deems appropriate. The Appraiser's determination shall be final and binding on the parties hereto.

18.5 Appraisal of Real Estate.

Within thirty (30) days after delivery by the Franchisor of the election to have the Real Estate appraised pursuant to Article 18.3, the Franchisor shall engage a member of the American Institute of Real Estate Appraisers that has attained the designation of M.A.I. and who has not less than five (5) years of experience in the appraisal of commercial real estate ("Real Estate Appraiser") and deliver written notice to the Franchisee thereof. "Appraised Value of the Real Estate" shall mean the fair market value of the Real Estate as determined by using then customary methods of appraisal, considering the use of the Real Estate as a Big Boy Restaurant. The Real Estate Appraiser shall be directed to specifically take into account, without limitation, the following facts in its determination of the Appraised Value of the Real

Estate: (i) the effect of any recorded easements, covenants, condition or agreements affecting the Real Estate; (ii) the status of all licenses and permits; (iii) the physical condition of the Real Estate, including, without limitation, its structural soundness and its interior and exterior state of repair; and (iv) the Real Estate's non-compliance, if any, with applicable zoning, building, fire, health, safety and environmental codes. Both parties hereby agree to promptly furnish to the Real Estate Appraiser, with copies to each other, any and all information reasonably requested by the Real Estate Appraiser in connection with its determination of Appraised Value of the Real Estate. The Real Estate Appraiser shall be instructed: (i) not to communicate, circulate or deliver to either party any preliminary or draft report regarding the Real Estate or any information contained therein; and (ii) to complete and distribute to the parties its final report as soon as practicable but not later than sixty (60) days after the Appraiser's appointment ("Report Date"). All fees, compensation and cost and expense reimbursements of the Real Estate Appraiser shall be borne equally by the parties. The Appraised Value of the Real Estate shall be final and binding upon the parties.

18.6 Option to Purchase Business Assets/Real Estate.

The Franchisor shall have the option, exercisable by delivering notice thereof within 30 days after submission of the applicable Appraisal Report (or the date that an agreement is reached, if the parties agree to the Agreed Value), to agree to purchase the Business Assets (other than the Real Estate) at a purchase price equal to the Agreed Value and to purchase the Real Estate for a purchase price equal to Appraised Value of the Real Estate. The Franchisor shall have the unrestricted right to assign these options to purchase separate and apart from the remainder of this Agreement.

18.7 Payment of Purchase Price; Closing.

If the Franchisor exercises its option to purchase, the purchase price for the Business Assets and/or the Real Estate will be paid at the closing, which will occur at the place, time and date designated by the Franchisor, but not later than 60 days after the exercise of the Franchisor's option to purchase the Purchased Assets/Real Estate. At the closing, the Franchisor will be entitled to all warranties, title insurance policies and other closing documents and post-closing indemnifications as the Franchisor reasonably requires including: (a) instruments transferring good and merchantable title to the Purchased Assets and Real Estate, free and clear of all liens, encumbrances, and liabilities, to the Franchisor or its designee, with all sales and other transfer taxes paid by the Franchisee; and (b) an assignment of all leases of personal property and real estate used in the operation of the Restaurant, including land, building and/or equipment (or if an assignment is prohibited, a sublease for the full remaining term and on the same terms and conditions as the Franchisee's lease, including renewal and/or purchase options). If the Franchisee cannot deliver clear title to all of the assets, or if there are other unresolved issues, the closing of the sale may, at the Franchisor's option, be accomplished through an escrow on such terms and conditions as the Franchisor deems appropriate, including the making of payments, to be deducted from the purchase price, directly to third parties in order to obtain clear title to any of the Business Assets. The Franchisor shall have the right to set off against and reduce the purchase price by any and all amounts owed by Franchisee or any of its Owners or Affiliates to the Franchisor or any of its Affiliates. Upon delivery of the Appraisal Notice and pending (a) determination of value, (b) Franchisor's option period, and (c) the closing of the purchase, the Franchisor may authorize continued temporary operations of the Restaurant pursuant to the terms of this Agreement, subject to the supervision and control of one or more of the Franchisor's appointed managers.

18.8 Right to Record Instrument.

Franchisee and the Affiliated Owners hereby acknowledge and agree that Franchisor shall have the right to record a memorandum or other notice of the options granted to the Franchisor pursuant to this Article 18 with the Register of Deeds (or other applicable office which maintains the public land records) in the county where the land and building for the Franchisee's Big Boy Restaurant is located.

18.9 Option Inapplicable.

If Franchisee leases the Franchised Location, and the Franchisor does not exercise its option to assume the Lease in accordance with the provisions of Article 19 hereof in the event (i) the Franchisee is evicted by the Landlord, (ii) the Lease is terminated by either the Franchisee or the Landlord, or (iii) this Agreement expires or is terminated by either the Franchisor or the Franchisee for any reason other than in accordance with Article 21 of this Agreement as a result of a default by Franchisor, then the Franchisor will not have the option to purchase the Business Assets, except for Signs or other Business Assets embodying the Marks, as provided for in this Article 18.

Article 19

LEASE AS SECURITY; TERMINATION OF LEASE

19.1 Review of Lease.

The Franchisee will submit the Lease for the Franchised Location to the Franchisor for review by the Franchisor prior to the Franchisee's signing the Lease. The Franchisor may, but is not under any obligation to, make recommendations regarding various terms and conditions of the Lease. At a minimum, the Lease must:

(a) provide that the landlord will give the Franchisor notice of Franchisee's default under the Lease and an opportunity to cure such default;

(b) require the landlord to disclose to Franchisor, on Franchisor's request, sales and other information furnished by Franchisee;

(c) provide that the landlord relinquishes to Franchisee on any termination or expiration of this Agreement, any lien or other ownership interest, whether by operation of law or otherwise, in and to any tangible property, including any outdoor sign, that embodies any of the Marks;

(d) give the Franchisor the right to enter the premises of the Franchised Location to conduct inspections at any time during regular business hours; and

(e) give the Franchisor the right (but not the duty) to assume the Lease for the remaining term of the Lease in accordance with the provisions of this Article if, prior to the expiration of the Lease, (i) the Franchisee is evicted by the Landlord, (ii) the Lease is terminated by either the Franchisee or the Landlord, or (iii) this Agreement expires or is terminated by either the Franchisor or the Franchisee for any reason other than in accordance with Article 21 of this Agreement as a result of a default by Franchisor.

The review of the Lease by the Franchisor prior to execution of the Lease will not be for the purpose of approving the legal aspects or rental terms of the Lease. Accordingly, the Franchisee will retain attorney or other legal advisor to review the terms and conditions of the Lease and to advise the Franchisee as to the legal and economic terms of the Lease. The Franchisor will have no responsibility to the Franchisee for any terms or conditions of the lease or for the enforceability, economics or legality of the Lease. The Franchisee will not sign the Lease until this Agreement has been signed by both the Franchisee and the Franchisor, and the Franchisor has approved the Lease in writing.

19.2 Franchisee's Assignment of Lease.

The Franchisee hereby assigns all of its right, title and interest in and to the Lease (which is incorporated herein by reference) to the Franchisor as security for the Franchisee's performance of the terms and conditions of this Agreement. If this Agreement is terminated by the Franchisor in accordance with the

terms and conditions of this Agreement, if the Franchisee wrongfully terminates this Agreement by failing to comply with the applicable termination provisions this Agreement, if the Franchisee at any time ceases to do business at the Franchised Location as a Big Boy Restaurant, or if this Agreement expires and the Franchisee does not reacquire the Franchise for the Franchised Location (hereinafter referred to as "Events of Default"), then the Franchisor will have the right and option, but not the obligation, to take and assume the Lease for the remaining term of the Lease under the same terms and conditions, including rental, as originally contracted by the Franchisee. The Franchisee will execute a UCC-1 Financing Statement and other documents as may be reasonably required by the attorneys for the Franchisor to perfect and record the security interest of the Franchisor in the Lease.

19.3 Perfected Assignment; Notice.

The assignment of all of the Franchisee's right, title and interest in the Lease pursuant to this Article will constitute a perfected, absolute and present assignment. However, the Franchisor will have no right to enforce the assignment provisions of this Article until there has been an Event of Default. After an Event of Default, the Franchisor will have the right, but not the obligation, to enforce the provisions of this Article and to take possession of the Franchised Location by giving the Franchisee and the Landlord written notice that the Franchisor has affirmatively exercised its rights under this assignment. The written notice will state: (a) that the Franchisor is taking and assuming the Lease from the Franchisee; (b) the date that the Franchisor will take physical possession of the Franchised Location; and (c) that the Franchisor agrees to be bound by the terms and conditions of the Lease being assumed for the remaining term of the Lease. The Franchisor will execute an assignment form at the time it gives such written notice to the Franchisee and the Landlord.

19.4 No Prior Assignments.

The Franchisee represents and warrants that there have been no prior assignments of the Lease by the Franchisee, that it has good right to assign the Lease, that the Lease is a valid and enforceable agreement, that neither party is in default to the other under the Lease and that all covenants, conditions and agreements have been performed as required therein, except those not due to be performed until after the Effective Date. No change in the terms of the Lease will be valid without the written approval of the Franchisor. The Franchisee will not Transfer its interest in the Lease so long as this assignment is in effect. During the Term of this Agreement, the Franchisee will not lease or sublease all or any part of the Franchised Location without the prior written consent of the Franchisor.

19.5 Enforcement of Franchisee's Rights.

The Franchisee hereby irrevocably constitutes and appoints the Franchisor as its attorney-in-fact to demand, receive and enforce the Franchisee's rights with respect to the Lease, to make payments under the Lease and give appropriate receipts, releases and satisfactions for and on behalf of and in the name of the Franchisee or, at the option of the Franchisor, in the name of the Franchisor, with the same force and effect as the Franchisee could do if this assignment had not been made.

19.6 Rights and Remedies of Franchisor.

Upon taking physical possession of the Franchised Location, the Franchisor may, without affecting any of its rights or remedies against the Franchisee under any other instrument, document or agreement, exercise its rights under this assignment as the Franchisee's attorney-in-fact in any manner permitted by law. In addition, the Franchisor will have and possess, without limitation, any and all rights and remedies of a secured party under the Uniform Commercial Code, as enacted in the jurisdiction in which enforcement is sought, or otherwise provided by law.

19.7 Proration of Rents and Expenses.

At the time the Franchisor takes physical possession of the Franchised Location, all charges, real estate taxes, utilities and rentals will be prorated between the Franchisor and the Franchisee. The Franchisor

will have no obligation to pay any past due obligations or arrearages of the Franchisee to any person or Entity, including the Landlord, as a condition to assuming the Lease.

19.8 Possession; Obligations of Franchisor and Franchisee.

The Franchisor will hold the Franchisee harmless from any and all obligations to the Landlord, including rental payments, arising out of the use of the Franchised Location from the date that the Franchisor takes physical possession of the Franchised Location. The Franchisee will pay all amounts due to the Landlord and other parties under the Lease including, but not limited to, rentals, insurance, rental overrides, real estate taxes, repairs and maintenance, up to and including the date that the Franchisor takes physical possession of the Franchised Location. With the specific and limited exception of rental payments and other obligations to the Landlord arising from use of the Franchised Location by the Franchisor after taking physical possession of the premises, the Franchisee will indemnify and hold the Franchisor harmless from and against any and all claims, demands, liabilities, losses, lawsuits, judgments, costs and expenses, including attorneys' fees, to which the Franchisor may become exposed, or which the Franchisor may incur, in exercising any of its rights under this assignment.

19.9 Landlord's Consent.

The Franchisee will secure the Landlord's written consent to the provisions contained in this Article in the form of consent attached to this Agreement.

19.10 Transfer by the Franchisor.

The Franchisor will have the right to Transfer its right, title and interest in the Lease to any persons or entities by giving written notice to the Franchisee and the Landlord without any consent whatever from the Franchisee or the Landlord, and any such Transfer will be valid and binding upon the Franchisee and the Landlord as fully as if each had expressly approved the Transfer. Subject to the limitation on further Transfer by the Franchisee contained in Article 20.3, a Transfer of the Lease by the Franchisor will be binding upon and inure to the benefit of the heirs, legal representatives, assigns and successors in interest of the Franchisee, the Franchisor and the Landlord.

19.11 Effective Date.

The provisions of Articles 19.2, 19.3, and 19.5 of this Agreement will take effect immediately upon the execution of the Lease. The representations of the Franchisee contained in Article 19.4 will be true and complete as of, and will be deemed to have been made at, the time the Lease is executed. The Franchisee agrees to execute any additional documents as may be required by the attorneys for the Franchisor to perfect the assignment of the Lease to the Franchisor.

~~Article 20~~

Article 20

TERMINATION RIGHTS OF FRANCHISOR

19.1220.1 Termination within 120 Days.

The Franchisor will, unless provided otherwise in a separate written agreement between the Franchisor and the Franchisee, have the right to terminate this Agreement at any time within 120 days after the Effective Date, without refund of the initial franchise fee if: (a) any required or other financial, personal or other information provided by the Franchisee to the Franchisor is materially false, misleading, incomplete or inaccurate; (b) the Franchisee has not purchased or leased a site for the Franchised Location or has done so in a manner not in compliance with Article 2.4 or Article 10 of this Agreement; (c) the

Franchisee fails to apply for and obtain a valid license for the service of food for its Big Boy Restaurant from the appropriate governmental agencies; or (d) the Franchisee fails to apply for and obtain a valid liquor license for its Big Boy Restaurant from the appropriate governmental authorities prior to serving alcoholic beverages (if the Franchisor has authorized the Franchisee to sell alcoholic beverages at the Restaurant). This provision is self-executing and no notice or cure period will be required for termination to be effective after a written notice of termination has been sent to the Franchisee. However, if this Agreement is governed by the laws of the state which requires notice and an opportunity to cure prior to termination, then this Article will be modified to conform to the laws of that state.

19.132n.2 Termination; Conditions of Breach.

In addition to its other rights of termination contained in this Agreement, the Franchisor will have the right to terminate this Agreement if: (a) the Franchisee fails to open and commence operations of his Big Boy Restaurant within 12 months after the Effective Date or when the Franchised Location is ready for the Franchisee's occupancy, whichever is earlier; (b) the Franchisee violates any material provision, term or condition of this Agreement including, but not limited to, the failure to timely pay the Initial Fee, Royalty Fees, Advertising Fees or any other monetary obligations or fees due pursuant to this Agreement; (c) the Operating Partner, the Franchisee or any of its partners, directors, officers or majority Owners are convicted of, or plead guilty to or no contest to, a charge of violating any law relating to the Franchisee's Big Boy Restaurant, or any felony; (d) the Franchisee fails to timely pay any of its obligations or liabilities due and owing to the Franchisor, suppliers, banks, purveyors, other creditors or to any federal, state or municipal government (including, if applicable, federal and state income, sales, property, withholding and unemployment taxes); (e) the Franchisee is determined to be insolvent within the meaning of applicable state or federal law, any involuntary petition for bankruptcy is filed against the Franchisee, or the Franchisee files for bankruptcy or is adjudicated a bankrupt under applicable state or federal law; (f) the Franchisee makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors; (g) any check issued by the Franchisee is dishonored because of insufficient funds (except where the check is dishonored because of an error in bookkeeping or accounting) or closed accounts and the amount payable pursuant to such check is not paid to Franchisor within five (5) business following Franchisee's receipt of notice of such dishonorment; (h) the Franchisee voluntarily or otherwise Abandons the franchised Restaurant; (i) the Franchisee is involved in any act or conduct which materially impairs the goodwill associated with the name "Big Boy®" or any other Marks or the Restaurant System; (j) the Lease for the Franchised Location is terminated or canceled for non-payment of rent or other legal reasons, or the Franchisee otherwise loses possession of all or a significant portion of the Franchised Location; (k) the Franchisee's food service license or liquor license for the Franchised Location is terminated or canceled for any reason, or the Franchisee otherwise loses the food service license or liquor license for its Big Boy Restaurant; (l) the Franchisee fails to timely file any federal or state income or sales tax return or fails to timely pay any federal or state income or sales taxes; (m) the Franchisee fails any Inspection conducted by the Franchisor pursuant to Article 7.33 and fails to correct the operational deficiencies with the required time, (n) the Franchisee or any of the Owners or Affiliated Owner make an unapproved transfer of any interest in the Business Assets or any Ownership Interest in violation of the terms of this Agreement; (o) the Franchisee refuses to provide the documents, records and other materials requested by the Franchisor to substantiate the Weekly Report and Financial Statements pursuant to Article 6.2 or to permit the Franchisor to audit the Franchisee's Financial Records in accordance with Article 6.4 of this Agreement, (p) the Franchisee made any material misrepresentation in the acquisition of the franchise from Big Boy; or (q) the Franchisee or any of the Owners or any Affiliate of Franchisee breaches or suffers any termination of any other agreement, including, without limitation, any Franchise Agreement, with the Franchisor.

19.142n.3 Notice of Breach.

Except as provided in Article 20.1, Article 20.4 and Article 20.5 of this Agreement, the Franchisor will not have the right to terminate this Agreement until: (a) written notice setting forth the alleged breach in

detail has been delivered to the Franchisee by the Franchisor; and (b) after receiving the written notice, the Franchisee fails to correct the alleged breach within the period of time specified by applicable law. If applicable law does not specify a time period to correct an alleged breach, then the Franchisee will have 30 days after receipt of the written notice to correct the alleged breach, except where the written notice states that the Franchisee is delinquent in the payment of the Initial Fee, the Royalty Fees, the Advertising Fees or other payments due to the Franchisor pursuant to this Agreement, in which case the Franchisee will have 10 days after receipt of written notice to correct the breach by making full payment (including Administrative Fees and interest as provided for herein) to the Franchisor. If the Franchisee fails to correct the alleged breach set forth in the written notice within the applicable period of time, then this Agreement may be terminated by the Franchisor as provided for herein. For the purposes of this Agreement, an alleged breach of this Agreement by the Franchisee will be deemed to be "corrected" if both the Franchisor and the Franchisee agree in writing that the alleged breach has been corrected.

19.152) 4 Notice of Termination.

Except as provided in Article 20.5 and Article 20.6, if the Franchisor has complied with the provisions of Article 20.3 and the Franchisee has not corrected the alleged breach set forth in the written notice within the applicable time period specified in this Agreement, then the Franchisor will have the absolute right to terminate this Agreement by giving the Franchisee written notice of termination and in that event, the effective date of termination of this Agreement will be the day the written notice of termination is received by the Franchisee.

19.162) 5 Immediate Termination Rights of Franchisor.

The Franchisor will have the absolute right, unless specifically precluded by applicable law, to immediately terminate this Agreement if (a) the Franchisee or any of its partners, directors, officers or majority Owners are convicted of, or plead guilty to or no contest to a charge of violating any law relating to the Franchisee's Big Boy Restaurant, or any felony; (b) the Franchisee is deemed insolvent within the meaning of applicable state or federal law, any involuntary petition for bankruptcy is filed against the Franchisee, or the Franchisee files for bankruptcy or is adjudicated a bankrupt under applicable state or federal law; (c) the Franchisee makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors; (d) the Franchisee voluntarily or otherwise abandons the Restaurant; (e) the Franchisee fails or refuses to provide the Financial Records requested by the Franchisor to substantiate the Weekly Report and Financial Statements pursuant to Article 6.2 or to produce and permit the Franchisor to audit the Franchisee's Financial Records in accordance with Article 6.4 of this Agreement; (f) the Franchisee is involved in any act or conduct which materially impairs the goodwill associated with the Marks or with the Restaurant System and the Franchisee fails to correct the breach within 24 hours of receipt of written notice from the Franchisor of the breach; (g) the Franchisee violates any provision, term or condition of this Agreement three or more times during a 12 month period, without regard to whether the breach or violation was of a similar or different nature or whether the breach or violation was corrected within the prescribed cure period after receipt of written notice of the breach or violation; or (h) the Franchisee made any material misrepresentation in the acquisition of the franchise from Big Boy.

19.172) 6 Notice of Immediate Termination.

Except as set forth in Article 20.5(f), if this Agreement is terminated by the Franchisor pursuant to Article 20.5 above, then the Franchisor will give the Franchisee written notice in accordance with the provisions of Article 30 that this Agreement is terminated and in that event, the effective date of termination of this Agreement will be the day the written notice of termination is deemed received by the Franchisee. If this Agreement is terminated by the Franchisor pursuant to Article 20.5(f), then this Agreement will terminate on the first minute of the 25th hour after deemed receipt of the written notice of termination if the Franchisee did not correct the alleged breach within 24 hours after deemed receipt of the written notice of termination from the Franchisor.

19.1820.7 Other Remedies.

Nothing in this Article will preclude the Franchisor from seeking other remedies or damages under state or federal laws, common law, or under this Agreement against the Franchisee including, but not limited to, attorneys' fees and injunctive relief. If this Agreement is terminated by the Franchisor pursuant to this Article, or if the Franchisee breaches this Agreement by a wrongful termination or a termination that is not in strict compliance with the terms and conditions of Article 21 of this Agreement, then the Franchisor will be entitled to recover all damages from the Franchisee that the Franchisor has sustained and will sustain in the future as a result of the Franchisee's breach of this Agreement.

Article 20 Article 21

FRANCHISEE'S TERMINATION RIGHTS

20.121.1 Conditions of Breach.

The Franchisee will have the right to terminate this Agreement, as provided herein, if the Franchisor violates any material provision, term or condition of this Agreement, or fails to timely pay any material uncontested obligations due and owing to the Franchisee.

20.221.2 Notice of Breach.

The Franchisee will not have the right to terminate this Agreement or to commence any action, lawsuit or proceeding against the Franchisor for breach of this Agreement, injunctive relief, violation of any state, federal or local law (including alleged violations of franchise laws), violation of common law (including allegations of fraud and misrepresentation), rescission, Claims and Damages, or termination, unless and until: (a) written notice setting forth the alleged breach or violation in detail has been delivered to the Franchisor by the Franchisee; and (b) the Franchisor fails to correct the alleged breach or violation within 30 days after receipt of the written notice. If the Franchisor fails to correct the alleged breach or violation within 30 days after receiving written notice, then this Agreement may be terminated by the Franchisee as provided for in this Agreement. For the purposes of this Agreement, an alleged breach or violation of this Agreement by the Franchisor will be deemed to be "corrected" if both the Franchisor and the Franchisee agree in writing that the alleged breach or violation has been corrected.

20.321.3 Arbitration.

If the Franchisor files for notices-arbitration in accordance with Article 26 of this Agreement within 30 days after the date the Franchisor receives written notice of any alleged breach of this Agreement from the Franchisee, then the Franchisee will not have the right to terminate this Agreement until the facts of the alleged breach have been submitted to arbitration, the Arbitrator determines that the Franchisor has breached this Agreement and the Franchisor fails to timely correct the breach as set forth in this Agreement. If the Arbitrator determines that the Franchisor has violated or breached this Agreement as alleged by the Franchisee in the written notice given to the Franchisor, then the Franchisor will have 30 days after the date the Arbitrator issues a written determination on the matter to correct the specified breach or violation of this Agreement. If the Franchisor does timely correct the specified breach or violation of this Agreement, then this Agreement will remain in full force and effect. If the Franchisor does not correct the specified breach or violation of this Agreement, then the Franchisee will have the right to terminate this Agreement by giving the Franchisor written notice of termination and in that event, the effective date of termination of this Agreement will be the day the written notice of termination is received by the Franchisor. For the purpose of this Agreement, any controversy or dispute on the issue of whether the Franchisor has timely corrected the specified breach or violation of this Agreement will also be subject to arbitration as provided for herein. The time limitation set forth in this Article within which

the Franchisor may demand arbitration of a dispute or controversy relating to the right of the Franchisee to terminate this Agreement for an alleged breach is mandatory. If the Franchisor fails to comply with the time limitation set forth in this Article, then the Franchisee may terminate this Agreement as provided for herein.

20-421.4 Waiver.

The Franchisee must give the Franchisor immediate written notice of any alleged breach or violation of this Agreement after the Franchisee has knowledge of, believes, determines, is of the opinion, or becomes aware of facts and circumstances reasonably indicating that there has been an alleged breach or violation of this Agreement by the Franchisor. If the Franchisee fails to give written notice to the Franchisor as provided for herein of any alleged breach or violation of this Agreement within one year after the date that the Franchisee has knowledge of, believes, determines, is of the opinion that, or becomes aware of facts and circumstances reasonably indicating that the Franchisee may have a claim under any state law, federal law or common law because there has been an alleged breach or violation by the Franchisor or the Franchisor's officers or directors, then the alleged breach or violation by the Franchisor will be deemed to be condoned, approved and waived by the Franchisee, the alleged breach or violation by the Franchisor will not be deemed to be a breach or violation of this Agreement by the Franchisor, and the Franchisee will be barred from commencing any action against the Franchisor for that specific alleged breach or violation.

~~Article 21~~ Article 22

FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION

24-422.1 Termination of Use of Marks; Other Obligations.

If this Agreement is canceled or terminated for any reason or this Agreement expires, then the Franchisee will:

(a) within five days after termination, pay all Royalty Fees, Advertising Fees and other fees and other amounts due and owing by the Franchisee to the Franchisor under this Agreement or under any other contract, promissory note or other obligation;

(b) immediately return to the Franchisor by first class prepaid United States mail the Operating System Manual, menus, advertising materials and all other printed materials pertaining to the Restaurant or the Restaurant System; and

(c) immediately return to the Franchisor all signage, statues, or materials that contain the Big Boy licenses or trademarks; and

(ed) comply with all other applicable provisions of this Agreement.

Upon termination or expiration of this Agreement for any reason, the Franchisee's right to use the name "Big Boy®" and the other Marks and the Restaurant System will terminate immediately in all respects, and the Franchisee will not thereafter have any right to conduct or promote any business under any name that is similar to the Marks or in any manner that might tend to give the general public the impression that the Franchisee is continuing to operate as a franchisee of the Franchisor. Without limiting the generality of the foregoing, the Franchisee will:

(a) immediately cease any and all advertising that includes any of the Marks;

(b) will delete all content containing the Marks or any references to the Franchisor or the Franchisee's Big Boy Restaurant from any Home Page maintained by the Franchisee; and

(c) will cease using any and all items or materials which bear or include any of the Marks.

The Franchisee also acknowledges and agrees that, without limiting any of the other rights granted to the Franchisor upon the expiration, cancellation or termination of this Agreement for any reason, the Franchisor shall have the right to remove any materials bearing the Marks, including the Big Boy statue, from the Franchisee's premises and that the Franchisor will pay to the Franchisee (or credit the Franchisee's account if a balance remains) the Agreed Value of such materials as determined in accordance with Article 18.4 hereof

21.222.2 Alteration of Franchised Location.

If this Agreement expires or is terminated for any reason or if the Franchised Location ever ceases to be used for the Franchisee's Big Boy Restaurant, then within 15 days after the date of the expiration or termination of this Agreement the Franchisee will, at its expense, alter, modify and change both the exterior and interior appearance of the building and the Franchised Location so that it will be clearly distinguished from the standard appearance of a Big Boy Restaurant. At a minimum, such changes and modifications to the Franchised Location will include:

(a) repainting and, where applicable, recovering both the exterior and interior walls of the Franchised Location with totally different colors, including removing any distinctive colors and designs from the walls;

(b) removing all FF&E and other decor items associated with a Big Boy Restaurant and replacing them with other decor items not of the general type and appearance customarily used in Big Boy Restaurants;

(c) removing all Signs;

(d) immediately discontinuing use of the approved wall decor items and window decals, and refraining from using any products or items that may be confusingly similar to those used in a Big Boy Restaurant; and

(e) modifying the premises as necessary to comply with the covenant not to compete provisions set forth in Article 23.3 of this Agreement.

21.322.3 Cancellation of Telephone Directory Listings.

Upon termination or expiration of this Agreement, or if the Franchisor acquires the Franchisee's Big Boy Restaurant pursuant to this Agreement, the Franchisor will have the absolute right to notify the telephone company and all listing agencies of the termination or expiration of the Franchisee's right to use all telephone numbers and all classified and other directory listings for the Restaurant and to authorize the telephone company and all listing agencies to Transfer to the Franchisor or its assignee all telephone numbers and directory listings of the Franchisee's Big Boy Restaurant. The Franchisee acknowledges and agrees that the Franchisor has the absolute right and interest in and to all telephone numbers and directory listings associated with the Marks, and the Franchisee hereby authorizes the Franchisor to direct the telephone company and all listing agencies to Transfer the Franchisee's telephone numbers and directory listings to the Franchisor or to an assignee of the Franchisor, if this Agreement expires or is terminated or if the Franchisor acquires the Franchisee's Big Boy Restaurant. The telephone company and all listing agencies may accept this Agreement as evidence of the exclusive rights of the Franchisor to such telephone numbers and directory listings and this Agreement will constitute the authority from the

Franchisee for the telephone company and listing agency to Transfer all such telephone numbers and directory listings to the Franchisor. This Agreement will constitute a release of the telephone company and listing agencies by the Franchisee from any and all Claims and Damages that the Franchisee may at any time have the right to allege against them in connection with this Article.

21.422.4 Continuation of Obligations.

The indemnities and covenants contained in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

~~Article 22~~ Article 23

FRANCHISEE'S COVENANTS NOT TO COMPETE

22.423.1 Consideration.

The Franchisee, the Owners and the Personal Guarantors acknowledge that the Franchisee, its partners or officers and employees will receive specialized training, marketing and advertising plans, business strategies, confidential recipe, cooking, and food preparation information, and trade secrets from the Franchisor pertaining to the Restaurant System and the operation of the Big Boy Restaurant. In consideration for the Franchisor providing this information, the Franchisee, the Owners and the Personal Guarantors will comply in all respects with the provisions of this Article. The Franchisor has advised the Franchisee that this provision is a material provision of this Agreement, and that the Franchisor will not sell a Big Boy Restaurant Franchise to any person or Entity that owns or intends to own, operate or be involved in any Competitive Restaurant; provided however, that the Franchisor may, under certain circumstances, exclude from the coverage of Article 23.2 and Article 23.3 existing operational restaurant(s) owned and operated by the Franchisee as of the Effective Date, and the Franchisee may, with the written consent of the Franchisor, continue to own and operate such restaurants during the Term of this Agreement and thereafter.

22.223.2 In-Term Covenant Not to Compete.

The Franchisee, the Owners and the Personal Guarantors will not, during the Term of this Agreement, on their own account or as an employee, agent, consultant, affiliate, licensee, partner, officer, director, or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or Entity engaged in any Competitive Restaurant, except with the prior written consent of the Franchisor.

22.323.3 Post-Term Covenant Not to Compete.

The Franchisee, the Owners and the Personal Guarantors will not, for a period of 12 months after the termination or expiration of this Agreement: (a) on their own account or as an employee, principal, agent, independent contractor, consultant, affiliate, licensee, partner, officer, director, member or shareholder of any other person, firm, entity, partnership, limited liability company, or corporation, own, operate, manage, lease, franchise, conduct, consult with, engage in, be connected with, be employed by have any interest in or assist any person or Entity that owns, operates or manages any Competitive Restaurant which is located within a five mile radius of the Franchised Location, within five miles of any other Big Boy Restaurant, or within any exclusive area granted by the Franchisor to any franchisee or area developer of the Franchisor pursuant to a development agreement or other territorial agreement; or (b) convert the Franchised Location to a Major Brand Name Restaurant. The Franchisee, the Owners and the Personal Guarantors expressly agree that the time and geographical limitations set forth in this provision are reasonable and necessary to protect the Franchisor and its franchisees if this Agreement expires or is terminated by either party for any reason, and that this covenant not to compete is necessary to permit the

Franchisor the opportunity to resell and/or develop a new Big Boy Restaurant at or in the area near the Franchised Location.

22-423.4 Injunctive Relief.

The Franchisee, the Owners and the Personal Guarantors agree that the provisions of this Article are necessary to protect the legitimate business interest of the Franchisor and its franchisees including, without limitation, preventing the unauthorized dissemination of marketing, promotional and other confidential information to competitors of the Franchisor and its franchisees, protecting recipes, cooking and food preparation techniques and other trade secrets, protecting the integrity of the franchise system preventing duplication of the Restaurant System by unauthorized third parties, and preventing damage to and/or loss of goodwill associated with the Marks. The Franchisee, the Owners and the Personal Guarantors also agree that damages alone cannot adequately compensate the Franchisor if there is a violation of this Article by the Franchisee, the Owners or the Personal Guarantors, and that injunctive relief against the Franchisee is essential for the protection of the Franchisor and its franchisees. The Franchisee, the Owners and the Personal Guarantors agree therefore, that if the Franchisor alleges that the Franchisee, the Owners or the Personal Guarantors have breached or violated this Article, then the Franchisor will have the right to petition a court of competent jurisdiction for injunctive relief against the Franchisee, the Owners and the Personal Guarantors, in addition to all other remedies that may be available to the Franchisor. The Franchisor will not be required to post a bond or other security for any injunctive proceeding. If the Franchisor is granted ex parte injunctive relief against the Franchisee, the Franchisee's Owners or the Personal Guarantors, then the Franchisee, the Owners or the Personal Guarantors will have the right to petition the court for a hearing on the merits at the earliest time convenient to the court.

22-523.5 Severability.

It is the desire and intent of the parties to this Agreement, including the Owners and the Personal Guarantors, that the provisions of this Article be enforced to the fullest extent permissible under the laws and public policy applied in each jurisdiction in which enforcement of the provisions of this Article 23 is sought. Accordingly, if any part of this Article is adjudicated to be invalid or unenforceable, then this Article will be deemed to modify or delete that portion thus adjudicated to be invalid or unenforceable, such modification or deletion to apply only with respect to the operation of this Article in the particular jurisdiction in which the adjudication is made. Further, to the extent any provision of this Article is deemed unenforceable by virtue of its scope or limitation, the parties to this Agreement, including the Owners and the Personal Guarantors, agree that the scope and limitation provisions will nevertheless, be enforceable to the fullest extent permissible under the laws and public policies applied in such jurisdiction where enforcement is sought.

~~Article 23~~ Article 24
INDEPENDENT CONTRACTORS

The Franchisor and the Franchisee are each independent contractors and, as a consequence, there is no employer-employee or principal-agent relationship between the Franchisor and the Franchisee. The Franchisee will not have the right to and will not make any agreements, representations or warranties in the name of or on behalf of the Franchisor or represent that their relationship is other than that of franchisor and franchisee. Neither the Franchisor nor the Franchisee will be obligated by or have any liability to the other under any agreements or representations made by the other to any third parties.

Article 24 Article 25
INDEMNIFICATION

24.425.1 Indemnification.

The Franchisor, its member(s) or affiliates and their respective officers, directors, employees, agents and representatives ("Indemnitees"), will not be obligated to any person or Entity for any Claims and Damages incurred as a result of the Franchisee's negligence, wrongdoing or operation of its Big Boy Restaurant. Therefore, the Franchisee will indemnify, defend and hold the Indemnitees harmless against, and will reimburse the Indemnitees for, all Claim and Damages for which the Indemnitees are held liable arising from, out of, in connection with, or as a result of the Franchisee's negligence, the Franchisee's wrongdoing; or the operation of the Franchisee's Big Boy Restaurant including, without limitation, all Cost and Expenses. The Franchisee will indemnify the Indemnitees, without limitation, for all Claims and Damages arising from, out of, in connection with, or as a result of (a) any personal injury, property damage, commercial loss or environmental contamination resulting from any act or omission of the Franchisee or its employees, agents or representatives; (b) any failure on the part of the Franchisee or its employees, agents or representatives to comply with any requirement of any federal, state, or local laws or any governmental rules or regulations, (c) any failure of the Franchisee to pay any of its uncontested obligations to any person or Entity; (d) any failure of the Franchisee or its employees, agents or representatives to comply with any requirement or condition of this Agreement or any other agreement with the Franchisor; (e) any misfeasance or malfeasance by the Franchisee or its employees, agents or representatives; and (f) any tort committed by the Franchisee or its employees, agents or representatives. The Indemnitees will have the right to defend any claim made against them arising from, out of, as a result of or in connection with the operation of the Franchisee's Big Boy Restaurant.

24.425.2 Payment of Costs and Expenses.

The Franchisee will pay all Costs and Expenses incurred by the Franchisor in successfully enforcing any term, condition or provision of this Agreement against the Franchisee or in enjoining any violation of this Agreement by the Franchisee.

24.425.3 Interest on Unpaid Fees; Administrative Fee.

If the Franchisee fails to timely pay any Royalty Fees, Advertising Fees or other amounts due to the Franchisor under this Agreement, then the amount which is unpaid and past due will bear simple interest at the lesser of (a) the maximum legal rate allowable by applicable law; or (b) 18% simple interest per annum. In addition, the Franchisee will pay the Franchisor an Administrative Fee of \$150 for each payment that is over 10 days delinquent.

24.425.4 Continuation of Obligations.

The indemnification and other obligations contained herein will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Article 25 Article 26
ARBITRATION

25.426.1 Disputes Subject to Arbitration.

Except as expressly provided in Article 26.5, all disputes and controversies ("dispute" or "disputes") between the Franchisee and the Franchisor and their respective officers, directors, shareholders, members,

governors, partners, employees, and agents, arising under, as a result of, or in connection with this Agreement, the Franchised Location or the Franchisee's Big Boy Restaurant, including (a) allegations of fraud, misrepresentation and violation of any federal, state, municipal or local laws, rules or regulations, and (b) claims against any officer, director, shareholder, member, governor, partner, employee or agent, will be resolved exclusively by arbitration conducted with the American Arbitration Association, 39555 Orchard Hill Place, Suite 600, Novi, MI 48375-2777-1 Franklin Road, Suite 1150, Southfield, MI 48034, 248.352.5500 (www.adr.org) (the "AAA") and in accordance with its procedures.

25.226.2 Demand for Arbitration.

Following any required notice and applicable cure period, if any, any party may demand arbitration by giving written notice to the other party and to the office of the AAA. Any party will have the right to have one Arbitrator appointed to hear the matter. The Arbitrator will be appointed as provided herein within 30 days after a written demand for arbitration has been made by either party.

25.326.3 Venue and Jurisdiction.

All arbitration hearings will take place exclusively in Macomb County, Michigan, and will be held no later than six months after the Arbitrator has been selected. The Franchisor and its officers, managers, directors or governors and the Franchisee and its respective partners, officers, managers, directors, governors and Owners and the Personal Guarantors do hereby agree and submit to personal jurisdiction in the State of Michigan in connection with any arbitration hearings hereunder and any suits brought to enforce the decision of the Arbitrator, and do hereby waive any rights to contest venue and jurisdiction in the State of Michigan and any claims that venue and jurisdiction are invalid.

25.426.4 Powers of Arbitrator.

The Federal Rules of Evidence (the "Rules") will apply to all arbitration hearings and the introduction of all evidence, testimony, records, affidavits, documents and memoranda in any arbitration hearing must comply in all respects with the Rules and legal precedents interpreting the Rules. Both parties will have the absolute right to cross-examine any person who has testified against them or in favor of the other party. The Arbitrator will have no authority to add to, delete or modify in any manner the terms and provisions of this Agreement. All findings, judgments, decisions and awards of the Arbitrator will be limited to the dispute set forth in the written demand for arbitration and any counterclaim thereto, and the Arbitrator will have no authority to decide any other issues. The Arbitrator shall have the right and authority to issue appropriate preliminary and permanent injunctive relief, including, without limitation, ex parte temporary restraining orders. The Arbitrator will not have the right or authority to award punitive or exemplary damages to either the Franchisor or the Franchisee or their partners, officers, managers, directors, governors, members, shareholders, Owners and Personal Guarantors, and all parties expressly waive their rights to plead or seek punitive and exemplary damages. The Arbitrator shall award reasonable attorney fees and costs to the prevailing party including the fees and charges of the AAA and the Arbitrator. All findings, judgments, decisions and awards by the Arbitrator will be in writing, will be made within 60 days after the arbitration hearing has been completed, and will be final and binding on the Franchisor and the Franchisee. The written decision of the Arbitrator, including any temporary or permanent injunctive relief, will be deemed to be an order, judgment and decree and may be entered as such in any court of competent jurisdiction by either party. If, during the course of Arbitration, either party fails to appear at a meeting or hearing duly scheduled in accordance with the procedures of the AAA, then the Arbitrator will have the absolute right to enter a default judgment against the party failing to appear and may grant the appropriate remedy and/or relief in favor of the appearing party, including the awarding of attorneys' fees and costs.

25.526.5 Alternative Forum for Certain Disputes.

Notwithstanding the provisions of this Article 26, the disputes set forth in Article 27.1 may be submitted directly to a court of competent jurisdiction without first submitting such dispute to an arbitrator.

25.626.6 No Collateral Estoppel or Class Actions.

All arbitration findings, conclusions, orders and awards made by the Arbitrator will be final and binding on the Franchisor and the Franchisee; however, in recognition of the fact that arbitration proceedings are not subject to the same standards as those afforded the parties in a court of law, the arbitration findings, conclusions, orders and awards may not be used to collaterally estop either the Franchisee or the Franchisor from raising any like or similar issue or defense in any subsequent arbitration, litigation, court hearing or other proceeding involving third parties or other franchisees. No person or Entity except the Franchisor and the Franchisee, and their partners, officers, managers, directors, governors, members, shareholders, Owners and the Personal Guarantors, will have the right to join in or participate in any arbitration proceeding arising under this Agreement, and therefore, the Arbitrator will not be authorized to permit class actions or to permit any other person or Entity to be involved in or be named as a party to any arbitration proceeding brought by either party under this Agreement. The Franchisee and the Franchisor agree that neither party will be entitled to allege or recover punitive or exemplary damages. Thus, the Arbitrator will not have the right to award punitive or exemplary damages to either party and both parties expressly waive their rights to allege or claim punitive and exemplary damages.

25.726.7 Confidentiality.

All evidence, testimony, records, documents, findings, decisions, judgments and awards pertaining to any arbitration hearing between the Franchisor and the Franchisee will be secret and confidential in all respects. The Franchisor and the Franchisee will not disclose the decision or award of the Arbitrator and will not disclose any evidence, testimony, records, documents, findings, orders, or other matters from the arbitration hearing to any person or Entity except as required by law or as required to be included in the Franchisor's Franchise Disclosure Document. Nothing herein will prevent either party from disclosing or using any information presented in any arbitration proceeding in any appropriate subsequent court hearing brought by either party.

25.826.8 Federal Arbitration Act.

This Agreement and any issue regarding arbitration arising under this Agreement will be governed by the Federal Arbitration Act and the federal common law of arbitration.

Article 26 Article 27
ENFORCEMENT

26.427.1 Injunctive Relief.

Notwithstanding the provisions of Article 26, the Franchisor and the Franchisee will have the right to petition a court of competent jurisdiction for the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement for any action relating to: (a) the Franchisee's use of the Marks or the Restaurant System; (b) the obligations of the Franchisee upon termination or expiration of this Agreement; (c) the Transfer of this Agreement, the Business Assets or the Ownership Interests in the Franchisee; (d) the violation of the provisions of this Agreement relating to confidentiality including, but not limited to, those contained in Articles 6.7, 9.3, 9.4, 12.6 and 26.7, (e) the violation of the provisions of this Agreement relating to the covenants not to compete including, but not limited to, those contained in Article 23; (f) any dispute involving the immediate termination of this Agreement by the Franchisor, and (g) any act or omission by the Franchisee or the Franchisee's employees that (1) constitutes a violation of any applicable federal, state or local law, ordinance or regulation, (2) is dishonest or misleading to the guests or customers of the Franchisee's Restaurant or other Big Boy Restaurants, (3) constitutes a danger to the employees, public, guests or customers of the Franchisee's Restaurant, or (4) may impair the goodwill associated with the Marks or the Restaurant System.

26.227.2 Severability.

All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder or the taking of some other action not required hereunder, or if under any applicable law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by the Franchisor is invalid or unenforceable under applicable law, then the prior notice or other action required by such law or rule will be substituted for the notice requirements hereof, or such invalid or unenforceable provision, specification, standard or operating procedure will be modified to the extent required to be valid and enforceable. Such modifications to this Agreement will be effective only in such jurisdiction.

26.327.3 Waiver.

The Franchisor and the Franchisee may, by written instrument signed by the Franchisor and the Franchisee, waive any obligation of or restriction upon the other under this Agreement. Acceptance by the Franchisor of any payment by the Franchisee and the failure, refusal or neglect of the Franchisor to exercise any right under this Agreement or to insist upon full compliance by the Franchisee of its obligations hereunder including, without limitation, any mandatory specification, standard or operating procedure, will not constitute a waiver by the Franchisor of any provision of this Agreement. The Franchisor will have the absolute right to waive obligations or restrictions for other franchisees under their franchise agreements without waiving those obligations or restrictions for the Franchisee and, except to the extent provided by law, the Franchisor will have the right to negotiate terms and conditions, grant concessions and waive obligations for other Big Boy franchisees without granting those same rights to the Franchisee and without incurring any liability or obligation to the Franchisee whatsoever.

26.427.4 Payments to Franchisor.

The Franchisee will not, on grounds of the alleged nonperformance by the Franchisor of any of its obligations under this Agreement, any other contract between the Franchisor and the Franchisee, or for any other reason, withhold payment of any Royalty Fees, Advertising Fees or any other fees or payments due the Franchisor under this Agreement or pursuant to any other contract or agreement with the Franchisor. The Franchisee will not have the right to "offset" or withhold any liquidated or non-liquidated amounts, damages or other funds allegedly due to the Franchisee by the Franchisor against any Royalty Fees, Advertising Fees or any other fees or payments due to the Franchisor by the Franchisee under this Agreement.

26.527.5 Effect of Wrongful Termination.

If either the Franchisor or the Franchisee takes any action to terminate this Agreement or the Franchisee takes any action to convert its Big Boy Restaurant to another restaurant or other business, and such actions were taken without first complying with the terms and conditions of Article 20 or Article 21 of this Agreement, as applicable, then such actions will not relieve either party of, or release either party from, any of its obligations under this Agreement, and the terms and conditions of this Agreement will remain in full force and effect and the parties will be obligated to fully perform all terms and conditions until such time as this Agreement expires or is terminated in accordance with the provisions of this Agreement and applicable law, as determined by arbitration or a court of competent jurisdiction.

26.627.6 Cumulative Rights.

The rights of the Franchisor hereunder are cumulative and no exercise or enforcement by the Franchisor of any right or remedy hereunder will preclude the exercise or enforcement by the Franchisor of any other right or remedy hereunder or which the Franchisor is entitled by law to enforce.

26.727.7 Binding Agreement.

This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest.

26.827.8 Joint and Several Liability.

If the Franchisee consists of more than one person or Entity, their liability under this Agreement will be deemed to be joint and several, together with the liability of the Personal Guarantors.

26.927.9 No Oral Modification.

No modification, change, addition, rescission, release, amendment or waiver of this Agreement and no approval, consent or authorization required by any provision of this Agreement may be made by any person except by a written agreement signed by a duly authorized officer.

26.1027.10 Entire Agreement.

This Agreement supersedes and terminates all prior agreements, either oral or in writing, between the parties involving the franchise relationship relating to the Franchised Location and therefore, representations, inducements, promises or agreements alleged by either the Franchisor or the Franchisee that are not contained in this Agreement, any other agreements executed simultaneously with this Agreement, or the Franchisor's Franchise Disclosure Document, will not be enforceable. The Introduction is part of this Agreement, which constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between the Franchisor and the Franchisee relating to the subject matter of this Agreement. This Agreement will not supersede any written agreements or contracts that are signed concurrently with this Agreement or agreements or contracts that do not conflict with the terms and conditions of this Agreement.

26.1127.11 Headings; Terms.

The headings of the Articles are for convenience only and do not in any way define, limit or construe the contents of such Articles. The term "Franchisee" as used herein is applicable to one or more individuals, a general or limited partnership, a corporation, a limited liability Franchisor, or a partnership, as the case may be, and the singular usage includes the plural, the masculine usage includes the neuter and the feminine, and the neuter usage includes the masculine and the feminine. References to "Franchisee," "assignee" and "transferee" which are applicable to an individual or individuals will mean the Owner or Owners of the equity and operating control.

26.1227.12 Venue and Jurisdiction.

All litigation, court proceedings, arbitration proceedings, lawsuits, court hearings and other hearings initiated by the Franchisee or the Franchisor, including any action commenced by either party contesting the arbitration provisions of this Agreement, must and will be venued exclusively in either the Circuit Court for Macomb County, Michigan or the Federal District Court in Detroit, Michigan. The Franchisor and the Franchisee, and their partners, officers, managers, directors, governors, Owners, and Personal Guarantors do hereby agree and submit to personal jurisdiction in the State of Michigan for the purposes of any suit, proceeding or hearing brought in any court to enforce or construe the terms of this Agreement or to resolve any dispute or controversy arising under, as a result of, or in connection with this Agreement, the Franchised Location or the Franchisee's Big Boy Restaurant, and agree and stipulate that all such suits, proceedings and hearings will be exclusively venued and held in Macomb County, Michigan as stated hereinabove. The Franchisee and each of its partners, officers, managers, directors, governors, Owners, and Personal Guarantors waive any rights to contest such venue and jurisdiction and any claims that such venue and jurisdiction are invalid.

26-1327.13 Franchisee's Grant of Security Interest to Franchisor

Franchisee hereby grants to Franchisor a security interest in all of the furniture, fixtures, equipment and other personal property and assets of the Franchisee to secure Franchisee's prompt payment of any financial obligations it incurs with Franchisor under this Agreement. Franchisee acknowledges Franchisor will file a financing statement as evidence of this security agreement. If the acquisition or development of the Franchised Unit is to be financed by the Franchisee, Franchisor will subordinate its security interest to Franchisee's principal lender, upon written request by Franchisee.

Article 27 Article 28
ACKNOWLEDGMENTS; DISCLAIMER

27-128.1 Disclaimer.

The Franchisor does not warrant or guarantee to the Franchisee that the Franchisee will derive income or profit from the Big Boy Restaurant, or that the Franchisor will refund all or part of the Initial Fee or the price paid for the Franchisee's Restaurant or repurchase any of the supplies, products, technology or equipment supplied or sold by the Franchisor or by an Approved Supplier if the Franchisee is in any way unsatisfied with the purchase of the Franchise or the operation of its Restaurant. The Franchisor expressly disclaims the making of any express or implied representations or warranties regarding the sales, earnings, income, profits, Gross Revenues, business or financial success, or value of the Franchisee's Restaurant except as contained in the Franchisor's Franchise Disclosure Document received by the Franchisee.

27-228.2 Acknowledgments by Franchisee.

The Franchisee acknowledges that it has conducted an independent investigation of the Big Boy Restaurant and recognizes that the business venture contemplated by this Agreement involves business and economic risks. The Franchisee acknowledges that the financial, business and economic success of the Franchisee's Big Boy Restaurant will be primarily dependent upon the personal efforts of the Franchisee, its Management Team and its employees, and on economic conditions in the area where the Franchised Location is located and economic conditions of the United States in general. The Franchisee acknowledges that it has not received any estimates, projections, representations, warranties or guarantees, expressed or implied, regarding potential sales, Gross Revenues, income, profits, earnings, expenses, financial or business success, value of the Restaurant, or other economic matters pertaining to the Franchisee's Restaurant from the Franchisor or any of its agents that were not expressly set forth in the Franchisor's Franchise Disclosure Document received by the Franchisee from the Franchisor (hereinafter referred to in this provision as "Representations"). The Franchisee further acknowledges that if it had received any such Representations, it would not have executed this Agreement, and that it would have promptly notified an officer of the Franchisor in writing of the name of the person or persons making such Representations and provided the Franchisor with a specific written statement detailing the Representations made.

27-328.3 Representations of Entity Franchisee.

If the Franchisee is an Entity, the Owners represent and warrant that: (a) the Franchisee is duly organized, validly existing and in good standing under the laws of the state of its organization; (b) the Franchisee is qualified to do business in the state in which the Franchisee's Big Boy Restaurant is located; and (c) the Franchisee has delivered to the Franchisor a copy of its corporate charter or certificate of organization and current good standing certificates from all states in which the Franchisee is incorporated / organized or qualified to do business.

27-428.4 Other Franchisees.

The Franchisee acknowledges that other Big Boy franchisees have or will be granted franchises at different times, different locations, under different economic conditions and in different situations, and further acknowledges that the Royalty Fees, Advertising Fees, payments, rights, obligations, economics, and terms and conditions of other franchise agreements may vary substantially in form and in substance from those contained in this Agreement. The Franchisee further acknowledges that in the future the Franchisor may operate and franchise or license restaurant operations under various trade names, and that nothing in this Agreement shall be deemed to restrict the Franchisor from operating or franchising any restaurant or other operation under any trade name at any location.

27-528.5 Receipt of Agreement and Franchise Disclosure Document.

The Franchisee acknowledges that it received a copy of this Agreement with all material blanks fully completed at least five business days prior to the date that this Agreement was executed by the Franchisee. The Franchisee further acknowledges that it received a copy of the Franchisor's Franchise Disclosure Document at least 14 business days prior to the date on which this Agreement was executed.

Article 28 Article 29
FRANCHISEE'S LEGAL COUNSEL

The Franchisee acknowledges that this Agreement constitutes a legal document which grants certain rights to and imposes certain obligations upon the Franchisee. The Franchisee has been advised by the Franchisor to retain an attorney or advisor prior to the execution of this Agreement to review the Franchisor's Franchise Disclosure Document, to review this Agreement in detail, to review all legal documents, to review the economics, operations and other business aspects of the Big Boy Restaurant, to determine compliance with franchising and other applicable laws, and to advise the Franchisee on economic risks, liabilities, obligations and rights under this Agreement and to advise the Franchisee on tax issues, financing matters, applicable state and federal laws, liquor laws, health and safety laws, environmental laws, employee issues, insurance, structure of the Restaurant business, and other business matters.

Article 29 Article 30
NOTICES

All notices to the Franchisor will be in writing and will be addressed to Big Boy Franchise Management LLC, Attn: Legal Department, 4199 Marcy Street, Warren, MI 48091-5628, or such other address as the Franchisor may subsequently designate in writing. Except as otherwise provided by applicable law, all notices under this Agreement will be in writing and delivered to the addressee by any of the following means: (a) by personal service, (b) by prepaid certified U. S. mail, (c) by facsimile, e-mail or other electronic transmission, or (d) by a recognized overnight delivery service (such as Federal Express, United States Express Mail, Airborne Express or UPS) which requires a written receipt or acknowledgement of delivery. All notices to the Franchisee will be sent to the Franchised Location, or such other address as the Franchisee may subsequently designate in writing. For the purposes of this Agreement, written notice will be deemed received by the addressee (i) on the day received, if it is sent by personal service or by a recognized overnight delivery service, (ii) 3 days after mailing if sent by U.S. certified mail regardless of whether actually received or returned to sender, (iii) on the date of transmission if it is sent by facsimile by 5:00 p.m. at the recipient's location on a business day and the transmission has been confirmed by the sender, or (iv) on the date of transmission, if sent by e-mail or other electronic transmission by 5:00 p.m. at the recipient's location on a business day and the sender does not receive a notice of non-delivery.

~~Article 30~~ Article 31
GOVERNING LAW; STATE MODIFICATIONS

30-431.1 Governing Law

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 et seq.), this Agreement and the relationship between the Franchisor and the Franchisee will be governed by the laws of the state in which the Territory is located. The provisions of this Agreement which conflict with or are inconsistent with applicable governing law will be superseded and/or modified by such applicable law only to the extent such provisions are inconsistent. All other provisions of this Agreement will be enforceable as originally made and entered into upon the execution of this Agreement by the Franchisee and the Franchisor.

30-231.2 State Modifications

If the Franchised Location is located in any one of the states indicated below in this Article 31.2, or if the laws of any such state are otherwise applicable, then the designated provisions of this Agreement will be amended and revised as follows:

- (a) California. If this Agreement is governed by the laws of the State of California, then: (1) California Business and Professions Code, Sections 20000 through 20043 provides rights to the Franchisee concerning the termination and nonrenewal of the Franchise which will supersede any inconsistent provisions of this Agreement; (2) California Corporations Code, Section 31125 requires the that the Franchisor give the Franchisee a disclosure document, approved by the Department of Corporations, prior to a solicitation of a proposed material modification of this Agreement; (3) the provisions of this Agreement which allow the Franchisor to terminate this Agreement when an involuntary petition for bankruptcy is filed against the Franchisee, or the Franchisee files for bankruptcy or is adjudicated a bankrupt may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101, et seq.); and (4) the covenant not to compete upon termination or expiration of this Agreement contained in Article 23.3 of this Agreement may be unenforceable, except in certain circumstances provided by law;
- (b) Illinois. If this Agreement is governed by the laws of the State of Illinois, then: (1) any provision of this Agreement that designated jurisdiction or venue in a forum outside the State of Illinois is void, provided that this Agreement may provide for mediation or arbitration in a forum outside Illinois; (2) Sections 19 and 20 of the Illinois Franchise Disclosure Act provide rights to the Franchisee relating to the termination and nonrenewal of the Franchise which will superseded any inconsistent provisions of this Agreement; (3) this Agreement is amended to provide that the periods of limitation contained in Section 27 of the Illinois Franchise Disclosure Act are applicable to any action maintained by the Franchisee to enforce any liability created by the Act; and (4) Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act is void; therefore, any acknowledgments or other language contained in Article 28 of this Agreement which purport to waive compliance with the Act will be unenforceable against the Franchisee;
- (c) Minnesota. If this Agreement is governed by the laws of the State of Minnesota, then: (1) except in certain circumstances specified by law, the Franchisor must give the Franchisee at least 180 days prior written notice of nonrenewal of this Agreement; (2) in the event the Franchisor gives the Franchisee written notice that the Franchisee has breached this Agreement, such written notice will be given to the Franchisee at least 90 days prior to

the date this Agreement is terminated by the Franchisor, and the Franchisee will have 60 days after such written notice within which to correct the breach specified in the written notice; (3) notwithstanding any provisions of this Agreement to the contrary, a Court of competent jurisdiction will determine whether the Franchisor will be required to post a bond or other security, and the amount of such bond or other security, in any injunctive proceeding commenced by the Franchisor against the Franchisee, the Franchisee's Owners or the Personal Guarantors; (4) Article 17.5(d) of this Agreement will be inapplicable to rights provided to the Franchisee or to any liability imposed by Minn. Stat. Sections 80C.01 to 80C.22; (5) in accordance with Minn. Stat. Sec. 80C.17, Subd. 5, the Franchisee will have no more than three years after the cause of action accrues to commence an action pursuant to Minn. Stat. Sec. 80C.17; and (6) any provision of this Agreement which requires the Franchisee to waive its rights to jurisdiction or venue in the State of Minnesota will not be applicable to the Franchisee.

- (d) North Dakota if this Agreement is governed by the laws of the State of North Dakota, then: (1) in the event the Franchisor gives the Franchisee written notice that the Franchisee is delinquent in the payment of any fees or other payments payable to the Franchisor, the Franchisee will have 30 days after such written notice within which to correct the breach by making full payment (including interest as provided for herein) to the Franchisor; (2) the covenant not to compete upon termination or expiration of this Agreement contained in Article 23.3 may be unenforceable, except in certain circumstances provided by law; (3) Article 25.2 is amended to provide that the prevailing party will pay all attorneys' fees, costs and expenses incurred by the other party in enforcing any term, condition or provision of this Agreement or in enjoining any violation of this Agreement by the other party; (4) the consent by the Franchisee to jurisdiction and venue in Macomb County, Michigan contained in Article 27.12 may be inapplicable; provided, however, that such inapplicability in the State of North Dakota will not be construed to mean that venue in Macomb County, Michigan is improper, or that the Franchisee, its officers, directors, Owners and Personal Guarantors are not subject to jurisdiction in Macomb County, Michigan, or in any other state; and (5) the provisions of Article 26.4 requiring arbitration hearings to take place in Warren, Michigan will be inapplicable and in the event of arbitration between the Franchisor and the Franchisee, such arbitration will be conducted in North Dakota or at a mutually agreed upon location.
- (e) Wisconsin. If this Agreement is governed by the laws of the State of Wisconsin, then the provisions of the Wisconsin Fair Dealership Law, Wis. Stat. Chapter 135, will supersede any conflicting terms of this Agreement.

IN WITNESS WHEREOF, the Franchisor, the Franchisee and the Owners have respectively signed this Agreement effective as of the day and year first above written.

In the Presence of:

Big Boy Franchise Management LLC

By _____

Its:

In the Presence of

“Franchisee”

By _____

Its:

EXHIBIT A
TO THE FRANCHISE AGREEMENT BETWEEN
BIG BOY FRANCHISE MANAGEMENT LLC AND

DATED _____, _____

1. Operating Partner. The name and home address of the Operating Partner as follows:

2. Form of Entity of Franchisee.

(a) Corporation or Limited Liability Company. Franchisee was incorporated on _____, _____, under the laws of the State of _____. It has not conducted business under any name other than its corporate name. The following is a list of all of Franchisee's directors and officers as of _____.

Name of Each Director/Officer

Position(s) Held

<u>Name of Each Director/Officer</u>	<u>Position(s) Held</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

(b) Partnership. Franchisee is a [general] [limited] partnership formed on _____, _____ under the laws of the State of _____. It has not conducted business under any name other than its partnership name. The following is a list of all of Franchisee's general partners as of _____.

Name of General Partner

3. Owners. Franchisee and each of its Owners represents and warrants that the following is a complete and accurate list of all Owners of Franchisee, including the full name, mailing address and social security number of each Owner, and fully describes the nature and extent of each Owner's interest in Franchisee. Franchisee, and each Owner as to his ownership interest, represents and warrants that each Owner is the sole and exclusive legal and beneficial owner of his ownership interest in Franchisee, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

<u>Owner's Name and Address</u>	<u>Description of Interest</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

4. Confidentiality:

The Franchisor and the Franchisee expressly understand and agree that the Franchisor will be disclosing and providing to the Franchisee certain confidential and proprietary information concerning the Restaurant System and the procedures, operations, technology and data used in connection with the Restaurant System. The Franchisee will not, during the Term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person or Entity any such confidential and proprietary information, knowledge or know-how concerning the methods of operation of the Restaurant which may be communicated to the Franchisee, or of which the Franchisee may be apprised by virtue of this Agreement. The Franchisee will divulge such confidential and proprietary information only to its employees who must have access to it in order to operate the Franchisee's Big Boy Restaurant. Any and all information, knowledge and know-how including, without limitation, drawings, memos, letters, writings, e-mails, reports, client lists, materials, equipment, technology, methods, procedures, techniques, recipes, specifications, computer programs, systems and other data which the Franchisor copyrights or designates as confidential or proprietary will be deemed confidential and proprietary for the purposes of this Agreement.

Accepted by Franchisor and made a part of the Franchise Agreement as of _____

Submitted by Franchisee on _____

BIG BOY FRANCHISE MANAGEMENT LLC,
a limited liability company

By: _____
Print Name: _____
Title: _____

(Name of corporation, limited liability
company or partnership)

By: _____
Print Name: _____
Title: _____

Owners:

(Signature)

(Print Name)

(Signature)

(Print Name)

(Signature)

(Print Name)

(Signature)

(Print Name)

PERSONAL GUARANTY

THIS PERSONAL GUARANTY (this "Guaranty") is made and entered into this _____ day of _____, _____, by and between Big Boy Franchise Management LLC, a Michigan limited liability company, ("Big Boy"), and the undersigned personal guarantors (the "Personal Guarantors").

WHEREAS, Big Boy and _____ (the "Franchisee") have entered into a Franchise Agreement, dated the same date as set forth above, for the operation of a franchised "Big Boy Restaurant" at _____ (the "Franchise Agreement").

WHEREAS, it is the desire of the undersigned Personal Guarantors to personally guaranty the obligations of the Franchisee under the Franchise Agreement, which is incorporated herein by reference, and to be individually, jointly and severally bound by the terms and conditions of the Franchise Agreement.

NOW, THEREFORE, in consideration of the execution of the Franchise Agreement by Big Boy, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do individually, jointly and severally become surety and guaranty for the payment of all amounts and the performance of the covenants, terms and conditions of the Franchise Agreement, including the covenants not to compete, to be paid, kept and performed by the Franchisee.

Obligations under Agreement. The undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including the covenants not to compete, and restrictions on transfer of the Business Assets, and agree that this Personal Guaranty should be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Franchise Agreement. The undersigned acknowledge receiving a copy of the Franchise Agreement.

Default of Franchisee. If any default should at any time be made therein by the Franchisee, then the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay to Big Boy the Initial Fee, the Opening Assistance Fee, the Royalty Fees, the Advertising Fees and all other monies due and payable to Big Boy under the terms and conditions of the Franchise Agreement.

Non-Compliance by Franchisee. If the Franchisee fails to comply with any other terms and conditions of the Franchise Agreement, then the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to comply with the terms and conditions of the Franchise Agreement for and on behalf of the Franchisee.

Obligations of Big Boy. If the Franchisee is at any time in default on any obligation to pay monies due to Big Boy or any subsidiary or affiliate of Big Boy, whether for the Initial Fee, the Royalty Fees, the Advertising Fees, merchandise, products, supplies, FF&E, or other products purchased by the Franchisee or for any other indebtedness of the Franchisee to Big Boy or any subsidiary or affiliate of Big Boy, then the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay all such monies due and payable from the Franchisee to Big Boy or any subsidiary or affiliate of Big Boy upon default by the Franchisee.

Continuing Obligations. Each of the Personal Guarantors agrees that the discharge or release of any obligations of the Franchisee or of any Personal Guarantor or other person now or hereafter liable hereunder or under the Franchise Agreement by reason of bankruptcy or insolvency laws or otherwise shall not diminish or impair the liability of each other Personal Guarantor in any respect. Such discharge or release may be done without notice to the Personal Guarantors.

Binding Agreement. The provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of the successors and assigns of Big Boy.

Jurisdiction and Venue. Except as precluded by applicable law, all arbitration hearings, litigation, actions or proceedings pertaining to this Personal Guaranty will be brought and venued in accordance with Articles 26.3 and 27.12 of the Franchise Agreement.

PERSONAL GUARANTORS

Individually

Address

City, State and Zip

Area code and Telephone

Individually

Address

City, State and Zip

Area code and Telephone

Individually

Address

City, State and Zip

Area code and Telephone

Individually

Address

City, State and Zip

Area code and Telephone

Individually

Address

City, State and Zip

Individually

Address

City, State and Zip

**LANDLORD'S CONSENT
TO ASSIGNMENT OF LEASE**

The undersigned landlord (the "Landlord") hereby consents to the Assignment by _____ (the "Franchisee") of its right, title and interest in the premises lease dated _____ by and between the Landlord and the Franchisee (the "Premises Lease") to Big Boy Franchise Management LLC ("Big Boy") pursuant to a Franchise Agreement between Big Boy and the Franchisee dated _____, _____ (the "Franchise Agreement"), and agrees as follows:

1. If the Franchisee defaults under the Franchise Agreement, then Big Boy or its designee may assume, enforce and perform the obligations of the Premises Lease with the same force and effect as if assumed, enforced and performed by the Franchisee. The Landlord will accept performance by Big Boy or its designee in lieu of performance by the Franchisee in satisfaction of the Franchisee's future obligations under the Premises Lease.

2. The Landlord will not terminate the Premises Lease on account of any default of the Franchisee thereunder without written notice to Big Boy and without first providing to Big Boy a reasonable opportunity, but not less than 30 days, to: (a) cause the Franchisee to cure the default; or (b) declare the Franchisee in default under the Franchise Agreement and exercise its rights under the Assignment of Lease provisions of the Franchise Agreement. If Big Boy elects to exercise its rights under the Assignment, then the Landlord agrees not to terminate the Premises Lease so long as Big Boy or its designee agrees, within 15 days after the date Big Boy gives written notice to the Landlord of its election to exercise its rights under this Assignment, to perform the future obligations of the Franchisee under the Premises Lease. However, nothing herein will require Big Boy to cure any default of the Franchisee under the Premises Lease, but only gives Big Boy the option to assume the Franchisee's future rights and obligations under the Premises Lease.

3. The Landlord hereby represents and warrants to Big Boy that: (a) the Premises Lease is a valid enforceable agreement; (b) there has been no prior assignment of the Premises Lease of which the Landlord has notice or is aware; (c) neither the Landlord nor the Franchisee is in default under the Premises Lease; and (d) all covenants, conditions and agreements have been performed as required therein except those not due to be performed until after the date hereof.

LANDLORD

Date: _____

By: _____

Its:

**AUTHORIZATION TO HONOR BIG BOY FRANCHISE MANAGEMENT LLC
ELECTRONIC FUNDS TRANSFER**

<u>PAYEE</u>	<u>BANK NAME</u>	<u>ACCOUNT NO.</u>	<u>ABA NO.</u>
Big Boy Franchise Management LLC	Comerica Bank	1850710987	072 000 096

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, drafts, orders and electronic debits (collectively "debits") drawn on such account which are payable to the above named Payee. It is agreed that the Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by the Depositor. It is further agreed that if any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever. This authorization shall continue in force until the Depository has received at least 30 days written notification from the Payor of its termination which shall not be given without the express written consent of Payee.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify the Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend, at the Depositor's own cost and expense, any action which might be brought by any persons or entities because of any actions taken by the Depository or the Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or the Payee's participation therein.

Name of Depository Bank (Franchisee's Bank): _____

Name of Franchisee/Depositor (as listed on account): _____

Designated Bank Account (Franchisor's Bank): _____

(Please attach one voided check for the above account of the Franchisee.)

Franchised Location: _____
Address City State Zip Code

For information call: _____
Print Name of Franchisee's Contact Person

Restaurant Number: _____ E-Mail Address: _____

Telephone Number: _____ Fax Number: _____

Name of Franchisee/Depositor as Listed on Account (please print)

By: _____

Signature of Franchisee's Authorized Representative Title

Date: _____, 20__

BIG BOY FRANCHISE MANAGEMENT LLC

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT C: AREA DEVELOPMENT AGREEMENT

AREA DEVELOPMENT AGREEMENT

BIG BOY FRANCHISE MANAGEMENT LLC

4199 Marcy Street
Warren, MI 48091-5628
Telephone: (586) 759-6000
Fax: (586) 757-4737

Area Developer

Legal Name of Area Developer

Street

City State Zip Code

()

Area Code Telephone

()

Area Code Fax

E-Mail Address

EFFECTIVE DATE OF
AREA DEVELOPMENT AGREEMENT

BIG BOY FRANCHISE MANAGEMENT LLC
AREA DEVELOPMENT AGREEMENT

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BIG BOY FRANCHISE MANAGEMENT LLC
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (this "Agreement") is made, entered into and effective this ___ day of _____, _____ ("Effective Date"), by and between Big Boy Franchise Management LLC, a Michigan limited liability company (the "Franchisor"), and _____, a _____ (the "Area Developer").

INTRODUCTION

Restaurant System. The Franchisor has developed a unique business system for operating and franchising unique family restaurants with table service that serve breakfast, lunch and dinner that feature sandwiches, including the Big Boy® Sandwich, the Super Big Boy® Sandwich, beverages and other food products (the "Big Boy System" or the "Restaurant System").

Licensing of Marks. The Franchisor has extensively publicized the name "Big Boy®" to the public as an organization of restaurant businesses operating under the Restaurant System. The Franchisor has the right and authority to license the use of the name "Big Boy®" and the other Marks for use in connection with the Big Boy System to selected persons, businesses or entities who will comply with the uniformity requirements and quality standards of the Franchisor. The Franchisor will continue to develop, use, and control the use of the name "Big Boy®" and the other Marks, in order to identify for the public the source of foods, food items, food products, beverages and services marketed under the Restaurant System, and to represent to the public the Restaurant System's high standards of quality, appearance, cleanliness and service.

Development of Big Boy Restaurant. The Area Developer desires to enter into Franchise Agreements with the Franchisor to develop, own and operate Big Boy Restaurants (the "Big Boy Restaurants" or the "Restaurants") in the area set forth in Article 1 in conformity with the Restaurant System and the uniformity requirements and quality standards established and promulgated from time to time by the Franchisor.

Right to Use Marks and Restaurant System. The Area Developer acknowledges that it would take substantial capital and human resources to develop a restaurant concept that is similar to a Big Boy Restaurant and, for those reasons, the Area Developer desires to acquire the right to use the Marks and the Restaurant System and to own and operate a Big Boy Restaurant pursuant to the terms and conditions of this Agreement and the Franchise Agreements for the Big Boy Restaurants.

Pursuant to the above Recitals and in consideration of the mutual promises and covenants set forth in this Agreement, the parties agree as follows:

ARTICLE 1
GRANT OF DEVELOPMENT RIGHTS; TERRITORY

1.1 Territory.

The Franchisor hereby grants to the Area Developer, for the term of this Agreement, the right to enter into Franchise Agreements with the Franchisor for the development and operation of Big Boy Restaurants to

be located within the "Territory" defined as the geographical area described and delineated as follows: _____

The Territory may be further described in a map attached hereto as Exhibit A and signed by both the Franchisor and the Area Developer.

1.2 Exclusivity.

The rights and privileges granted to the Area Developer in this Agreement are expressly limited to the Territory and are expressly subject to the terms and conditions of this Agreement. During the term of this Agreement, the Franchisor will not grant to any other person or entity a franchise to open or operate a Big Boy Restaurant utilizing the Restaurant System or the Marks within the Territory, and will not establish another franchised or company-owned Big Boy Restaurant within the Territory. Notwithstanding the foregoing, the Franchisor will have the absolute right to: (a) develop other restaurant business concepts under other brand names even if the locations for the concepts are within the Territory; (b) develop Big Boy Restaurants in the Territory if they are located at or within an international airport, a major theme or entertainment park, casinos, hospitals, mass merchandising outlets, government facilities or a professional sports stadium; (c) market, distribute and sell, on a wholesale or retail basis, foods and other products under any of the Marks, by direct sale, the Internet, mail order, infomercials, telemarketing or by any other marketing or distribution methods, even if such sales are made to customers, distributors or retailers who are located in the Territory; and (d) advertise, promote and participate in special promotions in the Territory including, without limitation, cooking, recipe or restaurant competitions, sporting events, and fund-raising and charitable events.

1.3 Use of Marks.

The Area Developer will have the right to use the Marks only in the Territory and only in connection with the development of Big Boy Restaurants. The Area Developer will only use the Marks designated by the Franchisor in writing and only in the manner authorized and permitted by the Franchisor.

1.4 Conditions.

The Area Developer hereby undertakes the obligation to develop Big Boy Restaurants using the Restaurant System in the Territory in strict compliance with the terms and conditions of this Agreement for the entire term of this Agreement. The rights and privileges granted to the Area Developer by the Franchisor under this Agreement are applicable only in the Territory, are personal in nature, and may not be used elsewhere or in any other area by the Area Developer.

1.5 Personal License.

The Area Developer will not have the right to franchise, subfranchise, license or sublicense its rights under this Agreement. The Area Developer will not have the right to Assign~~assign~~ this Agreement or its rights under this Agreement, except as specifically provided for in this Agreement.

1.6 Personal Guaranty.

The Area Developer will secure the signatures of the Personal Guarantors (as hereinafter defined) on the Personal Guaranty attached to this agreement on the Effective Date.

**ARTICLE 2
TERM**

This Agreement will be in effect for a term ending _____ (____) years after the Effective Date, or on the date the Area Developer has completed development of the number of Big Boy

Restaurants required under the Development Schedule set forth in Article 4.1, whichever is earlier. This Agreement will not be enforceable until it has been signed by both the Franchisor and Area Developer, and until this Agreement has been delivered to the Area Developer. At the end of the term of this Agreement, the Area Developer's exclusive development rights with respect to the Territory will automatically terminate, and the Area Developer will not have the right to renew or extend the term of this Agreement.

ARTICLE 3 **FEES PAYABLE TO FRANCHISOR**

3.1 Development Fee.

On the date this Agreement is executed by the Area Developer, the Area Developer will pay the Franchisor a nonrefundable Development Fee of an amount equal to \$5,000 multiplied by the total number of Big Boy Restaurants that the Area Developer is required to open and operate in the Territory pursuant to the Development Schedule set forth in Article 4.1 of this Agreement (the "Development Fee"). The Development Fee is payment to the Franchisor for granting the Area Developer the exclusive rights, as set forth in this Agreement, to develop Big Boy Restaurants in the Territory. In no event will the Development Fee be refunded to the Area Developer.

3.2 Initial Fees.

In addition to the Development Fee, the Area Developer will pay the Franchisor the remainder of the an Initial Fee, which is -ef-\$35,000 for each Big Boy Restaurant that the Area Developer is required to open and operate in the Territory pursuant to the Development Schedule set forth in Article 4.1 of this Agreement. The Area Developer will pay the Franchisor the Initial Fee set forth in this Article 3.2, even if the Initial Fee that is then charged to other area developers or franchisees by the Franchisor is different from the Initial Fee specified herein.

3.3 Payment of Initial Fees.

The Area Developer will pay the Franchisor the Initial Fee set forth in Article 3.2 of this Agreement on or before the date the Area Developer executes the Franchise Agreement for each Big Boy Restaurant required to be opened and operated in the Territory pursuant to this Agreement. The Area Developer must execute Franchisor's then current Franchise Agreement for its first Big Boy Restaurant and pay the first Initial Fee on the date the Area Developer executes this Agreement. The Area Developer will not purchase or lease the property for the proposed site for the Franchised Location until the Area Developer has signed a Franchise Agreement with the Franchisor and has complied with the applicable provisions of the Franchise Agreement relating to real estate and site selection.

3.4 Royalty Fees.

During the term of each Franchise Agreement signed by the Area Developer pursuant to this Agreement, the Area Developer will pay the Franchisor monthly Royalty Fees, as defined in the then current Franchise Agreement executed by Area Developer. The Area Developer will pay the Franchisor the monthly Royalty Fees for each of its Big Boy Restaurants at the rates set forth in the first Franchise Agreement signed by the Franchisor and the Area Developer pursuant to this Agreement, even if the Royalty Fee then charged to area developers or franchisees by the Franchisor at the time the Area Developer signs a subsequent Franchise Agreement is different. For each of its Big Boy Restaurants, the Area Developer will pay the monthly Royalty Fee on the day specified in, and in accordance with the other terms and conditions of, the Franchise Agreement for that Big Boy Restaurant.

ARTICLE 4
DEVELOPMENT SCHEDULE

4.1 Development Schedule.

The Area Developer acknowledges and agrees that the following Development Schedule is a material provision of this Agreement:

Big Boy Restaurant Number	Date by Which Franchise Agreement Must be Signed	Date by Which Big Boy Restaurant Must be Opened and Continuously Operating in Territory	Cumulative Number of Big Boy Restaurants Required to be Open and Continuously Operating in Territory as of Date in Preceding Column
1	Date of this Agreement		1

For purposes of determining compliance with the Development Schedule set forth in this Article, only the Big Boy Restaurants actually open and continuously operating in the Territory as of a given date will be counted toward the number of Big Boy Restaurants required to be open and continuously operating.

4.2 Reasonableness of Development Schedule.

The Area Developer represents that it has conducted its own independent investigation and analysis of the prospects for the establishment of Big Boy Restaurants within the Territory, and approves of the Development Schedule as being reasonable and viable.

4.3 Failure to Comply with Development Schedule.

The Area Developer's failure to comply with the Development Schedule will constitute a material breach of this Agreement by the Area Developer. However, the Area Developer will have the right to one 60-day extension of each deadline set forth in the Development Schedule upon giving written notice to Franchisor, not less than ten (10) days before the expiration of the deadline, for a Restaurant opening, stating that the Area Developer will not be able to meet the deadline due to construction delays or similar circumstances beyond the reasonable control of the Area Developer. If the Area Developer at any time during the term of this Agreement is not in compliance with the Development Schedule (*i.e.*, does not have the required number of Big Boy Restaurants open and operating in the Territory as of the dates specified in Article 4.1 and Franchisor has not granted Area Developer written notice of an extension in accordance with the preceding sentence), then the Franchisor will have the right to terminate this Agreement immediately upon notice to the Area Developer. Termination of this Agreement as a result of

the Area Developer's failure to meet the Development Schedule will not affect the individual Franchise Agreements for the Big Boy Restaurants opened and operated in the Territory pursuant to this Agreement which were signed by the parties prior to termination of this Agreement; however, upon termination of this Agreement, all rights to open and operate additional Big Boy Restaurants in the Territory and all other rights granted to the Area Developer under this Agreement will immediately revert to the Franchisor, without affecting those obligations of the Area Developer that continue beyond the termination of this Agreement.

4.4 Termination for Failure to Comply with Development Schedule.

If this Agreement is terminated by the Franchisor because of the Area Developer's failure to meet the Development Schedule, the rights and duties of Area Developer and the Franchisor will be as follows: (a) the Area Developer will have no rights to open additional Big Boy Restaurants within the Territory; (b) the Area Developer will pay all required fees and will continue to operate its Big Boy Restaurants opened in the Territory pursuant to the terms of the applicable Franchise Agreements signed by the Area Developer prior to the date of the termination of this Agreement, and will in all other respects continue to comply with such Franchise Agreements; (c) the Franchisor will have the absolute right to develop Big Boy Restaurants in the Territory or to contract with or license other persons for the development of additional Big Boy Restaurants in the Territory; and (d) the Area Developer will have no right to obtain a refund of any monies it paid to the Franchisor pursuant to this Agreement.

ARTICLE 5
OTHER OBLIGATIONS OF AREA DEVELOPER

5.1 Compliance with Applicable Laws.

The Area Developer will, at its expense, comply with all applicable federal, state, city, local and municipal laws, ordinances, rules and regulations pertaining to the operation of the Big Boy Restaurants in the Territory. The Area Developer will, at its expense, be absolutely and exclusively responsible for determining the licenses and permits required by law for the Big Boy Restaurants, for qualifying for, and obtaining and maintaining, all such licenses and permits, and for compliance with all applicable laws by its employees, agents and independent contractors. Area Developer understands and agrees that this Agreement does not grant to nor provide Area Developer with any right to sell franchises in the Territory or elsewhere as a subfranchisor or master franchisee.

5.2 Applications for Franchises.

The Franchisor will grant the Area Developer franchises for the operation of the cumulative number of Big Boy Restaurants set forth in the Development Schedule and located within the Territory, subject to the following conditions:

(a) The Area Developer must submit to the Franchisor in accordance with procedures established by the Franchisor from time to time, a complete application for a franchise (application fee waived) and Franchisor's then current "Franchise Site Package" for each site for a Big Boy Restaurant that the Area Developer proposes to develop and operate and that the Area Developer in good faith believes to conform to the Franchisor's then current standard site selection criteria for Big Boy Restaurants.

(b) The Franchisor will notify the Area Developer as to whether each site for which the Area Developer submits complete applications in accordance with Article 5.2(a) either meets or does not meet Franchisor's current site selection criteria. Franchisor's site acceptance letter, duly executed by the

Franchisor, is the exclusive means by which the Franchisor accepts a proposed site, and no other direct or indirect representation, approval or acceptance, whether in writing or verbally, by any of Franchisor's officers, employees or agents, shall be effective or bind the Franchisor. The Franchisor will use all reasonable efforts to make a site decision and, if the site is accepted, deliver a site acceptance letter to the Area Developer, within thirty (30) days after Franchisor acknowledge receipt of the complete Franchise Site Package and any other materials the Franchisor has requested. In deciding whether to accept or reject a site the Area Developer proposes, the Franchisor may consider such factors as the Franchisor, in its sole discretion, deems appropriate, including the general location and neighborhood, demographic information, traffic patterns, access, visibility, location of other restaurants and food establishments (including other Big Boy Restaurants) and size, condition, configuration, appearance and other physical characteristics of the site. Neither the Franchisor's acceptance of a proposed site, nor any information communicated to the Area Developer regarding the Franchisor's standard site selection criteria or the proposed site, constitutes a warranty or representation of any kind, express or implied, as to the suitability of the proposed site for a Big Boy Restaurant or for any other purpose. Franchisor's acceptance of a proposed site merely signifies that Franchisor is willing to grant a franchise for a Big Boy Restaurant for that site. Area Developer's decision to develop and operate a Big Boy Restaurant at any site is based solely on Area Developer's own independent investigation of the suitability of the site for a Big Boy Restaurant. If the Area Developer chooses to locate a Big Boy Restaurant at a proposed site for which the Franchisor has notified the Area developer that certain site criteria has not been met, then the Area Developer must execute a release, in the form prescribed by the Franchisor, releasing the Franchisor and its officers, directors, shareholders, agents and employees, in their corporate and individual capacities, from any and all claims arising from, in connection with, or as a result of developing the Big Boy Restaurant at the site proposed by the Area Developer, or relating in any way to the Franchisor's review of the proposed site.

(c) The Franchisor may also require that Area Developer and/or the Owners furnish the Franchisor financial statements (historical and pro forma), statements of the sources and uses of capital funds, budgets and other information regarding Area Developer, the Owners and the development and operation of any Big Boy Restaurant the Area Developer proposes, as well as any then existing Big Boy Restaurants Area Developer and its Affiliates own. All such information shall be verified by the Area Developer and the Owners as being complete and accurate in all respects, shall be submitted to the Franchisor in accordance with its requirements and will be relied on by the Franchisor in determining whether to grant a franchise for the proposed Big Boy Restaurant. The Franchisor may refuse to grant Area Developer a franchise for a Big Boy Restaurant if Area Developer fails to demonstrate sufficient financial and management capabilities to properly develop and operate the proposed Big Boy Restaurant and the then existing Big Boy Restaurants Area Developer and its Affiliates own. The Franchisor will evaluate such financial and management capabilities in accordance with standards the Franchisor uses to establish Big Boy Restaurants in other comparable market areas.

(d) Upon the Franchisor's acceptance of a proposed site, and provided the Area Developer has demonstrated the requisite financial and management capabilities, all as above required, the Franchisor will offer Area Developer a franchise to operate a Big Boy Restaurant at the proposed site by delivering to Area Developer the Franchisor's then-current form of standard Franchise Agreement, together with all standard ancillary documents (including exhibits, Owner guarantees and other related documents) that the Franchisor then customarily use in granting franchises for the operation of Big Boy Restaurant in the state in which the Big Boy Restaurant is to be located. The Franchise Agreement must be executed by Area Developer and the Owners and returned to the Franchisor not earlier than fourteen (14) days and not later than twenty-one (21) days after the Area Developer receives it, with payment of the initial fees required thereunder. If the Franchisor does not receive the fully executed Franchise Agreement and payment of the required initial fees, the Franchisor may revoke its offer to grant the Area Developer a franchise to operate a Big Boy Restaurant at the proposed site and may revoke the

Franchisor's acceptance of the proposed site.

(e) Notwithstanding any provision in this Agreement to the contrary, if the Area Developer or any Controlled Entity (as defined in Article 5.3 below) has been notified of a breach of any of the Franchise Agreements previously executed pursuant to this Agreement or any other agreement with the Franchisor, the Franchisor shall have no obligation to deliver to Area Developer or the Controlled Entity, as the case may be, Franchise Agreement(s) for additional Big Boy Restaurant(s) required to be opened pursuant to the Development Schedule unless and until the Area Developer or such Controlled Entity cures such breach within the applicable time period and is in good standing under every Franchise Agreement and other agreement with the Franchisor. Any delay caused by any such breach by the Area Developer or any Controlled Entity shall not extend the Development Schedule.

5.3 Execution of Franchise Agreements.

For each Big Boy Restaurant that will be opened, owned and operated by the Area Developer in the Territory pursuant to this Agreement, the Area Developer or an entity in which (a) the Area Developer is the Owner of at least 51% of the Ownership interests in the entity or (b) the Area Developer's Owners are the Owners of at least 51% of the Ownership Interests in the entity (the "Controlled Entity") must execute the Franchisor's then current Franchise Agreement and must comply with the other requirements of this Agreement. The failure of the Area Developer or the Controlled Entity to provide the Franchisor with an executed Franchise Agreement within the time specified in Article 5.2(d) will constitute a material breach of this Agreement and the Franchisor will have the right to terminate this Agreement as provided for herein. If the Franchise Agreement required to be executed pursuant to this Article and the other provisions of this Agreement will be executed by the Controlled Entity, then: (i) the Area Developer (or the Area Developer's Owners) will, at all times during the term of the Franchise Agreement, be required to maintain at least a 51% Ownership Interest in the Controlled Entity, (ii) the Area Developer will not be relieved from complying with the terms, conditions and obligations under this Agreement, and (iii) the Area Developer will be required to guarantee the obligations and liabilities of the Controlled Entity under the Franchise Agreement and will execute a guaranty in the form approved by Franchisor. If the Area Developer elects to have a Controlled Entity execute the Franchise Agreement for any Big Boy Restaurant being developed under this Agreement, then all terms, conditions and obligations under this Agreement relating to the Franchise Agreement for that Big Boy Restaurant will be the absolute obligation of the Controlled Entity and for the purpose of this Agreement, the word Area Developer will also mean Controlled Entity.

5.4 Modifications to Franchise Agreement.

The Area Developer acknowledges that the terms, conditions and economics of the Franchise Agreement may be modified from time to time by the Franchisor and that reasonable modifications and amendments to the Franchise Agreement will not alter the Area Developer's obligations under this Agreement.

5.5 Interests of Operating Company.

The Area Developer's operating company will be dedicated solely to the development and operation of the Big Boy Restaurants in the Territory and will not hold any interest in, operate, or manage any other business of any kind without the prior written approval of the Franchisor.

ARTICLE 6 **ASSIGNMENT**

6.1 Assignment by Franchisor.

This Agreement may be unilaterally Assigned by the Franchisor to a person or entity without the approval of the Area Developer and, in such event, this Agreement will inure to the benefit of the successors and assigns of the Franchisor. The Franchisor will provide the Area Developer with written notice of any such Assignment, and the assignee will be required to fully perform all obligations of the Franchisor under this Agreement.

6.2 Assignment by Individual Area Developer in Event of Death or Permanent Disability.

If the Area Developer is an individual, then in the event of the death or permanent disability of the Area Developer, or the death or permanent disability of an Owner of a controlling interest in the Area Developer, the executor, administrator or other personal representative of such person shall Assign this Agreement to a third party approved by the Franchisor in accordance with the applicable provisions of this Article 6 within a reasonable period of time not to exceed 9 months following such death or permanent disability. Notwithstanding the foregoing, in the event of any such Assignment, the Area Developer will not be required to pay the Assignment Fee.

6.3 Assignment to Controlled Entity.

If the Area Developer is an individual or a partnership, this Agreement may be Assigned by the Area Developer to a Controlled Entity that is owned or controlled by the Area Developer without paying any Assignment Fee, provided that: (a) the Area Developer and the Owners of the new Controlled Entity sign or have signed a personal guaranty in the form attached to this Agreement; (b) the Area Developer furnishes prior written proof to the Franchisor substantiating that the assignee Controlled Entity will be financially able to perform all of the terms and conditions of this Agreement; and (c) none of the Owners operate, franchise, develop, manage or control any Competitive Restaurant. The Area Developer will give the Franchisor 15 days prior written notice of the Assignment of this Agreement to an Entity owned or controlled by the Area Developer; however, the Assignment of this Agreement will not be valid or effective until the Franchisor has received the documents which its attorneys reasonably deem necessary to properly and legally document the Assignment of this Agreement as provided herein.

6.4 Assignment by Area Developer.

The Area Developer will not Assign ~~assign~~ any interest in or any part of this Agreement to any person or entity without the prior written approval of the Franchisor. Except as provided for in Article 6.8 of this Agreement, the Franchisor will not withhold its written consent to any Assignment of this Agreement that does not violate any of the terms of this Agreement if the Area Developer and/or the transferee area developer are in full compliance with the following terms and conditions: (a) the Area Developer has provided written notice to the Franchisor of the proposed Assignment of this Agreement at least 90 days prior to the transaction; (b) all of the Area Developer's monetary obligations due to the Franchisor have been paid in full, and the Area Developer is not otherwise in default under this Agreement; (c) the Area Developer has agreed in writing to observe all applicable provisions of this Agreement, including the covenants not to compete contained in this Agreement; (d) the Franchisor and the Area Developer have executed a joint and mutual release, in a form satisfactory to the Franchisor, of any and all claims against the Franchisor and the Area Developer and their respective officers, directors, Owners, agents and employees, in their corporate and individual capacities, arising from, in connection with, or as a result of this Agreement including, without limitation, all claims arising under any federal or state franchising laws or any other federal, state or local law, rule or ordinance; provided, however, that the Franchisor and the Area Developer may specifically exclude from the coverage of the release any prior or concurrent written agreements or other franchise agreements between them for other Big Boy Restaurants owned by the Area Developer; (e) the assignee area developer has demonstrated to the satisfaction of the Franchisor that he, she or it meets the managerial, financial and business standards required by the Franchisor for new area developers, possesses a good business reputation and credit rating, and its management possesses the aptitude and ability to operate the Big Boy Restaurants in the Territory in an economic and businesslike manner (as may be evidenced by prior related business experience or otherwise); (f) the

assignee area developer and the assignee area developer's Owners and Personal Guarantors execute the legal agreements required by the Franchisor or its legal counsel to document the Assignment of this Agreement to the assignee area developer, including, without limitation, a Personal Guaranty in the form attached to this Agreement; and (g) the assignee area developer and the employees specified in the Franchise Agreement, have successfully completed the initial training program then prescribed by the Franchisor.

6.5 Sale by Owners.

No Owner will have the right to ~~Assign~~-assign an Ownership Interest in the Area Developer without the prior written approval of the Franchisor. The Franchisor will not withhold its written consent if the Assignment of the Ownership Interest by the Owner complies in all respects with the terms of this Agreement and the assignee of the Ownership and such assignee's spouse execute a Personal Guaranty in the form attached to this Agreement. If the Assignment is to (a) a relative of the Owner, or (b) one of the Owners of the Area Developer, then the provisions of Article 6.7 will not apply to the Assignment if it complies with the provisions of Article 6.4.

6.6 Acknowledgment of Restrictions.

The Area Developer and the Owners acknowledge and agree that the restrictions on Assignment imposed herein are reasonable and necessary to protect the Restaurant System and the Marks, as well as the reputation and image of the Franchisor, and are for the protection of the Franchisor, the Area Developer and all other area developers who own and operate Big Boy Restaurants. Any Assignment permitted by this Article will not be effective until the Franchisor receives a completely executed copy of all Assignment documents and the Franchisor consents to the Assignment in writing. Any attempted Assignment made without complying with the requirements of this Article will be void.

6.7 Assignment Fee.

If this Agreement is ~~Assigned~~-assigned to another person or entity, or if any of the Owners transfer any Ownership Interest in the Area Developer to a third party, then except as provided for in Article 6.2, the Area Developer will pay the Franchisor, on or before the date of the Assignment, an Assignment Fee of \$10,000. The Assignment Fee is to cover the costs incurred by the Franchisor in connection with the Assignment and the costs to provide the initial training program to the assignee area developer and its Management Team. The assignee area developer will be responsible for the Salaries and Benefits, Travel Expenses and other expenses incurred by all people attending the initial training program on behalf of the assignee area developer.

6.8 Assignment to Competitor Prohibited.

The Area Developer and the Owners will not ~~Assign~~-assign this Agreement or their Ownership Interests to any person, partnership, corporation or entity that owns, operates, franchises, develops, consults with, manages, is involved in, or controls any restaurant that competes with Big Boy Restaurants. If the Franchisor refuses to permit an Assignment of this Agreement under this provision, then the Area Developer's and the Owners' only remedy will be to have the Arbitrators determine whether the proposed assignee owns or operates a restaurant that competes with Big Boy Restaurants.

ARTICLE 7

TERMINATION RIGHTS OF FRANCHISOR

7.1 Conditions of Breach.

In addition to its other rights of termination contained in this Agreement, the Franchisor will have the right to terminate this Agreement if (a) the Area Developer fails to comply with the Development

Schedule set forth in Article 4.1; (b) the Area Developer voluntarily or otherwise abandons any of the Big Boy Restaurants; (c) the Area Developer violates any material provision, term or condition of this Agreement; (d) the Area Developer, or any of its directors, officers or majority Owners, is convicted of, or pleads guilty to a violation of any law that has a material adverse effect on the operations of the Big Boy Restaurants; (e) the Area Developer fails to timely pay any of its uncontested obligations or liabilities (where there is no reasonable commercial dispute) due and owing to the Franchisor, suppliers, banks, purveyors, other creditors or to any federal, state or municipal government; (f) the Area Developer is determined to be insolvent within the meaning of applicable state or federal law, any involuntary petition for bankruptcy is filed against the Area Developer, or the Area Developer files for bankruptcy or is adjudicated a bankrupt under applicable state or federal law; (g) the Area Developer makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors; (h) any check issued by the Area Developer is dishonored because of insufficient funds (except where the check is dishonored because of bank error or an error in bookkeeping or accounting) or closed accounts; (i) the Area Developer makes any unapproved transfer of this Agreement or any Ownership Interest in violation of the terms of this Agreement; (j) the Area Developer is involved in any act or conduct which materially impairs the goodwill associated with the name "Big Boy®," any other of the Marks or the Restaurant System; (k) any Franchise Agreement between the Franchisor and the Area Developer or any of its Owners or a Controlled Entity is terminated by either party for any reason or the Area Developer or any of its Owners or Affiliates or any Controlled Entity breaches any other agreement with Franchisor; or (l) the Area Developer made any material representation in the acquisition of its rights under this Agreement from Big Boy.

7.2 Notice of Breach.

Except as provided in Article 7.5 and Article 7.6 of this Agreement, the Franchisor will not have the right to terminate this Agreement until: (a) written notice setting forth the alleged breach in detail has been delivered to the Area Developer by the Franchisor; and (b) after receiving the written notice, the Area Developer fails to correct the alleged breach within the period of time specified by applicable law. If applicable law does not specify a time period to correct an alleged breach, then the Area Developer will have 30 days after receipt of the written notice to correct the alleged breach, except where the written notice states that the Area Developer is delinquent in the payment of any fees to the Franchisor pursuant to this Agreement or any other agreement, in which case the Area Developer will have 10 days after receipt of written notice to correct the breach by making full payment (including interest) to the Franchisor. If the Area Developer fails to correct the alleged breach set forth in the written notice within the applicable period of time, then this Agreement may be terminated by the Franchisor as provided for herein. For the purposes of this Agreement, an alleged breach of this Agreement by the Area Developer will be deemed to be "corrected" if both the Franchisor and the Area Developer agree in writing that the alleged breach has been corrected.

7.3 Notice of Termination.

Except as provided in Article 7.4 and Article 7.5, if the Franchisor has complied with the provisions of Article 7.2 and the Area Developer has not corrected the alleged breach set forth in the written notice within the applicable time period specified in this Agreement, then the Franchisor will have the absolute right to terminate this Agreement by giving the Area Developer written notice of termination and, in that event, the effective date of termination of this Agreement will be the day the written notice of termination is deemed received by the Area Developer as provided for in Article 14.

7.4 Immediate Termination Rights of Franchisor.

Notwithstanding Article 7.2, the Franchisor will have the absolute right, unless precluded by applicable law, to immediately terminate this Agreement if the Area Developer: (a) fails to comply with the Development Schedule set forth in Article 4.1; (b) voluntarily or otherwise abandons any of its Big Boy Restaurants; (c) or any of its current directors, officers or majority Owners are convicted of, or plead

guilty to or no contest to a charge of violating any law, and such conviction or plea could have a material adverse effect on the Area Developer's right or ability to operate the Big Boy Restaurants or could have a material adverse effect on the Marks; (d) is determined to be insolvent within the meaning of applicable state or federal law, any involuntary petition for bankruptcy is filed against the Area Developer, or the Area Developer files for bankruptcy or is adjudicated a bankrupt under applicable state or federal law; (e) makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors; (f) is involved in any act or conduct which materially impairs the goodwill associated with the name "Big Boy®," any other of the Marks or with the Restaurant System and the Area Developer fails to correct the breach within 24 hours after deemed receipt of written notice of the breach from the Franchisor as provided in Article 14, or (g) the Area Developer made any material representation in the acquisition of its rights under this Agreement from Big Boy.

7.5 Notice of Immediate Termination.

Except as provided in Article 7.4(f), if this Agreement is terminated by the Franchisor pursuant to Article 7.4 above, then the Franchisor will give the Area Developer written notice as provided in Article 14 hereof that this Agreement is terminated and in that event, the effective date of termination of this Agreement will be the day the written notice of termination is deemed received by the Area Developer. If this Agreement is terminated by the Franchisor pursuant to Article 7.4(f), then this Agreement will terminate on the first minute of the 25th hour after deemed receipt of the written notice of termination if the Area Developer fails to correct the alleged breach within 24 hours after deemed receipt of the written notice of termination as provided for in Article 14.

7.6 Other Remedies.

Nothing in this Article will preclude the Franchisor from seeking other remedies or damages under state or federal laws, common law, or under this Agreement against the Area Developer including, but not limited to, attorneys' fees, and injunctive relief. If this Agreement is terminated by the Franchisor pursuant to this Article, or if the Area Developer breaches this Agreement by a wrongful termination, then the Franchisor will be entitled to seek recovery of all the damages that the Franchisor has sustained and will sustain in the future as a result of the Area Developer's breach of this Agreement.

ARTICLE 8
OBLIGATIONS UPON TERMINATION OR EXPIRATION

8.1 Obligations upon Termination; Reversion of Rights.

Upon termination of this Agreement for any reason, all rights to open and operate additional Big Boy Restaurants in the Territory and all other rights granted to the Area Developer pursuant to this Agreement will automatically revert to the Franchisor, and the Franchisor will have the right to develop the Territory or to contract with another area developer for the future development of the Territory. In addition, the Area Developer will comply with all other applicable provisions of this Agreement, including those provisions with obligations that continue beyond the termination of this Agreement.

8.2 Franchise Agreements Not Affected.

The Area Developer will continue to operate the Big Boy Restaurants owned by the Area Developer in the Territory pursuant to the terms of the applicable Franchise Agreements signed by the Franchisor and Area Developer prior to the termination of this Agreement, and the rights and obligations of the Franchisor and the Area Developer with respect to the Big Boy Restaurants in the Territory will be governed by the terms of the applicable Franchise Agreements.

8.3 Continuation of Obligations.

The indemnities and covenants contained in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

ARTICLE 9
AREA DEVELOPER'S COVENANTS NOT TO COMPETE

9.1 Consideration.

The Area Developer, the Owners and the Personal Guarantors acknowledge that the Area Developer, its Owners or officers and employees will receive specialized training, marketing and advertising plans, business strategies, confidential recipe, cooking and food preparation information, and trade secrets from the Franchisor pertaining to the Restaurant System and the operation of the Big Boy Restaurants. In consideration for this information, the Area Developer, the Owners and the Personal Guarantors will comply in all respects with the provisions of this Article. The Franchisor has advised the Area Developer that this provision is a material provision of this Agreement, and that the Franchisor will not enter into a development agreement with any person or entity that owns or intends to own, operate or be involved in any Competitive Restaurant (as defined in Section 9.2 below); however, Area Developer may, under certain circumstances, exclude from the coverage of Article 9.2 and Article 9.3 existing operational restaurant(s) owned and operated by the Area Developer on the Effective Date, and the Area Developer may, with the written consent of the Franchisor, continue to own and operate such restaurants during the term of this Agreement and thereafter. The Area Developer warrants and represents that it does not own, operate, or have any involvement with or interest in any restaurant that competes with a Big Boy Restaurant.

9.2 In-Term Covenant Not to Compete.

The Area Developer, the Owners and the Personal Guarantors will not, during the term of this Agreement, on their own account or as an employee, agent, consultant, affiliate, licensee, partner, officer, director, or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any family-style restaurant offering breakfast, lunch and/or dinner (including, by way of illustration only, Denny's, Bob Evans, Perkins, Shoney's, CoCos, Carrows, Ram's Horn, IHOP restaurants, Mimi's, Cracker Barrel, Tim-Horton's, ~~Cosi~~, ~~Panero~~, ~~Bakor's~~ ~~Squoro~~, Marie Callender's, and various coney islands and Comor-Bakery), any restaurant that sells double deck hamburgers or any restaurant that sells food products under the name "Bob's," or "Boy" ("Competitive Restaurant").

9.3 Post-Term Covenant Not to Compete.

The Area Developer, the Owners and the Personal Guarantors will not, for a period of twelve (12) months after the termination or expiration of this Agreement: (a) on their own account or as an employee, principal, agent, independent contractor, consultant, affiliate, licensee, partner, officer, director, member or shareholder of any other person, firm, entity, partnership, ~~or~~ corporation, or limited liability company, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in any Competitive Restaurant which is located within five (5) miles of the Territory, within five miles of any Big Boy Restaurant, or within any territory granted by the Franchisor or any affiliate of the Franchisor pursuant to a development agreement or other territorial agreement; or (b) convert any Restaurant developed by the Area Developer pursuant to this Agreement to a Competitive Restaurant. The Area Developer, the Owners and the Personal Guarantors expressly agree that the time and geographical limitations set forth in this provision are reasonable and necessary to protect the Franchisor and its area developers if this Agreement expires or is terminated by either party for any

reason, and that this covenant not to compete is necessary to permit the Franchisor the opportunity to resell and/or develop new Big Boy Restaurants within or near the Territory.

9.4 Injunctive Relief.

The Area Developer, the Owners and the Personal Guarantors agree that the provisions of this Article are necessary to protect the legitimate business interest of the Franchisor and its area developers including, without limitation, preventing the unauthorized dissemination of marketing, promotional and other confidential information to competitors of the Franchisor and its area developers, protecting recipes, cooking and food preparation techniques and other trade secrets, protecting the integrity of the Franchisor's franchise system, preventing duplication of the Restaurant System by unauthorized third parties, and preventing damage to and/or loss of goodwill associated with the Marks. The Area Developer, the Owners and the Personal Guarantors also agree that damages alone cannot adequately compensate the Franchisor if there is a violation of this Article by the Area Developer, the Owners or the Personal Guarantors, and that injunctive relief against the Area Developer is essential for the protection of the Franchisor and its area developers. The Area Developer, the Owners and the Personal Guarantors agree therefore, that if the Franchisor alleges that the Area Developer, the Owners or the Personal Guarantors have breached or violated this Article, then the Franchisor will have the right to petition a court of competent jurisdiction for injunctive relief against the Area Developer, the Owners and the Personal Guarantors, in addition to all other remedies that may be available to the Franchisor. The Franchisor will not be required to post a bond or other security for any injunctive proceeding. If the Franchisor is granted ex parte injunctive relief against the Area Developer, the Owners or the Personal Guarantors, then the Area Developer, the Owners or the Personal Guarantors will have the right to petition the court for a hearing on the merits at the earliest time convenient to the court.

9.5 Severability.

It is the desire and intent of the parties to this Agreement, including the Owners and the Personal Guarantors, that the provisions of this Article be enforced to the fullest extent permissible under the laws and public policy applied in each jurisdiction in which enforcement of the provisions of this Article is sought. Accordingly, if any part of this Article is adjudicated to be invalid or unenforceable, then this Article will be deemed to modify or delete that portion thus adjudicated to be invalid or unenforceable, such modification or deletion to apply only with respect to the operation of this Article in the particular jurisdiction in which the adjudication is made. Further, to the extent any provision of this Article is deemed unenforceable by virtue of its scope or limitation, the parties to this Agreement, including the Owners and the Personal Guarantors, agree that the scope and limitation provisions will nevertheless, be enforceable to the fullest extent permissible under the laws and public policies applied in such jurisdiction where enforcement is sought.

9.6 Effect on Other Agreements.

The covenants not to compete set forth in this Article will apply and be enforced independently of any covenant not to compete set forth in any other agreements between the Franchisor and any other party to this Agreement.

ARTICLE 10
INDEPENDENT CONTRACTORS

10.1 Independent Contractors.

The Franchisor and the Area Developer are each independent contractors and, as a consequence, there is no employer-employee or principal-agent relationship between the Franchisor and the Area Developer. The Area Developer will not have the right to and will not make any agreements, representations or warranties in the name of or on behalf of the Franchisor or represent that their relationship is other than that of licensor and licensee. Neither the Franchisor nor the Area Developer will be obligated by or have any liability to the other under any agreements or representations made by the other to any third parties.

10.2 Operation of Big Boy Restaurants.

The Area Developer will be solely responsible for the development and daily management and operation of its Big Boy Restaurants in the Territory and will control, supervise and manage all the employees, agents and independent contractors who work for or with the Area Developer. The Area Developer will be responsible for the acts of its employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all federal, state and local laws, rules and regulations. The Franchisor will not have any right, obligation or responsibility to control, supervise or manage the Area Developer's employees, agents or independent contractors.

ARTICLE 11
INDEMNIFICATION

11.1 Indemnification.

The Franchisor, its member(s) and its-affiliates, including their respective officers, members and directors ("Indemnitees"), will not be obligated to any person or entity for any damages arising out of, from, in connection with, or as a result of the Area Developer's negligence, the Area Developer's wrongdoing or the operation of the Area Developer's Big Boy Restaurants. Therefore, the Area Developer will indemnify and hold the Indemnitees harmless against, and will reimburse the Franchisor for, all damages that the Franchisor is held liable and for all costs incurred by the Indemnitees in the defense of any claim or action brought against any of the Indemnitees arising from, in connection with, arising out of, or as a result of the Area Developer's negligence, the Area Developer's wrongdoing or the operation of its Big Boy Restaurants including, without limitation, attorneys' fees, investigation expenses, court costs, deposition expenses, and Travel Expenses. The Area Developer will indemnify the Indemnitees, without limitation, for all claims and damages arising from, out of, in connection with, or as a result of (a) any personal injury, property damage, commercial loss or environmental contamination resulting from any act or omission of the Area Developer or its employees, agents or representatives; (b) any failure on the part of the Area Developer to comply with any requirement of any laws or any governmental authority; (c) any failure of the Area Developer to pay any of its obligations to any person or entity; (d) any failure of the Area Developer to comply with any requirement or condition of this Agreement or any other agreement with the Franchisor; (e) any misfeasance or malfeasance by the Area Developer; and (f) any tort committed by the Area Developer or its employees, agents or representatives. The Indemnitees will have the right to defend any claim made against them arising from, out of, as a result of, or in connection with this Agreement or the operation of the Big Boy Restaurants by the Area Developer.

11.2 Payment of Costs and Expenses; Continuing Obligations.

The Area Developer will indemnify the Franchisor for costs and expenses, including, without limitation, attorneys' fees, investigation expenses, court costs, deposition expenses, and Travel Expenses incurred by

the Franchisor in enforcing any term, condition or provision of this Agreement and/or in enjoining any violation of this Agreement by the Area Developer. The indemnification and other obligations of the Area Developer contained herein will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

ARTICLE 12 ARBITRATION

12.1 Disputes Subject to Arbitration.

Except as expressly provided in Article 12.5 of this Agreement, all disputes and controversies between the Franchisor and the Area Developer and their respective officers, directors, shareholders, members, governors, partners, employees, and agents, arising under, as a result of, or in connection with this Agreement, the Territory or the Big Boy Restaurants, including (a) allegations of fraud, misrepresentation and violation of any state or federal laws, rules, or regulations; and (b) claims against any officer, director, shareholder, member, governor, partner employee or agent, are subject to and will be resolved exclusively by arbitration conducted by the Southfield Michigan office of with the American Arbitration Association, 2777 Franklin Road, Suite 1150, Southfield, MI 48034, 248.352.5500 (www.adr.org) (the "AAA") and in accordance with its procedures.

12.2 Demand for Arbitration.

Following any required notice and applicable cure period, if any, either party may demand arbitration by giving written notice to the other party and to the office of the AAA. Unless agreed otherwise by the parties, one (1) Arbitrator will be selected to hear the matter in accordance with the selection procedures of the AAA. ~~The Arbitrator will be appointed within 30 days after a written demand for arbitration has been made by either party.~~

12.3 Venue and Jurisdiction.

Unless otherwise agreed, aAll arbitration hearings will take place exclusively in Macomb County, Michigan, and will be held no later than six months after the Arbitrator has been selected. The Franchisor and the Area Developer and its officers, directors, Owners, and the Personal Guarantors do hereby agree and submit to personal jurisdiction in the State of Michigan in connection with any arbitration hearings hereunder and any suits brought to enforce the decision of the Arbitrator, and do hereby waive any rights to contest venue and jurisdiction in the State of Michigan and any claims that venue and jurisdiction are invalid.

12.4 Powers of Arbitrators.

The Federal Rules of Evidence (the "Rules") will apply to all arbitration hearings and the introduction of all evidence, testimony, records, affidavits, documents and memoranda in any arbitration hearing must comply in all respects with the Rules and legal precedents interpreting the Rules. Both parties will have the absolute right to cross-examine any person who has testified against them or in favor of the other party. The Arbitrator will have no authority to add to, delete or modify in any manner the terms and provisions of this Agreement. All findings, judgments, decisions and awards of the Arbitrator will be limited to the dispute set forth in the written demand for arbitration and any counterclaim thereto, and the Arbitrator will have no authority to decide any other issues. The Arbitrator will have the right and authority to issue appropriate preliminary and permanent injunctive relief, including, without limitation, ex parte temporary restraining orders. The Arbitrator will not have the right or authority to award punitive or exemplary damages to either the Franchisor or the Area Developer or their respective officers, managers, directors, governors, shareholders, members, and partners, and each of them expressly waive their rights to plead or seek punitive or exemplary damages. All findings, judgments, decisions and

awards by the Arbitrator will be in writing, will be made within 60 days after the arbitration hearings have been completed, and will be final and binding on the Franchisor and the Area Developer. The written decision of the Arbitrator, including any temporary or permanent injunctive relief, will be deemed to be an order, judgment and decree and may be entered as such in any court of competent jurisdiction by either party. If, during the course of Arbitration, either party fails to appear at a meeting or hearing duly scheduled in accordance with the procedures of the AAA, the Arbitrator will have the absolute right to enter a default judgment and to award attorneys' fees and costs against the party failing to appear.

12.5 Alternative Forum for Certain Disputes.

The following disputes between the Franchisor and the Area Developer may be submitted directly to a court of competent jurisdiction without first submitting such dispute to an arbitrator: (a) the Area Developer's improper use of the Marks or the Restaurant System; (b) the obligations of the Area Developer upon termination or expiration of this Agreement; and (c) the Area Developer's violation of the provisions of this Agreement relating to confidentiality and the covenants not to compete.

12.6 No Collateral Estoppel or Class Actions.

All arbitration findings, conclusions, orders and awards made by the Arbitrator will be final and binding on the Franchisor and the Area Developer; however, such arbitration findings, conclusions, orders and awards may not be used to collaterally estoppel either the Franchisor or the Area Developer from raising any like or similar issue or defense in any subsequent arbitration, litigation, court hearing or other proceeding involving third parties, including other area developers. No person or entity except the Franchisor, the Area Developer, and their officers, managers, directors, governors, shareholders, members, and partners, and the Owners and Personal Guarantors will have the right to join in or participate in any arbitration proceeding arising under this Agreement, and therefore, the Arbitrator will not be authorized to permit class actions or to permit any other person or entity to be involved in or be named as a party to any arbitration proceeding brought by either party under this Agreement. The Franchisor and the Area Developer agree that neither party will be entitled to allege or recover punitive or exemplary damages. Thus, the Arbitrator will not have the right to award punitive or exemplary damages to either party and both parties expressly waive their rights to allege or claim punitive or exemplary damages.

12.7 Confidentiality.

All evidence, testimony, records, documents, findings, decisions, judgments and awards pertaining to any arbitration hearing between the Franchisor and the Area Developer will be secret and confidential in all respects. The Franchisor and the Area Developer will not disclose the decision or award of the Arbitrators and will not disclose any evidence, testimony, records, documents, findings, orders, or other matters from the arbitration hearing to any person or entity except as required by law or as required to be included in the Franchisor's Franchise Disclosure Document. Nothing herein will prevent either party from disclosing or using any information presented in any arbitration proceeding in any subsequent court hearing brought by either party.

**ARTICLE 13
ENFORCEMENT**

13.1 Injunctive Relief.

The Franchisor will have the right to petition a court of competent jurisdiction for the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement

for any action relating to: (a) the Area Developer's improper use of the Marks or the Restaurant System; (b) the obligations of the Area Developer upon termination or expiration of this Agreement; and (c) the Area Developer's violation of the provisions of this Agreement relating to the covenants not to compete.

13.2 Severability.

All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder or the taking of some other action not required hereunder, or if under any applicable law or rule of any jurisdiction, any provision of this Agreement is invalid or unenforceable under applicable law, then the prior notice or other action required by such law or rule will be substituted for the notice requirements hereof, or such invalid or unenforceable provision will be modified to the extent required to be valid and enforceable. Such modifications to this Agreement will be effective only in such jurisdiction.

13.3 Waiver.

The Franchisor and the Area Developer may, by written instrument signed by the Franchisor and the Area Developer, waive any obligation of or restriction upon the other under this Agreement. Acceptance by the Franchisor of any payment by the Area Developer and the failure, refusal or neglect of the Franchisor to exercise any right under this Agreement or to insist upon full compliance by the Area Developer of its obligations hereunder will not constitute a waiver by the Franchisor of any provision of this Agreement. The Franchisor will have the right to waive obligations or restrictions for other area developers under their development agreements without waiving those obligations or restrictions for the Area Developer and, except to the extent provided by law, the Franchisor will have the right to negotiate terms and conditions, grant concessions and waive obligations for other area developers without granting those same rights to the Area Developer and without incurring any liability to the Franchisor whatsoever.

13.4 Payments to Franchisor.

The Area Developer will not, on grounds of the alleged nonperformance by the Franchisor of any of its obligations under this Agreement, any other contract between the Franchisor and the Area Developer, or for any other reason, withhold payments due the Franchisor pursuant to this Agreement, any Franchise Agreement or any other contract with the Franchisor. The Area Developer will not have the right to "offset" or withhold any liquidated or unliquidated amounts, damages or other funds allegedly due to the Area Developer by the Franchisor against any payments due to the Franchisor by the Area Developer.

13.5 Effect of Wrongful Termination.

If either the Franchisor or the Area Developer take any action to terminate this Agreement except as provided for under the terms of this Agreement, then: (a) such actions will not relieve either party of, or release either party from, any of its obligations under this Agreement; (b) the terms and conditions of this Agreement will remain in full force and effect; and (c) the parties will be obligated to fully perform all terms and conditions of this Agreement until such time as this Agreement expires or is terminated in accordance with the provisions of this Agreement and applicable law.

13.6 Miscellaneous.

The rights of the Franchisor hereunder are cumulative and no exercise or enforcement by the Franchisor of any right or remedy hereunder will preclude the exercise or enforcement by the Franchisor of any other right or remedy hereunder or which the Franchisor is entitled by law to enforce. This Agreement is binding upon the parties hereto and their executors, administrators, heirs, assigns and successors in

interest. If the Area Developer consists of more than one person or entity, their liability under this Agreement will be deemed to be joint and several, together with the liability of the Personal Guarantors.

13.7 No Oral Modification.

No modification, change, addition, rescission, release, amendment or waiver of this Agreement and no approval, consent or authorization required by any provision of this Agreement may be made by any person except by a written agreement signed by a duly authorized officer or partner of the Area Developer and the Chief Executive Officer of the Franchisor.

13.8 Entire Agreement.

This Agreement supersedes and terminates all prior agreements, either oral or in writing, between the parties involving the franchise relationship and therefore, representations, inducements, promises or agreements alleged by either the Franchisor or the Area Developer that are not contained in this Agreement, any other agreements executed simultaneously herewith, or franchisor's Franchise Disclosure Document, will not be enforceable. The Introduction is part of this Agreement, which constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between the Franchisor and the Area Developer relating to the subject matter of this Agreement. This Agreement will not supersede any written franchise agreements or contracts that are signed concurrently with this Agreement or any franchise agreements signed by the Franchisor and the Area Developer prior to the date of this Agreement.

13.9 Headings; Terms.

The headings of the Articles are for convenience only and do not in any way define, limit or construe the contents of such Articles. The term "Area Developer" as used herein is applicable to one or more individuals, a corporation, a limited liability company, a partnership, a limited partnership, or a Controlled Entity, as the case may be, and the singular usage includes the plural, the masculine usage includes the neuter and the feminine, and the neuter usage includes the masculine and the feminine. References to "Area Developer," "assignee" and "transferee" which are applicable to an individual or individuals will mean the Owner or Owners of the equity or operating control of the Area Developer or any such assignee or transferee if the Area Developer or such assignee or transferee is a corporation, a limited liability company, a partnership or a limited partnership.

13.10 Venue and Jurisdiction.

All litigation, court proceedings, arbitration proceedings, lawsuits, court hearings initiated by the Franchisor or the Area Developer, including any action to contest the arbitration provisions of this Agreement, must and will be venued exclusively in Macomb County, Michigan. The Area Developer, its officers, managers, directors, governors, shareholders, members, partners, Owners, and Personal Guarantors do hereby agree and submit to personal jurisdiction in Macomb County, Michigan for the purposes of any suit, proceeding or hearing brought to enforce or construe the terms of this Agreement or to resolve any dispute or controversy arising under, as a result of, or in connection with this Agreement or the Big Boy Restaurants operated by the Area Developer, and do hereby agree and stipulate that any such suits, proceedings and hearings will be exclusively venued and held in Macomb County, Michigan. The Area Developer, its officers, managers, directors, governors, shareholders, members, partners, Owners, and Personal Guarantors waive any rights to contest such venue and jurisdiction and any claims that such venue and jurisdiction are invalid.

13.11 Federal Arbitration Act.

Any issue regarding arbitration will be governed by the Federal Arbitration Act and the federal common law of arbitration.

ARTICLE 14
NOTICES

All notices to the Franchisor will be in writing and will be sent to Big Boy Franchise Management LLC, 4199 Marcy Street, Warren, MI 48091-5628, or such other address as the Franchisor may subsequently designate in writing. Except as otherwise provided by applicable law, all notices under this Agreement will be in writing and delivered to the addressee by any of the following means: (a) by personal service, (b) by prepaid certified U.S. mail, (c) by facsimile, e-mail or other electronic transmission, or (d) by a recognized overnight delivery service (such as Federal Express, United States Express Mail, Airborne Express or UPS) which requires a written receipt or acknowledgement of delivery. All notices to the Area Developer sent by (a), (b) and (d), above, will be sent or delivered to the last known address of the Area Developer or such other address as the Area Developer may subsequently designate in writing. If the written notice is sent by either party by fax or electronic transmission, the notice will be sent to the last known fax number or the last known e-mail address provided to the sender by the person or entity receiving the written notice. For the purposes of this Agreement, written notice will be deemed received by the addressee (i) on the day received, if it is delivered by personal service or by a recognized overnight delivery service, (ii) 3 days after mailing if sent by U.S. certified mail regardless of whether actually received or returned to sender, (iii) on the date of transmission, if it is sent by 5:00 p.m. at the recipient's location by facsimile and the transmission has been confirmed by the sender, or (iv) on the date of transmission, if sent by 5:00 p.m. at the recipient's location by e-mail or other electronic transmission and the sender does not receive a notice of non-delivery.

ARTICLE 15
ACKNOWLEDGMENTS; DISCLAIMER

15.1 Disclaimer.

The Franchisor does not warrant or guarantee that the Area Developer will derive income or profit from its Big Boy Restaurants, or that the Franchisor will refund all or part of the Development Fee or Initial Fees paid by the Area Developer or repurchase any of the supplies, products, services, technology, furniture, fixtures or equipment supplied or sold by the Franchisor or by an approved or designated supplier if the Area Developer is in any way unsatisfied with its Big Boy Restaurants. The Franchisor expressly disclaims the making of any express or implied representations or warranties regarding the sales, earnings, income, profits, gross revenues, gross income, business or financial success, or value of the Big Boy Restaurants except as contained in the Big Boy® Franchise Disclosure Document received by the Area Developer.

15.2 Acknowledgments by Area Developer.

The Area Developer acknowledges that it has conducted an independent investigation of the Big Boy Restaurants and recognizes that the business venture contemplated by this Agreement and the operation of the Big Boy Restaurants involve business and economic risks. The Area Developer acknowledges that the financial, business and economic success of the Big Boy Restaurants will be primarily dependent upon the personal efforts of the Area Developer, its management and employees, and on economic conditions in the area where the Big Boy Restaurants are located and economic conditions in general. The Area Developer acknowledges that it has not received any estimates, projections, representations, warranties or guarantees, expressed or implied, regarding potential sales, gross revenues, gross income, income, profits, earnings, expenses, financial or business success, value of the Big Boy Restaurants, or other economic matters pertaining to the Big Boy Restaurants from the Franchisor or any of its agents that were not expressly set forth in the Big Boy® Franchise Disclosure Document received by the Area Developer ("Representations"). The Area Developer further acknowledges that if it had received any

such Representations, it would not have executed this Agreement, promptly notified an officer of the Franchisor in writing of the person or persons making such Representations, and provided to the Franchisor a specific written statement detailing the Representations made.

15.3 Other Area Developers.

The Area Developer acknowledges that other area developers have or will be granted development agreements at different times, for different areas, under different economic conditions and in different situations, and further acknowledges that the economics, terms and conditions of such other development agreements may vary substantially in form and in substance from those contained in this Agreement.

15.4 Receipt of Agreement and Franchise Disclosure Document.

The Area Developer acknowledges that it received a copy of this Agreement with all material blanks fully completed at least five (5) business days prior to the date that this Agreement was executed by the Area Developer. The Area Developer further acknowledges that it received a copy of the Big Boy® Franchise Disclosure Document at least fourteen (14) business days prior to the date on which this Agreement was executed.

ARTICLE 16
AREA DEVELOPER'S LEGAL COUNSEL

The Area Developer acknowledges that this Agreement constitutes a legal document which grants certain rights to and imposes certain obligations upon the Area Developer. The Area Developer has been advised by the Franchisor to retain an attorney or advisor prior to the execution of this Agreement to review the Big Boy® Franchise Disclosure Document, to review this Agreement in detail, to review all legal documents, to review the economics, operations and other business aspects of the Big Boy Restaurants, to determine compliance with franchising and other applicable laws, to advise the Area Developer on economic risks, liabilities, obligations and rights under this Agreement and to advise the Area Developer on tax issues, financing matters, applicable state and federal laws, liquor laws, health and safety laws, environmental laws, employee issues, insurance, structure of the restaurant business, and other legal and business matters.

ARTICLE 17
GOVERNING LAW; STATE MODIFICATIONS

17.1 Governing Law.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 *et seq.*), this Agreement and the relationship between the Franchisor and the Area Developer will be governed by the laws of the state in which the Area Developer's primary place of business is located which is set forth on the cover page of this Agreement. The provisions of this Agreement which conflict with or are inconsistent with applicable governing law will be superseded and/or modified by such applicable law only to the extent such provisions are inconsistent. All other provisions of this Agreement will be enforceable as originally made and entered into upon the execution of this Agreement by the Franchisor and the Area Developer.

17.2 Applicable State Laws.

If applicable, the following states have statutes which may supersede the provisions of this Agreement in the Area Developer's relationship with the Franchisor in the areas of termination and renewal of the

Franchise: Arkansas [Stat. Section 70-807], California [Bus. & Prof Code Sections 20000-20043], Connecticut [Gen. Stat. Section 42-133e, *et seq.*], Delaware [Code Section 2552], Hawaii [Rev. Stat. Section 482E-1], Illinois [815 ILCS 705/19-20], Michigan [Stat. Section 19.854(27)], Minnesota [Stat. Section 80C.14], Mississippi [Code Section 75-24-51], Missouri [Stat. Section 407.400], Nebraska [Rev. Stat. Section 87-401], New Jersey [Stat. Section 56:10-1], and Wisconsin [Stat. Section 135.03]. These and other states may have court decisions which may supersede the provisions of this Agreement in the Area Developer's relationship with the Franchisor in the areas of termination and renewal of the Franchise.

17.3 State Law Modifications.

If the Area Developer's Big Boy Restaurants are located in any one of the states indicated below in this Article, or if the laws of any such state are otherwise applicable, then the designated provisions of this Agreement will be amended and revised as follows:

(a) California. If this Agreement is governed by the laws of the State of California, then: (1) the covenant not to compete upon termination or expiration of this Agreement contained in Article 9.3 may be unenforceable, except in certain circumstances provided by law; and (2) provisions of this Agreement giving the Franchisor the right to terminate in the event of the Area Developer's bankruptcy may not be enforceable under federal bankruptcy laws (11 U.S.C. Sec. 101, *et seq.*).

(b) Illinois. If this Agreement is governed by the laws of the State of Illinois, then: (1) any provision of this Agreement that designates jurisdiction or venue in a forum outside the State of Illinois is void, provided that this Agreement may provide for mediation or arbitration in a forum outside Illinois; (2) this Agreement is hereby amended to provide that the periods of limitation in Section 27 of the Illinois Franchise Disclosure Act and applicable court decisions will be applicable to any action maintained by the Franchisor to enforce any liability created by the Act; and (3) any condition, stipulation or provision of this Agreement requiring the Area Developer to waive compliance with any provision of the Illinois Franchise Disclosure Act is void; therefore, the acknowledgments contained in Article 15.2 and Article 15.4 of this Agreement may be unenforceable against the Area Developer.

(c) Minnesota. If this Agreement is governed by the laws of the State of Minnesota, then: (1) Article 7.2 will be amended to require that, except as set forth in Article 7.5 and 7.6, in the event the Franchisor gives the Area Developer written notice that the Area Developer has breached this Agreement, such written notice will be given to the Area Developer at least 90 days prior to the date this Agreement is terminated by the Franchisor, and the Area Developer will have 60 days after such written notice within which to correct the breach specified in the written notice; (2) notwithstanding any provisions of this Agreement to the contrary, a court of competent jurisdiction will determine whether Area Developer will be required to post a bond or other security, and the amount of such bond or other security, in any injunctive proceeding commenced by the Franchisor against the Area Developer, the Area Developer's Owners or the Personal Guarantors; (3) Article 6.4(d) of this Agreement will be inapplicable to rights provided to the Area Developer or to any liability imposed by Minn. Stat. §§80C.01 to 80C.22; (4) notwithstanding any provisions of this Agreement to the contrary, the Area Developer will have no more than three years after the cause of action accrues to bring an action against the Franchisor pursuant to Minn. Stat. §80C.17; and (5) any provision of this Agreement which requires the Area Developer to waive its rights to jurisdiction or venue in the State of Minnesota will be inapplicable to the Area Developer.

(d) North Dakota. If this Agreement is governed by the laws of the State of North Dakota, then: (1) the covenant not to compete upon termination or expiration of this Agreement contained in Article 9.3 of this Agreement may be unenforceable, except in certain circumstances provided by law; (2) mediation or arbitration hearings will be conducted in North Dakota or at a

mutually agreed upon location; and (3) the consent by the Franchisor to jurisdiction and venue in the State of Michigan contained in Article 13.10 may be inapplicable; provided, however, that such inapplicability will not be construed to mean that venue in the State of Michigan is improper, or that the Area Developer, its officers, managers, directors, governors, Owners and Personal Guarantors are not subject to jurisdiction in the State of Michigan or in any other state.

(e) Wisconsin. If this Agreement is governed by the laws of the State of Wisconsin, then the provisions of the Wisconsin Fair Dealership Law, Wis. Stat. Chapter 135, will supersede any conflicting terms of this Agreement.

ARTICLE 18 **DEFINITIONS**

For purposes of this Agreement, the following words will have the following definitions:

18.1 Abandon.

“Abandon” will mean the conduct of the Area Developer indicating the willingness, desire or intent of the Area Developer to discontinue operating any of the Big Boy Restaurants in accordance with the quality standards, uniformity requirements and the Restaurant System as described in this Agreement and the Operations Manual including, but not limited to, the failure of the Area Developer to operate any of the Big Boy Restaurants for five or more consecutive days without the prior written approval of the Franchisor or the failure to remain open for business during specified business hours.

18.2 Assign or Assignment.

“Assign” or “Assignment” will mean sale, assignment, pledge, bequeath, trade, transfer, lease or sublease.

18.3 Dollars.

“Dollars” will mean United States of America dollars.

18.4 Franchise Agreement.

“Franchise Agreement” will mean the then-current standard Big Boy® Franchise Agreement.

18.5 Marks.

Marks” will include the name “Big Boy®” and the specific trademarks, trade names, service marks, logos and commercial symbols, phrases, slogans, and tag lines created and developed by the Franchisor for use in connection with the operation of Big Boy Restaurants that are specified in this Agreement, the Operations Manual, or otherwise in writing by the Franchisor.

18.6 Owner.

“Owner” will mean any person or entity who owns shares of capital stock in the Area Developer if the Area Developer is a corporation, a membership interest in the Area Developer if the Area Developer is a limited liability company, a partnership interest in the Area Developer if the Area Developer is a partnership, a limited or general partnership interest if the Area Developer is a limited partnership and will include all other persons or entities owning any other type of Ownership Interest.

18.7 Ownership Interests.

“Ownership Interests” will mean capital stock if the Area Developer is a corporation, membership interest if the Area Developer is a limited liability company, partnership interest if the Area Developer is a partnership, limited or general partnership interests if the Area Developer is a limited partnership and will include all other types and means of ownership of the Area Developer.

18.8 Personal Guarantors.

“Personal Guarantor(s)” will mean the Owners and their spouses.

18.9 Restaurant System.

“Restaurant System” will mean the distinctive foods, beverages, food products, and other products and services which are associated with the Marks, copyrights, distinctive interior and exterior building designs, décor, furnishings, menus, uniforms, signs, color combinations, uniformity requirements, standards of consistency and quality, procedures, cleanliness, sanitation, controls, specifications, training, advertising and instructions promulgated by the Franchisor.

18.10 Salaries and Benefits.

“Salaries and Benefits” will mean the salaries, fringe benefits, including life insurance, medical insurance and retirement plans, payroll taxes, unemployment compensation, workers’ compensation insurance, and all other expenses related to employment.

18.11 Travel Expenses.

“Travel Expenses” will mean all costs incurred for travel, transportation, food, lodging, telephone, automobile rental and all related travel expenses.

18.12 Terms Defined in Franchise Agreement.

Capitalized terms used but not defined in this Agreement will, if defined in the Franchise Agreement, have the meanings ascribed to such terms in the Franchise Agreement.

IN WITNESS WHEREOF, the Franchisor, the Area Developer and the Area Developer’s Owners have respectively signed this Agreement effective as of the day and year first above written.

In the Presence of

Big Boy Franchise Management LLC

By _____
Its _____
(Office Held)

“Developer”

Legal Name

By _____
Its _____
(Office Held)

and

By _____
hs _____
(Office Held)

The undersigned Owners hereby agree to be bound by the terms and conditions of this Agreement applicable to the Owners, including without limitation, Articles 6.4, 6.5, 6.6, 6.7, 12.4, 12.5, 13.9 and 13.10, which in no event will limit any of the obligations undertaken by the Owners in any other capacity or under any other agreement or guaranty.

In the Presence of

Names of Owners

Percentage of
Ownership

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

PERSONAL GUARANTY

THIS PERSONAL GUARANTY (this "Personal Guaranty") is made and entered into this ____ day of _____, by and between Big Boy Franchise Management LLC, a Michigan limited liability company (the "Franchisor"), and the undersigned personal guarantors (the "Personal Guarantors").

WHEREAS, the Franchisor and _____ (a/an) _____ (the "Area Developer") have entered into an Area Development Agreement, dated the same date as set forth above, for the development of franchised Big Boy Restaurants in a defined Territory (the "Area Development Agreement").

WHEREAS, it is the desire of the undersigned Personal Guarantors to personally guaranty the obligations of the Area Developer under the Area Development Agreement and to be individually, jointly and severally bound by the terms and conditions of the Area Development Agreement.

NOW, THEREFORE, in consideration of the execution of the Area Development Agreement by the Franchisor, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do individually, jointly and severally hereby become surety and guaranty for the payment of all amounts and the performance of the covenants, terms and conditions of the Area Development Agreement, including the covenants not to compete, to be paid, kept and performed by the Area Developer.

Obligations under Agreement. The undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Area Development Agreement, including the covenants not to compete, and agree that this Personal Guaranty should be construed as though the undersigned and each of them executed a development agreement containing the identical terms and conditions of the Area Development Agreement. The Personal Guarantors acknowledge having received a copy of the Area Development Agreement which is incorporated herein by reference.

Default of Area Developer. If any default should at any time be made therein by the Area Developer, then the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay to the Franchisor the Initial Fees, the Development Fee, and all other monies due and payable to the Franchisor under the terms and conditions of the Area Development Agreement.

Non-Compliance by Area Developer. If the Area Developer fails to comply with any other terms and conditions of the Area Development Agreement, then the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to comply with the terms and conditions of the Area Development Agreement for and on behalf of the Franchisor.

Obligations of Area Developer. If the Area Developer is at any time in default on any obligation to pay monies to the Franchisor or any subsidiary or affiliate of the Franchisor, whether for the Development Fees, Initial Fees, merchandise, products, supplies, furniture, fixtures, equipment or other products purchased by the Area Developer from the Franchisor or any subsidiary or affiliate of the Franchisor, or for any other indebtedness of the Area Developer to the Franchisor or any subsidiary or affiliate of the Franchisor, then the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay all such monies due and payable by the Area Developer to the Franchisor or any subsidiary or affiliate of the Franchisor upon default by the Area Developer.

Continuing Obligations. Each of the Personal Guarantors agrees that the discharge or release of any obligations of the Franchisee or of any Personal Guarantor or other person now or hereafter liable hereunder or under the Franchise Agreement by reason of bankruptcy or insolvency laws or otherwise

shall not diminish or impair the liability of each other Personal Guarantor in any respect. Such discharge or release may be done without notice to the Personal Guarantors.

Binding Agreement. The Personal Guarantors warrant and represent that they have the capacity to execute this Personal Guaranty and that they will be bound by all of the terms and conditions of this Personal Guaranty. The provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of the successors and assigns of the Franchisor.

Jurisdiction and Venue. Except as precluded by applicable law, all litigation, actions or proceedings pertaining to this Personal Guaranty will be brought and venued in accordance with Articles 12.3 and 13.10 of the Area Development Agreement.

PERSONAL GUARANTORS

Individually

Individually

Address

Address

City State Zip Code

City State Zip Code

Telephone

Telephone

Individually

Individually

Address

Address

City State Zip Code

City State Zip Code

Telephone

Telephone

**EXHIBIT A
TO
BIG BOY FRANCHISE MANAGEMENT LLC
AREA DEVELOPMENT AGREEMENT**

DESCRIPTION OF TERRITORY:

BIG BOY FRANCHISE MANAGEMENT LLC

By _____
Its _____
(Office Held)

AREA DEVELOPER

By _____
Its _____
(Office Held)

BIG BOY FRANCHISE MANAGEMENT LLC

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT D: STATE AGENCIES AND

AGENTS FOR SERVICE OF PROCESS

STATE AGENCIES

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws.

(404) 656-3790

ALASKA

Attorney-General's Office
Commercial and Fair Business Section
1031 W. 4th Avenue, Suite 200
Anchorage, Alaska 99501
(907) 269-5200

CALIFORNIA

Franchise Division
California Department of Corporations
1515 K Street, Suite 200
Sacramento, California 95814
(916) 445-7205/Toll Free: (866) 275-2677

CONNECTICUT

Department of Banking
Securities Division
260 Constitution Plaza
Hartford, Connecticut 06103
(860) 240-8299/Toll-free: (800) 831-7225
Fax: (860) 240-8295

FLORIDA

Florida Department of Agricultural and
Consumer Services
Division of Consumer Services
Terry Lee Rhodes Building
2500 Apalachee Parkway
Tallahassee, Florida 32399
Out of State (850) 488-2221
Toll-Free FL (800) 435-7372

GEORGIA

Office of Consumer Affairs
No. 2 Martin Luther King Dr.
Plaza Level, East Tower
Atlanta, GA 30334

HAWAII

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

ILLINOIS

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

INDIANA

Franchise Division
Office of Secretary of State
302 W. Washington Street, Rm. E111
Indianapolis, Indiana 46204
(317) 232-6330

KENTUCKY

Office of Kentucky Attorney General
Office of Consumer Protection
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601
(502) 696-5389

LOUISIANA

Office of the Attorney General
Consumer Protection Section
1885 3rd Street
Baton Rouge, Louisiana 70802
(225) 326-6460

MAINE

Banking Bureau
Securities Division
State House- Station 121
Augusta, Maine 04333
(207) 624-8551

MARYLAND

~~Franchise-Office~~Office of the Attorney
General
~~Division of Securities~~ Division
200 St. Paul Place-20th-Floor
Baltimore, Maryland 21202-2020-2020
(410) 576-6360

MICHIGAN

Consumer Protection Division
Franchise Section
P.O. Box 30213
Lansing, Michigan 48909
(517) 373-7117

MINNESOTA

Franchise Division
Minnesota Department of Commerce
1-33-E-Seventh-Street85 7th Place East, Suite
500
St. Paul, Minnesota 55101-2198
(651) 296-6328

NEBRASKA

Nebraska Department of Banking and
Finance
1230 "O" Street, Suite 400
P.O. Box 95006
Lincoln, Nebraska 68509-5006
(877) 471-3445

(402) 471-2171

NEW YORK

Franchise & Securities Division
State Department of Law
120 Broadway, 23rd Floor
New York, New York 10271
(212) 416-8211

NORTH CAROLINA

Department of Secretary of State
P.O. Box 29622
Raleigh, NC 27626-0622
(919) 807-2000

NORTH DAKOTA

Franchise Division
Office of Securities Commission
600 East Boulevard Avenue- 5th Floor
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Corporate Securities Section
Department of Insurance and Finance
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

RHODE ISLAND

Franchise Office
Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex Building 69-1
Cranston, RI 02910
233-Richmond-Street, Suite-232
Providence, Rhode-Island-02903
(401) 222-3048

SOUTH CAROLINA

South Carolina Secretary of State

1205 Pendleton Street, Suite 525
Columbia, South Carolina 29201
P.O. Box 11350
Columbia, South Carolina 29211
(803) 734-1958

SOUTH DAKOTA

Department of Revenue and Regulation
South-Dakota-Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501
(605) 773-4823

TEXAS

Statutory Document Section
Texas Secretary of State
P.O. Box 12887
1019 Brazos Street
Austin, Texas 78701-2887
(512) 475-1769

UTAH

Division of Consumer Protection
1600 East 300 South
Salt Lake City, Utah 84111
(801) 530-6601

VIRGINIA

State Corporation Commission
Franchise-OfficeDivision of Securities and
Retail Franchising

~~State Corporation Commission~~
1300 East Main Street, 4th Floor
Richmond, Virginia 23219
(804) 371-9276

WASHINGTON

The Department of Financial Institutions
Securities Division
P.O. Box 9033

Olympia, Washington 98507-9033
Voice: (360) 902-8760
Fax: (360) 586-5068

WISCONSIN

Franchise-OfficeDepartment of Financial
Institutions
Division of Securities
345 West Washington Avenue, 4th Floor

~~Wisconsin-Securities-Commission~~
~~P.O. Box 1768~~
Madison, Wisconsin 53701-53703
(608) 266-3364

AGENTS FOR SERVICE OF PROCESS

Arizona

Corporation Service Company
2338 W. Royal Palm Road, Suite J
Phoenix, AZ 85021
Arizona Corporation
Commission
Corporations Division
1300 West Washington
Phoenix, AZ 85007-2929
(602) 542-4100

California

Franchise Division
California Department of Corporations
1515 K Street, Suite 200
Sacramento, California 95814
(916) 445-7205/Toll Free: (866) 275-2677

The Prentice Hall Corporation System, Inc.
Corporation Service Company
D/b/a CSC Lawyers Incorporating Service
2730 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833

Florida

The Prentice Hall Corporation System, Inc.
Corporation Service Company
1201 Hayes Street
Tallahassee, FL 32301
Florida Department of Agricultural and
Consumer Services
Division of Consumer Services
Terry Lee Rhodes Building
2500 Apalachee Parkway
Tallahassee, Florida 32399
Out of State (850) 488-2221

Toll-Free FL (800) 435-7372

Georgia

Office of Consumer Affairs
2 Martin Luther King Drive Suite 356
Phiza Level, East Tower
Atlanta, GA 30334-9077
(404) 651-8600
(800) 869-1123

Corporation Service Company
40 Technology Pkwy S., #300
Norcross, GA 30092

Hawaii

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

Illinois

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-1090
Illinois Corporation Service Company
801 Adlai Stevenson Drive
Springfield, IL 62703

Maryland

Maryland Securities Commissioner

Securities Division
200 St. Paul Place
Baltimore, MD 21202-2020
(888) 743-0023

Michigan

Consumer-Protection-Division Keith E.
Sirois
Franchise-Section Big Boy Restaurants
International LLC
4199 Marcy P.O. Box 30243
Warren, MI 48091 Lansing, Michigan 48909
(586) 759-6000 (517) 373-7447
Keith E. Sirois
Big Boy Restaurants International LLC
One Big Boy Drive
Warren, MI 48091

Minnesota

Commissioner of Commerce
Department of Commerce
133 E. Seventh Street
St. Paul, Minnesota 55101
(651) 296-6328

Corporation-Service-Company
380 Jackson Street, Suite 700
St. Paul, MN 55101

Nevada

Secretary of State
Nevada State Capital Building
101 North Carson Street, Suite 3
Carson City, NV 89701
(775) 684-5708
Fax: (775) 684-5725

CSC Services of Nevada, Inc.
2215-B Renaissance Drive
Las Vegas, NV 89149

North Carolina

Department of Secretary of State
P.O. Box 29622
Raleigh, NC 27626-0622
(919) 807-2000

North Dakota

Securities Commissioner
Office of Securities Commission
600 East Boulevard Avenue- 5th Floor
Bismarck, North Dakota 58505
(701) 328-2910
Corporation-Service-Company
316 North Fifth Street
P.O. Box 1695
Bismarck, ND 58502

Ohio

CSC-Lawyers-Incorporating-Service
Company-(Corporation-Service-Company)
50-West-Broad-Street,-Suite-1800
Columbus,-OH-43215

South Carolina

South Carolina Secretary of State
1205 Pendleton Street, Suite 525
Columbia, SC 29201
P.O. Box 11350
Columbia, SC 29211
(803) 734-1958

Texas

Secretary of State's Office
Statutory Documents Section
1019 Brazos Street
Austin, TX 78701
(512) 475-1769

The-Prentice-Hall-Corporation-System,-Inc-
241 E-7th-Street,-Suite-620
Austin,-TX-78704-3248

Utah

Division of Consumer Protection
1600 East 300 South
Salt Lake City, UT 84111
(801) 530-6601

The-Prentice-Hall-Corporation-System,-Inc-

Corporation-Services-Company
2480-South-1300-East,-Suite-650
Salt-Lake-City,-UT-84106

Virginia

Clerk, State Corporation Commission
Division of Securities and Retail
Franchising
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9276

Washington

Director of Financial Institutions
The Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033

Wisconsin

Administrator, Division of Securities
Wisconsin Securities Commission
P.O. Box 1768
Madison, Wisconsin 53701
(608) 266-3364
CSC-Lawyers-Incorporating-Service-Company
8040 Excelsior-Drive,-Suite-400
Madison,-WI-53747

BIG BOY FRANCHISE MANAGEMENT LLC

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT E: LIST OF CURRENT FRANCHISEES

(This information is current as of December 26²⁵, 2010²⁰¹¹)

CALIFORNIA

Kern County

1030	3939 Ming Avenue Bakersfield, CA 93309-4901 Phone: 661-833-0780 Fax: 661-833-0001	Raghuveer Mendu Ahira BBB, Inc. 7985 Rosedale Highway Bakersfield, CA 93308
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Los Angeles County

1203	4211 W. Riverside Drive Burbank, CA 91505 Phone: 818-843-9334 Fax: 818-955-7691	Steven E. Funkhouser c/o M & S Management, Inc. 1629 Mary Road Acton, CA 93510 Phone: 703-264-1280
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1055	21090 Colima Road Diamond Bar, CA 91789 Phone: 909-595-9170 Fax: 909-598-3894	James Tsai Tsai Investment Group, Inc. 1628 Wayne Avenue South Pasadena, CA 91030 Phone: 909-598-6438
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1071	7447 Firestone Blvd. Downey, CA 90241 Phone: 562-928-2627 Fax:	Jim H. Louder JKBBB, Inc. 3 Williamsburg Lane Rolling Hills, CA 90274
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1010	8876 Corbin Avenue Northridge, CA 91324 Phone: 818-772-2627 Fax: 818-727-9278	Howard Teichner GWE Industries, Inc. (c/o Restaurant #1010)
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1206	899 E. Del-Mar Blvd. Pasadena, CA 91106-3202 Phone: 626-793-2627 Fax: 626-792-3118	Steven E. Funkhouser c/o S & P-Fresh L.L.C. 2 Upper Newport Newport Beach, CA-92660
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1325	1898 E. Willow Street Signal Hill, CA-90755 Office: 562-426-2126 Fax: 562-424-2132	Mike Hashim QSC-Restaurant Corporation (c/o Restaurant #1325)
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CALIFORNIA, cont.

Los Angeles County, cont.

1195 8274 Sunland Blvd. John Koutsoukos
Sun Valley, CA 91352 Koutsoukos Bros. Inc.
Phone: 818-768-7373 (c/o Restaurant #1195)
Fax: 818-768-8135

1070 24021 Hawthorne Blvd Jim H. Louder
Torrance, CA 90505 JKBBB, Inc.
Phone: 310-375-1800 3 Williamsburg Lane
Fax: 310-375-7072 Rolling Hills, CA 90274

CALIFORNIA, cont.

Orange County

1197 1623 W. Katella Avenue Tavinder (Sunny) Sawhney
Orange, CA 92867 OM RAS, Inc.
Phone: 714-516-0981 (c/o Restaurant #1197)
Fax: 714-516-1447

Riverside County

1688 540 Sandalwood Drive James Tsai
Calimesa, CA 92323 Tsai Investment Group, Inc.
Office: 909-446-8822 1628 Wayne Avenue
Fax: 909-446-0360 South Pasadena, CA 91030
Phone: 909-598-6438

1008 27140 Eucalyptus Ave. Gary Nogle
Suite C Stoneridge Restaurant Group, LLC
Moreno Valley, CA 92555 (c/o Restaurant #1008)
Phone: 951-485-1947
Fax: 951-485-1939

1689 3521 Hamner Avenue James Tsai
Norco, CA 92860 Tsai Investment Group, Inc.
Phone: 951-280-3388 1628 Wayne Avenue
Fax: 951-280-3334 South Pasadena, CA 91030
Phone: 909-598-6438

CALIFORNIA, cont.

Riverside County, cont.

~~1017 27313 Jefferson Avenue Matthew Pike
Temecula, CA 92590 Sleepy Hollow Enterprises, LLC
Phone: 951-699-2552 31712 Los Rios Street
Fax: 951-699-2553 San Juan Capistrano, CA 92675
Phone: 919-129-1300~~

San Bernadino County

1015 2860 Lenwood Road Matthew Pike
Barstow, CA 92311 Sleepy Hollow Enterprises LLC
Phone: 760-253-5107 31742 Los Rios Street
Fax: 760-253-4927 San Juan Capistrano, CA 92675
Phone: 949-429-1300

1016 72155 Baker Blvd. Matthew Pike
P.O. Box 118 Sleepy Hollow Enterprises LLC
Baker, CA 92309 31742 Los Rios Street
Phone: 760-733-4660 San Juan Capistrano, CA 92675
Fax: 760-733-4603 Phone: 949-429-1300

CALIFORNIA, cont.

San Diego County

1060 937 Parkway Plaza Gale H. Pike
El Cajon, CA 92020 Leonora Pike
Phone: 619-440-9000 G & L Pike Revocable Trust
Fax: 619-440-9009 31742 Los Rios Street
San Juan Capistrano, CA 92675
Phone: 949-429-1300

San Luis Obispo County

~~1021 850 Quintana Road Balwinder Joshan~~

~~Morro Bay, CA 93442-2329~~ ~~Balwinder Joshan Incorporated~~
~~Phone: 805-225-1344~~ ~~(c/o Restaurant #1021)~~
~~Fax: 805-225-1346~~

FLORIDA

Seminole County

~~4802~~ ~~1831 Rinehart Road~~ ~~Irv Lichtenwald~~
~~Sanford, FL 32771~~ ~~Uncle Irv, Inc.~~
~~Phone: 407-302-2269~~ ~~(c/o Restaurant #1802)~~
~~Fax: 407-302-3651~~

ILLINOIS

Vermilion County

4250 3698 Lynch Road Philip J. Thomas
Danville, IL 61832 Kerry L. Barrett
Phone: 217-431-3036 PK Ventures, Inc.
Fax: 217-431-2787 (c/o Restaurant #1250)

MICHIGAN

Allegan County

330 618 Allegan Road Imad Hakkani
Plainwell, MI 49080 Plainwell Big Boy, Inc.

Phone: 269-685-6801
Fax: 269-685-5210

(c/o Restaurant #330)

376 1180 West Superior St.
Wayland, MI 49348
Phone: 269-792-7700
Fax: 269-792-7800

Brian Smith
Coastal Food Systems, Inc.
(c/o Restaurant #376)

Alpena County

315 400 Ripley Blvd.
Alpena, MI 49707
Phone: 989-354-4131
Fax: 989-356-9387

Jane Towne
Lud's Northside Restaurant, Inc.
(c/o Restaurant #315)

MICHIGAN, cont.

Barry

355 1105 W. State Street
Hastings, MI 49058
Phone: 269-948-2701
Fax: 269-948-2702

Leland M. Campbell
Campbell Enterprises of Michigan, Inc.
(c/o Restaurant #355)

Bay County

255 500 N. Euclid Ave.
Bay City, MI 48706
Phone: 989-686-5280
Fax: 989-686-5281

Nancy Cappello
CN Enterprises, Inc.
(c/o Restaurant #255)

235 3111 Center Road
Essexville, MI 48732
Phone: 989-892-9311
Fax: 989-892-0221

David M. Hunt
Apex Food Systems, Inc.
(c/o Restaurant #235)

Berrien County

297 4641 Red Arrow Highway
P.O. Box 439
Stevensville, MI 49127
Phone: 269-429-6171
Fax: 269-429-4905

David M. Hunt
Lakeshore Food Systems, Inc.
(c/o Restaurant #297)

Clare County

336 10240 S. Clare
Clare, MI 48617
Phone: 989-386-4525
Fax: 989-386-4117

Chris Holbrook
Gateway Restaurants, Inc.
(c/o Restaurant #336)

Clinton County

334 1408 S. US 27
St. Johns, MI 48879
Phone: 989-224-6828
Fax: 989-224-3424

David M. Hunt
Pinnacle Food Systems, Inc.
(c/o Restaurant #334)

MICHIGAN, cont.

Crawford County

203 2222 S. I-75 Business Loop
Grayling, MI 49738
Phone: 989-348-7654
Fax: 989-348-0111

Nancy Krueger
Grayling Big Boy, Inc.
(c/o Restaurant #203)

Eaton County

311 530 Lansing St.
Charlotte, MI 48813
517-543-0775
Fax: 517-543-3979

Susan Howard
Charlotte Big Boy, Inc.
(c/o Restaurant #311)

Genesee County

- | | | |
|-----|--|--|
| 113 | 4447 Vienna Road
Clio, MI 48420
Phone: 810-687-4430
Fax: 810-687-2925 | Imad Khzouz
Khzouz Enterprises, LLC
(c/o Restaurant #113) |
| 392 | 9497 Lapeer Road
Davison, MI 48423
Phone: 810-653-3359
Fax: 810-653-5062 | Paul Brunhuber
Flag City BB, Inc.
(c/o Restaurant #392) |
| 177 | 3401 Owen Rd.
Fenton, MI 48430
Phone: 810-629-0541
Fax: 810-629-1252 | Phillip I. Youssef
Androulla Youssef
Fenton Foods, Inc.
(c/o Restaurant #177) |
| 159 | 11432 S. Saginaw Street
Grand Blanc, MI 48439
Phone: 810-694-6617
Fax: 810-694-2910 | Robert P. Sophiea
Sophiea, Inc.
(c/o Restaurant #159) |

Grand Traverse County

- | | | |
|-----|---|---|
| 269 | 3828 N. US 31 S.
Traverse City, MI 49684
Phone: 231-941-7430
Fax: 231-941-0499 | Mark Hamlyn
Traverse City Big Boy, Inc.
(c/o Restaurant #269) |
|-----|---|---|

MICHIGAN, cont.

Gratiot County

- | | | |
|-----|--|---|
| 143 | 7990 N. Alger Road
(M-46 at U.S. 27)
P.O. Box 393
Alma, MI 48801-0393
Phone: 989-463-5039
Fax: 989-463-0203 | Vipen Khetarpal
VKK, Inc.
(c/o Restaurant #143) |
|-----|--|---|

Huron County

- | | | |
|-----|---|---|
| 220 | 900 N. Van Dyke Rd.
Bad Axe, MI 48413-9174 | Joseph B. Humphrey
Thumb Big Boy Restaurants, Inc. |
|-----|---|---|

Phone: 989-269-9515
Fax: 989-269-2313

(c/o Restaurant #220)

Ingham County

335 660 N. Cedar Street
Mason, MI 48854
Phone: 517-676-4401
Fax: 517-676-8598

David M. Hunt
Summit Food Systems, Inc.
(c/o Restaurant #335)

Ionia County

293 2880 State St.
Ionia, MI 48846
Phone: 616-527-3730
Fax: 616-527-1470

Steve TerMeer
FLAR, Inc.
(c/o Restaurant #293)

Iosco County

272 1222 US 23
East Tawas, MI 48730
Phone: 989-362-4403
Fax: 989-362-9208

Patrick Ruster
Rusty Dog, Inc.
(c/o Restaurant #272)

MICHIGAN, cont.

Isabella County

184 1623 S. Mission Street
Mt. Pleasant, MI 48858
Phone: 989-772-2476
Fax: 989-773-7159

Barton W. LaBelle
Midstate Restaurants, Inc.
c/o LaBelle Management
405 S. Mission Street
Mt. Pleasant, MI 48858
Phone: 989-772-2902
Fax: 989-773-7521

Jackson County

139 1213 North West Ave.

Jack Mallow

Jackson, MI 49202

Mallow

Enterprises, Inc.

Phone: 517-787-5566 (c/o Restaurant #139)

Fax: 517-787-5568

Kent County

379	4950 Wilson Ave. S.W.	Mark Finkelstein
	Suite 100	WBBW, LLC
	Wyoming, MI 49418	(c/o Restaurant #379)
	Phone: 616-530-0004	
	Fax: 616-530-4954	

Lenawee County

112	126 North Broad Street	George Darany, Jr.
	Adrian, MI 49221	Adrian Restaurant, Inc.
	Phone: 517-266-6600	(c/o Restaurant #112)
	Fax: 517-266-6602	

324	329 South Main Street	Thomas S. Wittman
	Brooklyn, MI 49230	TSW-DCH Restaurant LLC
	Phone: 517-592-3212	(c/o Restaurant #324)
	Fax: 517-592-2850	

253	2701 E. Monroe Road	Sherri Tuckey
	Tecumseh, MI 49286	Tecumseh Big Boy, Inc.
	Phone: 517-423-7464	(c/o Restaurant #253)
	Fax: 517-423-9782	

MICHIGAN, cont.

Fax: 517-787-5568

Kalamazoo County

275	5480 Gull Road	Imad Hakkani
	Kalamazoo, MI 49001	Gull Road Big Boy, Inc.
	Phone: 269-343-0566	(c/o Restaurant #275)
	Fax: 269-343-6708	

Kent County

300 — 1029 28th St. S.W. — Steve Zain
Rogers Plaza — K & Z LLC
Wyoming, MI 49509 — (c/o Restaurant #300)
Phone: 616-534-2901
Fax: 616-534-3344

379 — 4950 Wilson Ave. S.W. — Mark Finkelstein
Suite 100 — WBBW, LLC
Wyoming, MI 49418 — (c/o Restaurant #379)
Phone: 616-530-0004
Fax: 616-530-4954

MICHIGAN, cont.

Lenawee County

112 — 126 North Broad Street — George Darany, Jr.
Adrian, MI 49221 — Adrian Restaurant, Inc.
Phone: 517-266-6600 — (c/o Restaurant #112)
Fax: 517-266-6602

324 — 329 South Main St. — Thomas S. Wittman
Brooklyn, MI 49230 — TSW-DCH Restaurant LLC
Phone: 517-592-3242 — (c/o Restaurant #324)
Fax: 517-592-2850

253 2701 E. Monroe Rd. Sherril Tuekey
Tecumseh, MI 49286 Tecumseh Big Boy, Inc.
Phone: 517-123-7461 (c/o Restaurant #253)
Fax: 517-123-9782

Livingston County

125 8510 E. Grand River St. Samir Saleh
Brighton, MI 48116 Brighton BB Incorporated
Phone: 810-227-5525 (c/o Restaurant #125)
Fax: 810-227-9248

296 10587 Highland Rd. Nicholas Shaieb
Hartland, MI 48029 Hartland Big Boy, Inc.
810-632-5710 (c/o Restaurant #296)
Fax: 810-632-7510

191 2222 E. Grand River Edmond Mourad
Howell, MI 48843 Mourad Brothers, Inc.
Phone: 517-548-1800 (c/o Restaurant #191)
Fax: 517-548-4717

Mackinac County

257 913 US 2 Highway 2W Steve Mesnard
St. Ignace, MI 49781 meSnarD, Inc.
Phone: 906-643-1555 (c/o Restaurant #257)
Fax: 906-643-6762

MICHIGAN, cont.

Macomb County

109 22765 Gratiot Ave. Daniel E. Curis
Eastpointe, MI 48021 Curis Corporation
Phone: 586-775-7090 21115 Mack Avenue
Fax: 586-776-5296 Grosse Pointe Woods, MI 48236
Phone: 313-417-9914
Fax: 313-886-4319

189 99 Groesbeck N. George M. Curis
Mt. Clemens, MI 48043 Curis Restaurants, Inc.

Phone: 586-463-2500
Fax: 586-463-6518

21115 Mack Ave.
Grosse Pointe Woods, MI 48236
Phone: 313-417-9914
Fax: 313-886-4319

MICHIGAN, cont.

Macomb County, cont.

226 29300 23 Mile Road
New Baltimore, MI 48047
Phone: 586-949-1700
Fax: 586-949-5415

George M. Curis
Curis Restaurants, Inc.
21115 Mack Ave.
Grosse Pointe Woods, MI 48236
Phone: 313-417-9914
Fax: 313-886-4319

~~292 46991 Van Dyke Avenue~~ Samir Saleh
~~Shelby Township, MI 48317~~ Rainbow Enterprises, Inc.
~~Phone: 586-731-5350~~ (c/o Restaurant #292)
~~Fax: 586-731-6201~~

195 40850 Van Dyke
Sterling Heights, MI 48313
Phone: 586-268-5570
Fax: 586-268-7683

Michael A. Najbaroski
G & M Big Boy, Inc.
(c/o Restaurant #195)

254 11587 East 12 Mile Road
Warren, MI 48093
Phone: 586-574-2340
Fax: 888-942-9477

Dean Deratany
DEE, Inc.
(c/o Restaurant #254)

MICHIGAN, cont.

Macomb County, cont.

274 4200 14 Mile Road
Warren, MI 48092
Phone: 586-977-1670
Fax: 586-977-9227

Joseph S. Yousif
Samir Saleh
Rainbow Enterprises, Inc.
(c/o Restaurant #274)

193 64400 Van Dyke
Washington, MI 48094
Phone: 586-752-6505
Fax: 586-752-0531

Norman Mourad
REB Norman, Inc.
(c/o Restaurant #193)

Marquette County

206 1950 US Hwy. 41 W.
Marquette, MI 49855
Phone: 906-226-1062
Fax: 906-226-0149

Gary Enright
Enright Family Restaurants, Inc.
104 Coles Drive, Suite D
Marquette, MI 49855

Mason County

326 5275 W. U.S. 10
Ludington, MI 49431
Phone: 231-843-7670
Fax: 231-845-1383

Heidi S. Siklich
Ludington Big Boy, Inc.
(c/o Restaurant #326)

MICHIGAN, cont.

Midland County

237 1513 S. Saginaw Road
Midland, MI 48640
Phone: 989-631-1059
Fax: 989-631-1080

Barton W. LaBelle
Midland Restaurants, Inc.
c/o LaBelle Management
405 S. Mission Street
Midland, MI 48858
Phone: 989-772-2902
Fax: 989-773-7521

Monroe County

221 138 N. Monroe Street
Monroe, MI 48161
Phone: 734-242-3010
Fax: 734-242-0084

George Darany, Jr.
Darany Restaurants, Inc.
d/b/a Downtown Monroe Big Boy
(c/o Restaurant #221)

MICHIGAN, cont.

Macomb County, cont.

358 1240 Dixie N.
Monroe, MI 48161-9314

George Darany, Jr.
New Monroe Big Boy, Inc.

Phone: 734-242-8560
Fax: 734-242-8258

(c/o Restaurant #358)

Oakland County

176 6675 Telegraph Rd.
Bloomfield Hills, MI 48301
Phone: 248-642-0717
Fax: 248-642-3383

Nancy Krueger
Gabe Kassab
Maple & Telegraph Big Boy, Inc.
(c/o Restaurant #176)

197 6440 Dixie Hwy.
Clarkston, MI 48016
Phone: 248-625-3344
Fax: 248-625-5705

John Narmini
Nannini Clarkston Big Boy, Inc.
(c/o Restaurant #197)

162 20788 Farmington Rd.
Farmington, MI 48024
Phone: 248-477-2590
Fax: 248-477-9233

Fouad (Fred) Rafou
Lance Big Boy, Inc.
(c/o Restaurant #162)

MICHIGAN, cont.

Oakland County, cont.

190 30640 John R
Madison Heights, MI 48071
Phone: 248-588-6600
Fax: 248-588-3340

Charles Darany
Madison Restaurant, Inc.
(c/o Restaurant #190)

244 26401 Novi Road
Novi, MI 48375
Phone: 248-349-4243
Fax: 248-349-6929

George Darany, Jr.
Novi Restaurant, Inc.
(c/o Restaurant #244)

322 20800 Haggerty Road
Novi, MI 48375
Phone: 248-348-2391
Fax: 248-348-3754

Andrew Ansara, Jr.
Eight Mile & Haggerty Big Boy, Inc.
c/o Ansara Restaurant Group
23925 Industrial Park Drive
Farmington Hills, MI 48335
Phone: 248-848-9099
Fax: 248-848-1864

MICHIGAN, cont.

Oakland County, cont.

- | | | |
|-----|---|---|
| 181 | 955 S. Lapeer Rd.
Oxford, MI 48371
Phone: 248-628-4875
Fax: 248-628-0551 | Samir Saleh
Oxford Big Boy, Inc.
(c/o Restaurant #181) |
| 327 | 90 E. Tienken Road
Rochester Hills, MI 48306
Phone: 248-601-7777
Fax: 248-601-1669 | Tarick K. Smaili
MASITBI, LLC
(c/o Restaurant #327) |
| 128 | 21775 Pontiac Trail
South Lyon, MI 48178
Office: 248-446-2400
Fax: 248-446-2405 | Samir Saleh
Rainbow Enterprises, Inc.
(c/o Restaurant #128) |
| 347 | 29700 Southfield Rd.
Southfield, MI 48076
Phone: 248-559-1560
Fax: 248-569-4666 | Mary Alam
D & A, Inc.
(c/o Restaurant #347) |

MICHIGAN, cont.

Oakland County, cont.

- | | | |
|-----|--|--|
| 383 | 25555 Grodan Drive
Southfield, MI 48034
Phone: 248-358-1481
Fax: 248-358-1099 | Rana Matar
Matar Hospitality, Inc.
(c/o Restaurant #383) |
| 290 | 2995 E. Long Lake Road
Troy, MI 48085
Phone: 248-879-5866 | John W. Ferguson
J.B.J.C.M., Inc.
(c/o Restaurant #290) |
| 291 | 200 W. Maple
Troy, MI 48084
Phone: 248-362-0840
Fax: 248-362-1591 | Michael Kolodynski
Jentin, Inc.
(c/o Restaurant #291) |

127 800 N. Pontiac Trail
Walled Lake, MI 48390
Office: 248-624-2323
Fax: 248-624-2941

Samir Saleh
Rainbow Enterprises, Inc.
(c/o Restaurant #127)

MICHIGAN, cont.

Oakland County, cont.

100 2490 Dixie Hwy.
Waterford, MI 48328
Phone: 248-858-2265
Fax: 248-858-7314

Samir Saleh
Norman Mourad
M & S Restaurants, Inc.
(c/o Restaurant #100)

200 7726 Cooley Lake Rd.
Waterford, MI 48327
Phone: 248-363-1573
Fax: 248-363-0820

Edmond Mourad
Mourad Brothers, Inc.
(c/o Restaurant #200)

205 5834 Highland Rd.
Waterford, MI 48327
Phone: 248-674-4631
Fax: 248-674-7055

George Henney, Jr.
Waterford Big Boy, Inc.
(c/o Restaurant #205)

MICHIGAN, cont.

Ogemaw County

202 P.O. Box 861
2891 S. Cook Road
West Branch, MI 48661
Phone: 989-345-2021
Fax: 989-345-7380

Michael Stuck
West Branch Big Boy, Inc.
(c/o Restaurant #202)

Roscommon County

183 9261 W. Lake City Rd.

Barb Whittington

Houghton Lake, MI 48629
Phone: 989-422-5193
Fax: 989-366-9312

MacKenzie's Big Boy, Inc.
P.O. Box 752
Houghton Lake, MI 48629
Phone: 989-422-5193

Saginaw County

1662 8645 E. Birch Run Road
Birch Run, MI 48415
Phone: 989-624-5055
Fax: 989-624-5025

Eva Stone
Stone Restaurants, Inc.
c/o Stone Land Investments, Inc.
6301 Dixie Highway
Bridgeport, MI 48722
Phone: 989-777-1530
Fax: 989-777-9370

MICHIGAN, cont.

Saginaw County, cont.

295 6301 Dixie Highway
Bridgeport, MI 48722
989-777-1530
Fax: 989-777-9370

Eva Stone
Jimeva, Inc.
c/o Stone Land Investments, Inc.
(c/o Restaurant #295)

St. Clair County

207 3961 24th Ave.
Fort Gratiot, MI 48059
Phone: 810-985-9691
Fax: 810-985-4048

Norman Mourad
Mourad Restaurants, Inc.
(c/o Restaurant #207)

318 6700 S. River Road
Marine City, MI 48039
Phone: 810-765-3513
Fax: 810-765-3514

Paul Brunhuber
Blue Water Big Boy, Inc.
(c/o Restaurant #318)

MICHIGAN, cont.

St. Clair County, cont.

250 2555 Gratiot
Marysville, MI 48084
Phone: 810-364-5133

Edmond Mourad
REB Norman, Inc.
(c/o Restaurant #250)

Fax: 810-364-1016

Sanilac County

317 422 W. Sanilac
Sandusky, MI 48471
Phone: 810-648-4530
Fax: 810-648-4531

Joseph Humphrey
Sandusky Big Boy, Inc.
(c/o Restaurant #317)

Schoolcraft County

276 607 East Lakeshore Drive
Manistique, MI 49854
Phone: 906-341-6941
Fax: 906-586-3036

Robert D. Goldthorpe
Goldthorpe Enterprises, Inc.
(c/o Restaurant #276)

MICHIGAN, cont.

Shiawassee County

385 1709 E. M21
Owosso, MI 48867
Phone: 989-723-1463
Fax: 989-723-9428

Patrick Murphy
Owosso Big Boy #24, Inc.
(c/o Restaurant #385)

Tuscola County

267 1901 Caro Road
Caro, MI 48723-9201
Phone: 989-673-7771
Fax: 989-673-5302

Joseph Humphrey
Thumb Big Boy Restaurants, Inc.
(c/o Restaurant #267)

Van Buren

375 261 73rd Street
South Haven, MI 49090-9806
Phone: 269-639-9500
Fax: 269-639-9400

Brian Smith
Coastal Food Systems, Inc.
(c/o Restaurant #375)

MICHIGAN, cont.

Washtenaw County

- | | | |
|-----|---|---|
| 353 | 3611 Plymouth Road
Ann Arbor, MI 48105
Phone: 734-996-8336
Fax: 734-996-3340 | Joe Diequez
J & J Hospitality, Inc.
(c/o Restaurant #353) |
| 283 | 1610 S. Main St.
Chelsea, MI 48118
Phone: 734-475-8603
Fax: 734-475-1537 | Robert Khzouz
Khzouz Chelsea BB, Inc.
(c/o Restaurant #283) |
| 217 | 1000 Dexter St.
Milan, MI 48160
Phone: 734-439-8871 | Guy Y. Averill
Big Boy of Washtenaw, Inc.
(c/o Restaurant #217) |

MICHIGAN, cont.

Washtenaw County, cont.

- | | | |
|-----|---|---|
| 172 | 2800 Washtenaw
Ypsilanti, MI 48197
Phone: 734-434-2255
Fax: 734-434-2259 | Guy Y. Averill
Big Boy of Washtenaw, Inc.
(c/o Restaurant #172) |
| 386 | 497 North Zeeb Road
Scio Township, MI 48103
Phone: 734-997-9328 | Abdul Karkoukli
Zeeb Restaurant LLC
(c/o Restaurant #386) |

Wayne County

- | | | |
|-----|---|---|
| 216 | 10705 Belleville Road
Belleville, MI 48111
Phone: 734-699-1313
Fax: 734-699-1315 | Guy Y. Averill
Big Boy of Washtenaw, Inc.
(c/o Restaurant #216) |
| 245 | 45250 Ford Road
Canton, MI 48187 | Rana-Matar
Canton-Big-Boy, Inc. |

~~Phone: 731-159-5555~~ (c/o Restaurant #215)

~~Fax: 731-159-5076~~

154 13001 Michigan Ave.
Dearborn, MI 48126
Phone: 313-584-2880
Fax: 313-584-4539

Andrew Ansara, Jr.
Dearborn Big Boy, Inc.
c/o Ansara Restaurant Group
23925 Industrial Park Drive
Farmington Hills, MI 48335
Phone: 248-848-9099
Fax: 248-848-1864

MICHIGAN, cont.

Wayne County, cont.

187 24241 Michigan Ave.
Dearborn, MI 48124
Phone: 313-274-7260
Fax: 313-792-2798

Hassan Berry
Ali, Rena, Ayah, Inc.
(c/o Restaurant #187)

MICHIGAN, cont.

Wayne County, cont.

164 7033 E. Jefferson
Detroit, MI 48207
Phone: 313-259-1360
Fax: 313-259-2962

Michael A. Curis
Curis Big Boy, Inc.
21115 Mack Avenue
Grosse Pointe Woods, MI 48236
Phone: 313-417-9914
Fax: 313-886-4319

MICHIGAN, cont.

Wayne County, cont.

320 27050 Telegraph Road
Flat Rock, MI 48134
Phone: 734-782-0606
Fax: 734-782-4214

Samir Saleh
Rainbow Enterprises, Inc.
(c/o Restaurant #320)

234 20710 Mack Ave.

Daniel E. Curis

Grosse Pte. Woods, MI 48236
Phone: 313-886-1991
Fax: 313-886-8746

Curis Corporation
21115 Mack Ave.
Grosse Pointe Woods, MI 48236
Phone: 313-417-9914
Fax: 313-886-4319

213 1766 Dix
Lincoln Park, MI 48146
Phone: 313-386-6110
Fax: 313-386-6360

Andrew Ansara, Jr.
Ansara Lincoln Park Big Boy, Inc.
c/o Ansara Restaurant Group
23925 Industrial Park Drive
Farmington Hills, MI 48335
Phone: 248-848-9099
Fax: 248-848-1864

115 33427 Plymouth Rd.
Livonia, MI 48150
Phone: 734-421-4349
Fax: 734-762-4255

Wail Bamieh
CJW Livonia Big Boy, Inc.
(c/o Restaurant #115)

MICHIGAN, cont.

Wayne County, cont.

224 37123 Six Mile Road
Livonia, MI 48154
Phone: 734-464-6670
Fax: 734-464-1214

Andrew Ansara, Jr.
Ansara's Newburgh Plaza Big Boy, Inc.
c/o Ansara Restaurant Group
23925 Industrial Park Drive
Farmington Hills, MI 48335
Phone: 248-848-9099
Fax: 248-848-1864

262 44681 W. Ann Arbor Rd.
Plymouth, MI 48170
Phone: 734-455-8070
Fax: 734-453-9987

Imad Hakkani
Plymouth Big Boy Corp.
(c/o Restaurant #262)

MICHIGAN, cont.

Wayne County, cont.

340	19230 Fort Street Riverview, MI 48193 Phone: 734-479-4313 Fax: 734-479-1316	Jim Kolodynski CJC Kolodynski, Inc. (c/o Restaurant #340)
240	8210 Merriman Rd. Romulus, MI 48147 Phone: 734-729-6900 Fax: 734-729-0454	Michael A. Curis Curis Big Boy, Inc. 21115 Mack Ave. Grosse Pointe Woods, MI 48236 Phone: 313-417-9914 Fax: 313-886-4319
157	10450 S. Telegraph Rd. Taylor, MI 48180 Phone: 313-291-7700 Fax: 313-291-7702	George Darany, Sr. Taylor Restaurants, Inc. (c/o Restaurant #157)
158	21200 Penn Street Taylor, MI 48180 Phone: 734-287-5100 Fax: 734-287-9716	George Darany, Jr. New Taylor Big Boy, Inc. (c/o Restaurant #158)
165	23000 Eureka Rd. Taylor, MI 48180 Phone: 734-287-3870 Fax: 734-287-3871	Mike Saleh Rowan's BB, Inc. (c/o Restaurant #165)

MICHIGAN, cont.

Wayne County, cont.

308 P.O. Box 1258
6360 N. Wayne Rd.
Westland, MI 48185-6358
Phone: 734-595-1700
Fax: 734-595-9848

Andrew Ansara, Jr.
Ansara Six Mile Newburgh Big Boy, Inc.
c/o Ansara Restaurant Group
23925 Industrial Park Drive
Farmington Hills, MI 48335
Phone: 248-848-9099
Fax: 248-848-1864

170 3366 Biddle
Wyandotte, MI 48192
Phone: 734-285-8400
Fax: 734-285-8403

Salem Darany
Wyandotte Restaurants, Inc.
(c/o Restaurant #170)

NORTH DAKOTA

Burleigh County

1020 2511 E. Main Avenue
Bismarck, ND 58501
Phone: 701-258-4125

Stan Rothenberger
McDowell's Big Boy, Inc.
c/o Prairie Chicken, Inc.
1111 N. First Street, 6C
Bismarck, ND 58501
Phone: 701-400-8948

BIG BOY FRANCHISE MANAGEMENT LLC

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT F: LIST OF COMPANY RESTAURANTS

(This information is current as of December 26~~25~~, 2010~~2011~~)

EXHIBIT F
List of Company Restaurants

MICHIGAN

Alpena County

16 1315 Chisholm
 Alpena, MI 49721
 Phone: 989-356-9071
 Fax: 989-354-9123

Branch County

25 552 East Chicago
 Coldwater, MI 48036
 Phone: 517-279-7599
 Fax: 517-279-1799

Calhoun County

48 2183 W. Columbia
 Battle Creek, MI 49015
 Phone: 269-968-0492
 Fax: 269-969-2809

Cheboygan County

17 861 S. Main
 Cheboygan, MI 49721
 Phone: 231-627-3661
 Fax: 231-627-5148

Emmet County

15 751 Spring Street
 Petoskey, MI 49770
 Phone: 231-347-2931
 Fax: 231-347-8737

Kalkaska County

4 600 U.S. 131 S.
 Kalkaska, MI 49646
 Phone: 231-258-8651
 Fax: 231-258-1277

MICHIGAN, cent.

Kent County

46 13961 White Creek Avenue
 Cedar Springs, MI 49319
 Phone: 616-696-2100
 Fax: 616-696-2873

1

407 Pearl Street NW
Grand Rapids, MI 49504
Phone: 616-451-2717
Fax: 616-458-5906

45 3122 28th Street SE
 Kentwood, MI 49512
 Phone: 616-956-6881
 Fax: 616-956-6892

Lapeer County

10 1949 S. Cedar
 Imlay City, MI 48444
 Phone: 810-724-3664
 Fax: 810-724-5450

Macomb County

55 16880 Hall Road
 Clinton Township, MI 48038
 Phone: 586-263-6220
 Fax: 586-263-9956

18

24500 Ryan
Warren, MI 48091
Phone: 586-755-5620
Fax: 586-427-4484

Mecosta County

22 630 S. State Street
 Big Rapids, MI 48307
 Phone: 231-796-1889
 Fax: 231-592-1232

Montcalm County

28 1500 Washington Street W.
 Greenville, MI 48838
 Phone: 616-225-0158
 Fax: 616-225-0172

MICHIGAN, cont.

Oakland County

79 4940 Baldwin Road
Lake Orion, MI 48360
Phone: 248-391-2920
Fax: 248-394-4565

8 3756 Rochester Road
Rochester, MI 48306
Phone: 248-852-5540
Fax: 248-852-7648

Otsego County

14 1359 West Main
Gaylord, MI 49707
Phone: 989-732-3592
Fax: 989-732-5247

Washtenaw County

~~31 497 North Zeeb Road
Seie Township, MI 48103
Phone: 734-997-9323
Fax: 734-997-9328~~

Wexford County

61 4310 S. Mitchell
Cadillac, MI 49601
Phone: 231-775-7125
Fax: 231-775-7087

OHIO

Cuyahoga County

524 7800 Granger Road
Valley View, OH 44125
Phone: 216-524-2576
Fax: 216-524-7783

551 12920 Brookpark Road
Cleveland, OH 44130
Phone: 216-433-4660
Fax: 216-433-1898

BIG BOY FRANCHISE MANAGEMENT LLC

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT G: FORMER FRANCHISEES

EXHIBIT G

**FRANCHISEES WHO HAVE CLOSED A LOCATION
OR CEASED DOING BUSINESS IN ~~2010~~2011**

<u>Date</u>	<u>Unit</u>	<u>Location</u>	<u>Franchisee</u>
2/24/2010	1410	Newfound Motor Lodge 34 Highway 441 N. Cherokee, NC 28719	David and Lyna Ferguson Cherokee Big Boy, Inc., a Division of Newfound Lodge, Ltd. 34 Highway 441 North Cherokee, NC 28719 Cell: 828-507-7087 dhell@msn.com (Closed sole location)
4/13/2010	1411	201 E. Valley Blvd. Colton, CA 92324	Mike Hashim BBB Restaurants, Inc. 5631 Wadsworth Highland, California 92346 Cell: 909-725-4503 mikehashim@bigbeye.com (Closed one restaurant)
7/29/2010 2/2011	303275	4700 Stadium Drive Kalamazoo, MI 49007	Imad Hakkani Stadium Drive Big Boy, Inc. 44684 W. Ann Arbor Road Plymouth, MI 48170 Cell: 734-355-8840 plymouth262@yahoo.com (Closed one restaurant)
12/6/2010	1105	100 A-S. California West Covina, CA 91790	Cary Shepherd Shepeo, Inc. 514 38th Street Newport Beach, CA 92663 Phone: 949-351-1738 garyshep@sheglobal.net (Closed sole location)

7/17/11 300 1029 Rogers Plaza, S.W. Akram Karadshch
 Wyoming, MI 49509 Steve Zain
 K & Z, Inc.
 2610 Berwick Road, S.E.
 Grand Rapids, MI 49506
 Phone: 616-940-1080
 (Closed sole location)

8/1/11 292 46991 Van Dyke Sam Saleh
 Shelby Twp., MI 48317 Rainbow Enterprises, Inc.
 1960 Blue Grass
 Rochester Hills, MI 48306
 Phone: 248-656-4441
 (Closed one location)

9/11/11 1021 850 Quintana Road Balwinder Joshan
 Morro Bay, CA 93442 Balwinder Joshan Incorporated
 200 Justin Court
 Shafter, CA 93262
 Phone: 661-910-1804
 Kamhoj661@hotmail.com
 (Closed sole location)

Date Unit Location Franchisee

9/25/11 215 45250 Ford Road Rana Matar
 Canton, MI 48187 Canton Big Boy, Inc.
 429 Delaford Court
 Canton, MI 48188
 Phone: 734-502-4444
 Matar89@yahoo.com
 (Closed one location)

9/27/11 1802 1831 Rinehart Road Irv Lichtenwald
 Sanford, FL 32771 Uncle Irv, Inc.
 1131 Clay Street
 San Francisco, CA 94108-1405
 Phone: 415-931-7983
 IrvLichtenwald@msn.com
 (Closed one location)

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11/27/11	1017	27313 Jefferson Avenue Temecula CA 92590	Matt Pike Sleepy Hollow Enterprises, LLC 31742 Los Rios Street San Juan Capistrano, CA 92675 Phone: 949-633-0773 lapazmatt@aol.com (Closed one location)
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12/5/11	340	19230 Fort Street Riverview, MI 48193	Jim Kolodynski 21326 Vesper Macomb Township, MI 48044 Phone: 586-489-6536 jkolodynsk@aol.com (Closed sole location)
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12/18/11	1206	899 Delmar Pasadena, CA 91106-32302	Steve Funkhouser S & P Fresh L.L.C. 12010 Wanles Mills Road Oakton, VA 22124 Phone: 703-867-3479 funkfood@aol.com (Closed one location)
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Date	Unit	Location	Franchisee
12/25/11	1325	1898 East Willow Signal Hill, CA 90755	Karim Hashim QSC Corporation 5634 Wadsworth Avenue Highland, CA 92346 Phone: 909-425-9035 (Closed sole location)

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BIG BOY FRANCHISE MANAGEMENT LLC

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT H: FINANCIAL STATEMENTS

CONSENT

We agree to the inclusion of our report dated March 9, 2012 with respect to the Consolidated and Combined Audited Financial Statements of Big Boy Restaurants International LLC and Liggett Restaurant Group, Inc. and its wholly owned subsidiaries (including Big Boy Franchise Management LLC) as of and for the years ended December 25, 2011, December 26, 2010, and December 27, 2009 as Exhibit H in this Franchise Disclosure Document for Big Boy Franchise Management LLC dated March 21, 2012.

Andrews Hooper Pavlik PLC

Auburn Hills, Michigan
March 21, 2012

Consolidated and Combined
Audited Financial Statements

Big Boy Restaurants International LLC
and Liggett Restaurant Group, Inc.
and its wholly owned subsidiaries

*Years ended December 25, 2011
December 26, 2010,
and December 27, 2009,
with Report of Independent Auditors*



ANDREWS HOOPER PAVLIK PLC

Big Boy Restaurants International LLC and
Liggett Restaurant Group, Inc. and its wholly owned subsidiaries

Consolidated and Combined
Audited Financial Statements

Years ended December 25, 2011, December 26, 2010,
and December 27, 2009

Contents

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Consolidated and Combined Statements of Changes in Members' and Shareholders' Equity.....	4
Consolidated and Combined Statements of Cash Flows.....	5
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Report of Independent Auditors

To the Member Owner and Shareholder
Big Boy Restaurants International LLC and
Liggett Restaurant Group, Inc. and its wholly owned subsidiaries

We have audited the accompanying consolidated and combined balance sheets of Big Boy Restaurants International LLC and Liggett Restaurant Group, Inc. and its wholly owned subsidiaries (Company) as of December 25, 2011, December 26, 2010, and December 27, 2009, and the related consolidated and combined statements of operations, changes in members' and shareholders' equity, and cash flows for the years then ended. These consolidated and combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated and combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated and combined financial statements are free of material misstatements. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated and combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated and combined financial statements referred to above present fairly, in all material respects, the financial position of Big Boy Restaurants International LLC and Liggett Restaurant Group, Inc. and its wholly owned subsidiaries as of December 25, 2011, December 26, 2010, and December 27, 2009, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Andrews Hooper Pavlik PLC

Auburn Hills, Michigan
March 9, 2012

Big Boy Restaurants International LLC and
Liggett Restaurant Group, Inc. and its wholly owned subsidiaries

Consolidated and Combined Balance Sheets
(dollar amounts in thousands)

	December 25, 2011	December 26, 2010	December 27, 2009
Assets			
Current assets:			
Cash and cash equivalents	\$ 501	\$ 1,535	\$ 2,822
Accounts receivable, net	1,532	1,584	1,896
Current portion of notes receivable, net	1,320	1,043	1,042
Inventories	929	951	982
Prepaid distributions to member owner and shareholder	-	11	11
Prepaid expenses and other	574	454	591
Total current assets	4,856	5,578	7,344
Property and equipment, net	14,522	14,994	15,276
Accounts receivable, less current portion	25	50	131
Notes receivable, less current portion	509	864	874
Non-compete, franchise rights, and brand strategy, net	348	457	605
Debt issuance costs, net	35	52	29
Other assets	36	28	45
Total assets	\$ 20,331	\$ 22,023	\$ 24,304
Liabilities and members' and shareholders' equity			
Current liabilities:			
Accounts payable	\$ 888	\$ 945	\$ 1,363
Accrued liabilities	1,782	2,208	3,079
Current portion of long-term debt	3,284	2,996	10,178
Other liabilities	143	127	285
Total current liabilities	6,097	6,276	14,905
Other long-term liabilities	537	659	724
Long-term debt, less current portion	5,194	5,609	-
Subordinated debt, less current portion	7,403	6,723	4,882
	<u>12,597</u>	<u>12,332</u>	<u>4,882</u>
Total liabilities	19,231	19,267	20,511
Members' and shareholders' equity:			
Common stock, par value \$1 per share - authorized 60,000 shares, issued and outstanding 900 shares	1	1	1
Additional paid-in capital	73	73	4
Contributed capital	2,901	2,476	2,476
Retained earnings	(1,875)	206	1,312
Total members' and shareholders' equity	1,100	2,756	3,793
Total liabilities and members' and shareholders' equity	\$ 20,331	\$ 22,023	\$ 24,304

See accompanying notes.

Big Boy Restaurants International LLC and
Liggett Restaurant Group, Inc. and its wholly owned subsidiaries

Consolidated and Combined Statements of Operations
(dollar amounts in thousands)

	Year ended December 25, 2011	Year ended December 26, 2010	Year ended December 27, 2009
Revenues:			
Net sales	\$ 29,532	\$ 32,227	\$ 40,462
Franchise fees and other	4,648	5,312	7,454
Total revenues	34,180	37,539	47,916
Costs and expenses:			
Costs of sales	10,362	11,080	15,377
Operating	19,169	20,852	25,850
Selling, general, and administrative	3,718	3,715	6,255
Depreciation	1,326	1,324	1,395
Amortization	110	148	118
Interest	1,341	1,291	1,314
Total costs and expenses	36,026	38,410	50,309
Loss before other expenses	(1,846)	(871)	(2,393)
Other expenses, net	(235)	(235)	(1,474)
Net loss	\$ (2,081)	\$ (1,106)	\$ (3,867)

See accompanying notes.

Big Boy Restaurants International LLC and
Liggett Restaurant Group, Inc. and its wholly owned subsidiaries

Consolidated and Combined Statements of Changes in Members' and Shareholders' Equity
(dollar amounts in thousands)

	Common stock	Additional paid-in capital	Contributed capital	Retained earnings	Total
Balance at December 28, 2008	\$ 1	\$ 4	\$ 576	\$ 5,179	\$ 5,760
Net loss for the year ending December 27, 2009	-	-	-	(3,867)	(3,867)
Capital contribution from the Member Owner	-	-	1,900	-	1,900
Balance at December 27, 2009	1	4	2,476	1,312	3,793
Net loss for the year ending December 26, 2010	-	-	-	(1,106)	(1,106)
Capital contribution from the Member Owner	-	69	-	-	69
Balance at December 26, 2010	1	73	2,476	206	2,756
Net loss for the year ending December 25, 2011	-	-	-	(2,081)	(2,081)
Capital contribution from the Member Owner	-	-	425	-	425
Balance at December 25, 2011	<u>\$ 1</u>	<u>\$ 73</u>	<u>\$ 2,901</u>	<u>\$ (1,875)</u>	<u>\$ 1,100</u>

See accompanying notes.

Big Boy Restaurants International LLC and
Liggett Restaurant Group, Inc. and its wholly owned subsidiaries

Consolidated and Combined Statements of Cash Flows
(dollar amounts in thousands)

	Year ended December 25, 2011	Year ended December 26, 2010	Year ended December 27, 2009
Cash flows from operating activities			
Net loss	\$ (2,081)	\$ (1,106)	\$ (3,867)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Realized loss on disposal of assets	135	140	1,441
Bad debt expense	165	61	1,198
Depreciation and amortization	1,435	1,472	1,513
Debt issuance amortization	17	26	24
Note receivable write-off	55	188	32
Increase (decrease) in cash from changes in operating assets and liabilities:			
Accounts receivable	(123)	130	(223)
Inventories	22	31	1,007
Prepaid expenses and other	(109)	137	148
Other assets	(8)	19	18
Accounts payable	(57)	(418)	(505)
Accrued liabilities	(426)	(871)	483
Other liabilities	(106)	(223)	(861)
Net cash provided by (used in) operating activities	(1,081)	(414)	408
Cash flows from investing activities			
Purchase of property and equipment	(1,037)	(1,329)	(3,085)
Purchase of brand strategy	-	-	(425)
Investment in LBV LLC	-	(2)	-
Proceeds from asset disposals	48	147	766
Issuance of notes receivable	(111)	(156)	(150)
Collections on notes receivable	169	179	244
Net cash used in investing activities	(931)	(1,161)	(2,650)
Cash flows from financing activities			
Net proceeds from (payments on) - equipment line	-	(1,263)	(150)
Net proceeds from (payments on) - equipment line A	-	-	(1)
Net proceeds from (payments on) - revolving line of credit	602	-	-
Proceeds from financing - Comcrica	-	2,356	-
Proceeds from financing - Member owner and shareholder	436	1,500	-
Debt issue costs	-	(49)	-
Distributions paid in advance to the member owner and shareholder	-	-	400
Capital contributions from the member owner and shareholder	425	69	1,900
Principal payments on debt	(485)	(2,325)	(504)
Net cash provided by financing activities	978	288	1,645
Net decrease in cash	(1,034)	(1,287)	(597)
Cash and cash equivalents at beginning of period	1,535	2,822	3,419
Cash and cash equivalents at end of period	\$ 501	\$ 1,535	\$ 2,822
Supplemental disclosures of cash flow information			
Cash paid during the period for interest	\$ 905	\$ 887	\$ 966
Noncash operating, investing, and financing activities:			
Accounts receivable converted to notes receivable	47	79	1,171
Notes receivable converted to accounts receivable	4	9	117

See accompanying notes.

Big Boy Restaurants International LLC and
Liggett Restaurant Group, Inc. and its wholly owned subsidiaries

Notes to Consolidated and Combined Financial Statements

December 25, 2011

1. Organization and Summary of Significant Accounting Policies

Consolidated and Combined Operations

The consolidated and combined financial statements are comprised of Big Boy Restaurants International LLC and Liggett Restaurant Group, Inc. and its wholly owned subsidiaries; Big Boy Restaurant Management LLC, Big Boy Event Services LLC, Big Boy Franchise Management LLC, Big Boy Real Estate Enterprises LLC, and Big Boy Food Group LLC (hereinafter collectively referred to as the Company). The Company is primarily involved in the operation of company-owned restaurants and as a franchisor. The principal markets for both company-owned and franchise restaurants are the states of Michigan, Ohio, and California. The Company also operates a food processing facility. All significant intercompany transactions have been eliminated.

Basis of Accounting

The financial statements of the Company have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

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

Cash and Cash Equivalents

Cash includes cash on hand, demand deposits, and short-term investments comprised of overnight repurchase agreements with A1P1 ratings and private placement obligations (secured by the Company's primary lender letter of credit) that are considered to be cash equivalents. The majority of the cash and cash equivalents balance is not covered by the Federal Deposit Insurance Corporation.

**Big Boy Restaurants International LLC and
Liggett Restaurant Group, Inc. and its wholly owned subsidiaries**

Notes to Consolidated and Combined Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Accounts and Notes Receivable

The Company values its trade and notes receivables at net realizable value, accounting for uncollectible accounts by the allowance method. Management discretion is used, considering many factors including prior experience, debtor's ability to pay, and current economic conditions, in considering whether the impairment is probable and can be reasonably estimated.

The Company considers receivables past due when they have not been paid within the contractual terms granted. Effective at the beginning of fiscal year 2009, interest is not accrued on past due receivables. Receivables are charged off when it is probable that the amounts will not be collectible.

Inventories

Inventories are stated at cost which is not in excess of market. Cost is determined by the first-in, first-out (FIFO) method.

Property and Equipment

Property is stated at cost. Depreciation and amortization are computed using the straight-line method for financial statement purposes. Estimated useful lives of depreciable assets for financial statement purposes range from 3 to 30 years. Property also occasionally includes real estate, leaseholds, and equipment held for sale that is recorded at the lower of cost or fair market value. Repairs and maintenance are charged to expense as incurred.

When events or circumstances indicate that the carrying amount of the assets of a business location may not be recoverable, an impairment loss is considered. If undiscounted estimated future cash flows of a business location are less than the sum of the location's asset carrying values, an impairment loss is recognized for the amount that the asset's carrying value exceeds the fair value of the assets. Fair value is determined using estimates based upon prices of similar assets.

Unamortized Debt Issue Costs

Unamortized debt issue costs are amortized on a straight-line basis over the lives of the related indebtedness.

Big Boy Restaurants International LLC and
Liggett Restaurant Group, Inc. and its wholly owned subsidiaries

Notes to Consolidated and Combined Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Revenues

Net sales include sales from Company owned restaurants and sales from the Company's commissary.

Initial franchise fee revenues are deferred and reported as franchise fee revenue when substantially all required services have been performed and the franchisee has commenced operations. Continuing franchise fees, generally 3% to 4% of franchisee net sales, are recorded as franchise fee revenue as earned.

Rental income is included in franchise fees and other revenues in the statements of operations.

Retirement Plan

The Company has a 401(k) plan for its employees. Employees at least 21 years of age, upon 90 days of service can elect to contribute up to 75% of their pay, subject to the IRS maximum, to the plan and the Company will match at a minimum of 25% for deferrals up to 6% of pay. Additionally, on a discretionary basis, the Company has the option to match at a higher percentage. All matching amounts are fully vested. The total employer matching contributions paid were approximately \$109,000 for the year ended December 25, 2011, \$142,000 for the year ended December 26, 2010, and \$161,000 for the year ended December 27, 2009.

Store Preopening Cost

Noncapital expenditures associated with new store preopening costs are expensed as incurred.

Shipping and Handling Costs

Shipping and handling costs relating to purchases are charged to costs of sales. Shipping and handling costs relating to sales are charged to operating expenses. Shipping and handling costs related to sales were approximately \$83,000 for the year ended December 25, 2011, \$102,000 for the year ended December 26, 2010, and \$227,000 for the year ended December 27, 2009.

Advertising Costs

Advertising and promotion costs are charged to operations the first time that the advertising takes place. Company owned stores and franchise development related advertising expense was approximately \$761,000 for the year ended December 25, 2011, \$760,000 for the year ended December 26, 2010, and \$765,000 for the year ended December 27, 2009.

Big Boy Restaurants International LLC and
Liggett Restaurant Group, Inc. and its wholly owned subsidiaries

Notes to Consolidated and Combined Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Advertising Agency Relationships

Franchisees are required, according to their franchise agreement, to pay an advertising fee based on a percentage of their sales for the purpose of funding marketing activities. Beginning in 2010, the franchisees paid these amounts to Big Boy Advertising and Production Fund, Inc., a taxable non-profit entity formed to manage these activities. Prior to 2010, these fees were paid to the Company, which acted in an agency role, spending an estimated amount each year that would generally equal these fees, therefore, not recording a revenue or expense. Advertising franchise fees and other agency contributions received by the Company were approximately \$3,213,000 for the year ended December 27, 2009.

Gift Cards and Gift Books

The Company has contracted with an outside party to operate pooled electronic gift card and paper gift card/gift book programs with most of its franchisees. In connection with the contract, the Company records a liability in the period in which a gift card/gift book is issued and proceeds are received. As gift cards/gift books are redeemed, this liability is reduced and revenue is recognized. The Company recognizes gift card/gift book benefits from the outside party similar to what would otherwise approximate breakage based upon historical experience when the likelihood of the redemption of the gift cards/gift books becomes remote. With regards to the gift card program, the Company has verbally agreed to share any of these breakage amounts and investment benefits net of costs with the franchisees by treating the amount as an advertising contribution.

Annual Closing Date

The Company's fiscal year ends on the Sunday closest and prior to December 31.

Subsequent Events

Management has evaluated subsequent events through March 9, 2012, which is the date the financial statements were available to be issued. Events requiring disclosure are discussed in detail in Footnote 15 – Subsequent Events.

Big Boy Restaurants International LLC and
Liggett Restaurant Group, Inc. and its wholly owned subsidiaries

Notes to Consolidated and Combined Financial Statements (continued)

2. Accounts Receivable

Accounts receivable are net of allowance for doubtful accounts of approximately \$230,000 at December 25, 2011, \$633,000 at December 26, 2010, and \$713,000 at December 27, 2009. The portion of the allowance related to receivables purchased on December 21, 2000, the date of commencement of operations, was approximately \$54,000 as of December 26, 2010 and December 27, 2009.

Gross accounts receivable with nonaccrual status was approximately \$727,000 at December 25, 2011, \$717,000 at December 26, 2010, and \$1,165,000 at December 27, 2009. There were no accounts receivable greater than 90 days past due with accrual status at December 25, 2011, December 26, 2010, or December 27, 2009.

At December 25, 2011 48.16%, at December 26, 2010 32.06%, and at December 27, 2009 34.93% of net accounts receivable were due from two to five customers. This represents a concentration of credit risk. The Company generally does not require collateral to secure accounts receivable.

3. Notes Receivable

Notes receivable generally result from the sale of restaurant assets to franchisees and the conversion of franchise receivables. These notes mature at various dates through 2016 and bear interest at rates ranging from 3.0% to 10.0%. Notes receivable from franchisees are generally collateralized by the assets sold. For the year ended December 25, 2011, gross notes receivable with nonaccrual status was approximately \$169,000 and impaired loans totaled approximately \$169,000. At December 25, 2011, there were no past due loans other than the impaired loans.

Principal balances were as follows (in thousands):

	December 25, 2011	December 26, 2010	December 27, 2009
Total principal, net	\$ 1,829	\$ 1,907	\$ 1,916
Less current maturities	1,320	1,043	1,042
Long-term portion	<u>\$ 509</u>	<u>\$ 864</u>	<u>\$ 874</u>

Notes receivable are net of an allowance for doubtful accounts of approximately \$169,000 at December 25, 2011, \$156,000 at December 26, 2010, and \$289,000 at December 27, 2009. For the year ended December 25, 2011, the allowance is composed of asset specific allowances only.

Big Boy Restaurants International LLC and
Liggett Restaurant Group, Inc. and its wholly owned subsidiaries

Notes to Consolidated and Combined Financial Statements (continued)

3. Notes Receivable (continued)

Loss activity was as follows for the year ended December 25, 2011 (in thousands):

Beginning balance	\$ 156
Written off	(55)
Provision	68
Ending balance	<u>\$ 169</u>

4. Inventories

Inventories consisted of the following (in thousands):

	December 25, 2011	December 26, 2010	December 27, 2009
Food	\$ 781	\$ 772	\$ 753
Supplies and other	148	179	229
Total	<u>\$ 929</u>	<u>\$ 951</u>	<u>\$ 982</u>

5. Property and Equipment, Net

Property and equipment, net, consisted of the following (in thousands):

	December 25, 2011	December 26, 2010	December 27, 2009
Land and improvements	\$ 3,669	\$ 3,625	\$ 3,623
Buildings and improvements	13,020	12,727	12,075
Equipment and furnishings	6,702	7,024	7,337
Construction in progress	110	49	51
	<u>23,501</u>	<u>23,425</u>	<u>23,086</u>
Less accumulated depreciation	(8,979)	(8,431)	(7,810)
Net property and equipment	<u>\$ 14,522</u>	<u>\$ 14,994</u>	<u>\$ 15,276</u>

During 2009, the Company received insurance proceeds related to a loss for a portion of a roof that collapsed due to the weight of drifted snow. The replacement assets were recorded at cost, while the damaged assets were retired, resulting in a non-monetary gain. The gain was offset by the insurance deductible, resulting in a net gain of approximately \$91,000.

Big Boy Restaurants International LLC and
Liggett Restaurant Group, Inc. and its wholly owned subsidiaries

Notes to Consolidated and Combined Financial Statements (continued)

6. Non-Compete, Franchise Rights, Brand Strategy, and Debt Issuance Costs

On January 12, 2001, the Company and Frisch's Restaurants, Inc. (Frisch's), a former franchisee of Elias Brothers Restaurants, Inc., entered into an agreement regarding territory and use of the Big Boy trademarks. In connection with this agreement, the Company acquired exclusive franchise rights in several states previously open to Frisch's. The Company is amortizing the other franchise rights of approximately \$369,000 over a fifteen-year period.

On May 25, 2005, the Company purchased the equipment and ongoing business interests in four restaurants from a franchisee. In connection with the agreement, the Company entered into a non-compete agreement with the seller. As part of the consideration, the Company paid a total of approximately \$435,000 over a period of two years from the agreement date. The Company amortized the amount over the five-year period of the non-compete clause ending in 2010.

During 2009, the Company engaged a vendor to create a blueprint for growing the Big Boy brand. The blueprint includes development of a brand strategy, a positioning statement, image attributes, and a functional design concept. The Company believes that the blueprint will allow for the future development of prototype designs, menus, and other components that define the brand. The Company is amortizing the \$425,000 cost over a five-year period.

Non-compete, franchise rights, and brand strategy, net, and debt issuance costs, net, consisted of the following (in thousands):

	December 25, 2011	December 26, 2010	December 27, 2009
Non-compete, franchise rights, and brand strategy	\$ 1,229	\$ 1,229	\$ 1,229
Less accumulated amortization	(881)	(772)	(624)
Net non-compete, franchise rights, and brand strategy	<u>\$ 348</u>	<u>\$ 457</u>	<u>\$ 605</u>
Debt issuance costs	\$ 106	\$ 877	\$ 828
Less accumulated amortization	(71)	(825)	(799)
Net debt issuance costs	<u>\$ 35</u>	<u>\$ 52</u>	<u>\$ 29</u>

Big Boy Restaurants International LLC and
Liggett Restaurant Group, Inc. and its wholly owned subsidiaries

Notes to Consolidated and Combined Financial Statements (continued)

6. Non-Compete, Franchise Rights, Brand Strategy, and Debt Issuance Costs (continued)

The estimated amortization for future years is as follows:

	Non-compete, franchise rights, and brand strategy	Debt issuance costs
2012	\$ 110	\$ 10
2013	110	10
2014	104	10
2015	24	5
Total	<u>\$ 348</u>	<u>\$ 35</u>

7. Leases

Lessee Position

The Company leases some of its restaurant locations and various equipment under operating leases. Certain leases contain renewal options, provide for additional rents based on sales in excess of specified amounts, require payment of property taxes, and require maintenance of insurance coverage.

Future minimum lease payments under leases in effect at December 25, 2011 are as follows (in thousands):

	Minimum Lease Payments
2012	\$ 730
2013	612
2014	609
2015	471
2016	348
2017 and thereafter	882
Total	<u>\$ 3,652</u>

Big Boy Restaurants International LLC and
Liggett Restaurant Group, Inc. and its wholly owned subsidiaries

Notes to Consolidated and Combined Financial Statements (continued)

7. Leases (continued)

Lessee Position (continued)

Actual rent expense incurred also includes amounts for equipment and other items rented on a per use arrangement. Actual rent expense consisted of the following (in thousands):

	December 25, 2011	December 26, 2010	December 27, 2009
Minimum rentals	\$ 817	\$ 1,335	\$ 948
Rentals based on sales volumes	39	28	110
Total	<u>\$ 856</u>	<u>\$ 1,363</u>	<u>\$ 1,058</u>

The Company had no sublease rental income for the years ended December 25, 2011, December 26, 2010, or December 27, 2009.

Lessor Position

The Company leases and subleases some of its restaurant locations and warehouse/office space to various franchisees and others. Certain leases contain renewal options, provide for additional rents based on percentage of sales in excess of specified amounts (contingent rentals) and require that the lessee pay property taxes and maintain insurance coverage. All leases are accounted for as operating leases. Contingent rental income is accrued in the period in which it arises.

Assets leased consisted of the following (in thousands):

	December 25, 2011	December 26, 2010	December 27, 2009
Land and improvements	\$ -	\$ -	\$ 420

Big Boy Restaurants International LLC and
Liggett Restaurant Group, Inc. and its wholly owned subsidiaries

Notes to Consolidated and Combined Financial Statements (continued)

8. Debt

Company debt at December 25, 2011, December 26, 2010, and December 27, 2009, is as follows (in thousands):

	December 25, 2011	December 26, 2010	December 27, 2009
Bank mortgage note payable in monthly installments of approximately \$57,000 including interest, commencing June 1, 2010 through May 1, 2015, when any remaining unpaid amounts will be due. Previously this note was a term note that was amended and restated.	\$ 5,599	\$ 5,994	\$ 8,319
Bank bridge note payable commencing June 2010 through February 2011. Principal payments of \$15,000 plus interest March through August 2011. Interest only at September 1, 2011. Note paid in full February 2012. See subsequent event footnote 15 for further details.	2,266	2,356	-
Equipment line note payable, no availability, payable in monthly installments of \$12,500 plus accrued interest through May 1, 2010 when any remaining unpaid amounts were due.	-	-	1,263

Big Boy Restaurants International LLC and
Liggett Restaurant Group, Inc. and its wholly owned subsidiaries

Notes to Consolidated and Combined Financial Statements (continued)

8. Debt (continued)

	December 25, 2011	December 26, 2010	December 27, 2009
Equipment line B note payable, \$1.0 million availability, commencing May 1, 2010 through November 1, 2011. Indebtedness at November 1, 2011 repayable in monthly installments of principal and interest based on seven year amortization through November 1, 2015 when any remaining unpaid amounts will be due. Previously this note was equipment line A that was amended and restated.	\$ 11	\$ 11	\$ 11
Revolving line of credit, \$1.0 million availability, repayable in monthly interest-only payments and due in full January 31, 2012. See subsequent footnote 15 for further details.	602	-	-
Subordinated note payable to the member owner and shareholder, interest only accrued at 12% and payable monthly at 6%, commencing June 1, 2010 through January 1, 2014. Payable in monthly installments of approximately \$104,000 including interest, commencing January 1, 2014 through February 1, 2017, when any remaining unpaid amounts will be due. The note is subject to additional principal payments based upon certain operating targets.	7,403	6,967	5,467
Total	15,881	15,328	15,060
Less current portion	3,284	2,996	10,178
Long-term portion	\$ 12,597	\$ 12,332	\$ 4,882

Big Boy Restaurants International LLC and
Liggett Restaurant Group, Inc. and its wholly owned subsidiaries

Notes to Consolidated and Combined Financial Statements (continued)

8. Debt (continued)

The bank term note, mortgage note, bridge note, revolving credit facility, and equipment line notes are collateralized by substantially all assets of the Company.

Restrictive covenants associated with these amounts include minimum levels of fixed charge coverage and tangible net worth, limitations on senior debt to cash flow, new debt limitations, dividend restrictions, and limitations on capital expenditures.

As of December 25, 2011 the Company was not in compliance with its restrictive debt covenants. The Company obtained a waiver from the bank for this noncompliance as part of the debt amendment entered into in January 2012. See Footnote 15 – Subsequent Events, for the elimination of certain covenants in connection with the renegotiation of the Company's bank debt.

Interest on the bank mortgage note, bridge note, revolving line of credit, and equipment line note are based upon the prime rate plus a fixed amount of 1.75%. Interest on the revolving credit facilities are based upon the prime rate plus a fixed amount of .75%. As of December 25, 2011, December 26, 2010, and December 27, 2009, the effective rate for amounts outstanding on the equipment line was 5.00%, 5.00%, and 2.75%, respectively. As of December 25, 2011, the effective rate for amounts outstanding on the revolving credit facility was 4.00%.

Scheduled debt maturities are as follows (in thousands):

2012	\$ 3,284
2013	744
2014	806
2015	4,684
2016	437
2017 and thereafter	5,926
Total	<u>\$ 15,881</u>

Big Boy Restaurants International LLC and
Liggett Restaurant Group, Inc. and its wholly owned subsidiaries

Notes to Consolidated and Combined Financial Statements (continued)

9. Other Long-Term Liabilities

The Company enters into agreements with franchisees to open restaurants in future years. These franchisees pay initial franchisee and/or development fees. As of December 25, 2011, and December 26, 2010, there were no such fees recorded. As of December 27, 2009, the amount of these fees was \$210,000 of which \$180,000 was recorded as current under other liabilities and \$30,000 was recorded as a component of other long-term liabilities.

10. Franchise Fee and Other Revenues

The Company charges its franchisees an initial fee and a continuing franchise fee for operating under the style and trademarks of the Big Boy Franchise System. The current initial fee of \$40,000 is payable upon execution of the franchise agreement. The continuing fee is payable weekly or monthly based on a percentage of sales, as defined in their franchise agreement. Total franchise fee revenues were approximately \$3,723,000 for the year ended December 25, 2011, \$4,434,000 for the year ended December 26, 2010, and \$4,838,000 for the year ended December 27, 2009. Initial franchise fee revenues were approximately \$40,000 for the year ended December 25, 2011, \$213,000 for the year ended December 26, 2010, and \$330,000 for the year ended December 27, 2009.

11. Other Expense

Other expenses for fiscal year 2011 include approximately \$135,000 of losses associated with asset disposals. Other expenses for fiscal year 2010 include approximately \$140,000 of losses associated with asset disposals. Other expenses for fiscal year 2009 include approximately \$1,480,000 of losses associated with asset disposals offset by \$6,000 of investment interest income.

12. Federal Income Taxes and Michigan Business Tax

The Company is composed of Limited Liability Companies along with an S-Corporation; therefore, federal taxable income and deductions are passed through to the member owner and shareholder. Thus, no provision for federal income taxes is reflected in the accompanying consolidated and combined financial statements. Distributions to the member owner and shareholder in lieu of income taxes are charged to retained earnings.

Big Boy Restaurants International LLC and
Liggett Restaurant Group, Inc. and its wholly owned subsidiaries

Notes to Consolidated and Combined Financial Statements (continued)

12. Federal Income Taxes and Michigan Business Tax (continued)

The Michigan Business Tax consists of two parts, an income and a gross receipts tax. The Michigan Business Tax is paid at the entity level. The Company's liability for the current year is attributable to gross receipts and therefore the Michigan Business Tax is reflected in selling, general, and administrative, rather than income tax expense. For 2011, the recorded Michigan Business Tax expense of approximately \$82,000 reflects 2011 estimated expense of approximately \$112,000 reduced by an overaccrual for 2010 of approximately \$30,000. For 2010, the recorded Michigan Business Tax expense of approximately \$97,000 reflects 2010 estimated expense of approximately \$131,000 reduced by an overaccrual for 2009 of approximately \$34,000. For 2009, the recorded Michigan Business Tax benefit amount of approximately \$17,000 reflects 2009 estimated expense of approximately \$269,000 reduced by an overaccrual for 2008 of approximately \$286,000.

Generally, tax years from 2008 through the current year remain open to examination for federal purposes, and 2004 through the current year for State of Michigan purposes. The Company does not believe that the results from any examination of these open years would have a material adverse effect on the Company.

The Company records interest and penalties related to tax positions as interest expense or other expense, respectively, in the consolidated and combined statements of operations.

13. Related Party Transactions

At the same time that the Company acquired a significant amount of the assets of Elias Brothers Restaurants, Inc., a company related through common control, New Tower, Inc., acquired a distribution center from the same seller, which the Company's largest customer and vendor utilizes as a distribution center. New Tower, Inc. also owns broadcasting tower sites and related assets, which they lease to various communications companies. New Tower, Inc.'s total assets were approximately \$1,494,000 at December 25, 2011, \$1,551,000 at December 31, 2010, and \$1,578,000 at December 31, 2009. Financing in the amount of \$2.2 million for the acquisition of the distribution center by New Tower, Inc. was provided by the Company's primary bank. This financed amount is cross-collateralized with the debt of the Company and certain covenants are applied on a combined basis. The amount of outstanding debt remaining was approximately \$1,154,000 as of December 25, 2011, \$1,239,000 as of December 26, 2010, and \$1,265,000 as of December 27, 2009.

Liggett Management, LLC a company related through common control, provides various administrative services for the Company and were paid approximately \$395,000 in fiscal year 2011, \$410,000 in fiscal year 2010, \$396,000 in fiscal year 2009.

Big Boy Restaurants Internacional LLC and
Liggett Restaurant Group, Inc. and its wholly owned subsidiaries

Notes to Consolidated and Combined Financial Statements (continued)

13. Related Party Transactions (continued)

The Company provides various administrative services to LBV, LLC, a company organized in 2010 that is related through common control. The Company has a 9.30% interest only note receivable of approximately \$68,000 which matures on June 1, 2015 and a 1.25% ownership interest in LBV, LLC. LBV, LLC has adopted the Company benefit and retirement plans. LBV, LLC made no payments to the Company in fiscal year 2011 for services provided, and paid approximately \$1,122,000 in fiscal year 2010 for services provided or as reimbursement for start up and other expenses initially paid for by the Company.

Big Boy Advertising and Production Fund, Inc., a non profit entity that is related through common control, was organized in 2010 to collect advertising fees and other contributions, and to manage marketing activity expenditures. The Company pays a percentage of its sales to Big Boy Advertising and Production Fund, Inc., which totaled approximately \$502,000 in fiscal year 2011 and \$507,000 in fiscal year 2010. The Company also passes through amounts that are paid contractually to the Company or amounts received in error from franchisees, which totaled approximately \$511,000 in fiscal year 2011 and \$863,000 in fiscal year 2010.

14. Commitments and Contingencies

The Company maintains a self-insurance program for its employees' health care costs. The Company is liable for losses on medical claims up to \$175,000 for each enrolled employee. The Company has third-party insurance coverage in the event that losses exceed this limit. Self-insurance costs are accrued based on claims reported as of the date of the financial statements as well as an estimated liability for claims incurred but not reported. This amount is then reduced by payments made by the Company throughout the year. As a result, the total accrued liability (receivable) for self-insurance costs was approximately \$151,000 at December 25, 2011, \$562,000 at December 26, 2010, and \$(53,000) at December 27, 2009.

The Company is a party to various other legal actions normally associated with these types of companies, the aggregate effect of which, in management's and legal counsel's opinion, would not be material to the financial condition or results of operations of the Company.

Big Boy Restaurants International LLC and
Liggett Restaurant Group, Inc. and its wholly owned subsidiaries

Notes to Consolidated and Combined Financial Statements (continued)

15. Subsequent Events

In January 2012, the Company completed the renegotiation of its debt portfolio with its bank, which reduced the interest rate on all debt to bank prime, extended the maturity date on the line of credit to January 1, 2013, eliminated principal payments on the mortgage note through June 30, 2012, reduced the same principal payments by half for the period July 1, 2012 through December 31, 2012, and eliminated all of the financial covenants with the exception of the fixed charge coverage covenant. In return, the bank received, in addition to the collateral already in place, certain loan guarantees from the member owner, as well as the commitment from the Company to pay in full the outstanding balance of the bridge note payable in the event that certain assets of the company were sold during 2012 (see note below).

In February 2012, the company sold substantially all of its real property associated with the headquarters, manufacturing, and restaurant campus. Proceeds from the sale, net of certain tax and closing costs, were used to pay off in total the outstanding bridge note debt. As part of the terms of the sale, the Company will remain as a tenant in the facilities for up to two years on a substantially rent-free basis.

EXHIBIT I

BIG BOY FRANCHISE MANAGEMENT LLC

FRANCHISE DISCLOSURE DOCUMENT

STATE LAW ADDENDA

FRANCHISE AND AREA DEVELOPMENT AGREEMENT ADDENDA

EXHIBIT I- DISCLOSURE ADDENDA FOR

CERTAIN REGISTRATION STATES

**ADDENDUM TO THE BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT FOR
THE STATE OF CALIFORNIA**

**THE CALIFORNIA FRANCHISE INVESTMENT LAW
REQUIRES THAT A COPY OF ALL PROPOSED
AGREEMENTS RELATING TO THE SALE OF THE
FRANCHISE BE DELIVERED TOGETHER WITH THE
FRANCHISE DISCLOSURE DOCUMENT.**

~~The California Business and Professions Code Section 20000 through 20042 provide rights to the Franchisee concerning termination or non-renewal for a Franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.~~

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

~~The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the Franchise. This provision may not be enforceable under California law.~~

Neither Big Boy nor any person identified in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sec. 78a, et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to California franchisees concerning termination or nonrenewal of a franchise. If the Franchise Agreement or the Area Development Agreement contains provisions that are inconsistent with California law, California law will control.

You must sign a release of claims if you transfer your franchise. California Corporations Code, Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Consequently, California Corporations Code, Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516), and California Business and Professions Code, Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The Franchise Agreement and the Area Development Agreement contain covenants not to compete which extend beyond the termination or expiration of the Agreements. These provisions may not be enforceable under California law.

California Corporations Code, Section 31125 requires franchisors to give California franchisees a disclosure document, approved by the California Department of Corporations, before the solicitation of a proposed material modification of an existing franchise.

The Franchise Agreement and the Area Development Agreement require binding arbitration. The arbitration will occur at Big Boy's general offices in Warren, Michigan with the costs being borne by the parties. This provision may not be enforceable under generally applicable contract defenses, such as fraud, duress or unconscionability.

The provisions of the Franchise Agreement and the Area Development Agreement requiring jurisdiction and venue in Michigan may not be enforceable under California law. Business and Professions Code Section 20040.5 relating to forum selection clauses restricting venue outside the State of California for arbitration may be preempted by the Federal Arbitration Act. Section 20040.5 may still apply to any provision relating to judicial proceedings.

Neither the Franchise Agreement nor the Area Development Agreement contains a liquidated damages clause.

**ADDENDUM TO THE FRANCHISE AGREEMENT OF
BOY FRANCHISE MANAGEMENT LLC
FOR THE STATE OF CALIFORNIA**

This Addendum to the Franchise Agreement between Big Boy Franchise Management, LLC ("Franchisor") and _____ ("Franchisee") is dated this _____ day of _____, 20_____.

1. In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-31516 and the California Franchise Relations Act, Cal. Bus and Prof. Code §§20000-20043, the Big Boy Franchise Agreement is amended as follows:

- a. The California Franchise Relations Act provides rights to Franchisee concerning termination or non-renewal of the Franchise Agreement, which may supersede provisions in the Franchise Agreement.
- b. Termination of the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).
- e. The covenant not to compete extends beyond the expiration or termination of the Agreement; this covenant may not be enforceable under California Law.
- d. The Franchise Agreement requires arbitration to be conducted in a court located outside of the State of California. This provision might not be enforceable for any cause of action arising under California law.
- e. The Franchise Agreement requires application of the laws of a state other than California. This provision might not be enforceable under California law.
- f. The Franchise Agreement requires binding arbitration. The arbitration will occur in Michigan with the costs being borne by each party. Prospective franchisees are encouraged to consult legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside of the State of California.

2. To the extent this Addendum shall be deemed to be inconsistent with the terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms:

Big Boy Franchise Management, LLC Franchisee: _____

By: _____ By: _____

Title: _____ Title: _____

**BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA**

The terms of Items 6, 9, 11, 12 and 17 of the Franchise Disclosure Document were negotiated with certain franchisees/area developers. The material terms that were negotiated by Big Boy Franchise Management, LLC ("Big Boy") with certain California franchisees/area developers with respect to their respective Big Boy Restaurants are summarized below:

1. The Advertising Fees required to be paid to Big Boy under each of the Franchise Agreements for Big Boy Restaurants in California that were entered into during the last 12 months are reduced to 0.5% of Gross Revenues to cover production costs. The Franchisees are required to spend 2.5% of Gross Revenues for approved local market advertising. Upon three months prior written notice to the Franchisees, Big Boy may increase the Advertising Fees to be paid by the Franchisees to Big Boy to 3% and in such event the Franchisees will not be required pay for any local market advertising.

2. The Exclusive Territory of one Franchised Location in California was extended from a two-mile radius to a three-mile radius from the Franchised Location. In addition, if Franchisor desires to locate another Big Boy restaurant within a four-mile radius of the Franchised Location, the Franchisor shall perform a feasibility study to determine the potential impact on the Franchisee's Big Boy restaurant.

3. One California Franchisee is permitted to sell merchandise depicting its Franchised Location via the internet provided that all such merchandise and the manner in which it is to be sold is approved in writing by Franchisor.

4. In the event of a transfer of the Franchise Agreement by the Franchisor, one California Franchisee is required to guarantee the obligations of the transferee under the Franchise Agreement for a period of 6 months following the transfer and one California Franchisee is not required to guarantee the obligations of the transferor.

Copies of the Notices of Negotiated Sale of Franchise will be made available to you within five business days after you submit a written request to Legal Department, Big Boy Restaurants International, LLC, 4199 Marcy Street, Warren, Michigan 48091-5628.

**ADDENDUM TO THE
BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF HAWAII**

Notwithstanding anything to the contrary set forth in the Big Boy Franchise Disclosure Document, the following provisions shall supersede and apply to all Franchises offered and sold in the State of Hawaii:

Item 5, Paragraph 1 of the Franchise Disclosure Document is amended by the addition of the following language:

Payment of the Initial Fee for your franchised Big Boy Restaurant in the State of Hawaii will be deferred until the date of the Restaurant opening.

Item 17, Franchise Agreement Table, t. Integration/Merger clauses, of the Franchise Disclosure Document is amended by the addition of the following language:

Nothing in the Franchise Agreement is meant to disclaim any representations made in the Franchise Disclosure Document or its attachments or addenda.

Item 17, Area Development Agreement Table, t. Integration/Merger clauses, of the Franchise Disclosure Document is amended with deletion of reference to Article 13.8 and addition of reference to Article 12.8, and by the addition of the following language:

Nothing in the Franchise Agreement is meant to disclaim any representations made in the Franchise Disclosure Document or its attachments or addenda.

Item 21 of the Franchise Disclosure Document is amended by the addition of the following language:

Big Boy Restaurants International LLC has guaranteed the performance of Big Boy's obligations under the Franchise Agreement and the Area Development Agreement in the State of Hawaii. The Guaranty of Performance is attached to this Addendum.

~~Exhibit A of the Franchise Disclosure Document is amended by the deletion of the contact information for the State of Hawaii and the addition of the following:~~

State Agency

Agent for Service of Process

~~Hawaii Department of Commerce
and Consumer Affairs
Business Registration Division
P. O. Box 40
Honolulu, Hawaii 96810~~

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

ADDENDUM TO
BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT
FOR THE STATE OF HAWAII

This Addendum to the Franchise Agreement between Big Boy Franchise Management, LLC ("Franchisor") and _____ ("Franchisee") is dated this _____ day of _____, 20_____.

1. Article 4 of the Franchise Agreement is hereby amended by the addition of the following language:

Payment of the Initial Fee for your franchised Big Boy Restaurant in the State of Hawaii will be deferred until the date of the Restaurant opening.

2. Article 27.10 of the Franchise Agreement is hereby amended by the addition of the following language:

Nothing in the Agreement is intended to disclaim the representations made in the Franchise Disclosure Document, its attachments or addenda, previously furnished to you by Franchisor.

3. To the extent this Addendum shall be deemed to be inconsistent with the terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms:

Big Boy Franchise Management, LLC _____ Franchisee: _____

By: _____ By: _____

Title: _____ Title: _____

GUARANTY OF PERFORMANCE

For value received, Big Boy Restaurants International LLC or "Guarantor", the Parent Company, located at 4199 Marcy, Warren, Michigan 48091, absolutely and unconditionally guarantees the performance by its wholly owned subsidiary, Big Boy Franchise Management LLC, a Michigan limited liability company ("Franchisor"), of all obligations under the Hawaii Franchise Investment Law in connection with Franchisor's services as Parent Company pursuant to the registration of such franchises in the State of Hawaii under the jurisdiction of the Hawaii Franchise Investment Law, as the same have been or may hereafter be amended, modified, renewed or extended for time to time. This guaranty shall continue in force until all such liability of the Franchisor has been completely discharged. Guarantor shall not be discharged from liability hereunder as long as any such claim by a franchisee against Franchisor remains outstanding. Notice of acceptance is waived. Notice of default on the part of Franchisor is not waived. This guaranty shall be binding upon guarantor, its successors and assigns.

In witness whereof, guarantor has, by a duly authorized officer, executed this guarantee at Warren, Michigan, this 21st day of March, 2012.

ATTEST:

Deanne M. Helms

GUARANTOR:
BIG BOY RESTAURANTS
INTERNATIONAL LLC

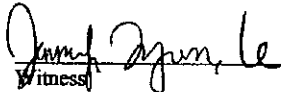
Keith E. Sirois
By: Keith E. Sirois
Its: Chief Executive Officer

GUARANTY OF PERFORMANCE

For value received, Big Boy Restaurants International LLC or "Guarantor", the Parent Company, located at One Big Boy Drive, Warren, Michigan 48091, absolutely and unconditionally guarantees the performance by its wholly owned subsidiary, Big Boy Franchise Management LLC, a Michigan limited liability company ("Franchisor"), of all obligations under the Hawaii Franchise Investment Law in connection with Franchisor's services as Parent Company pursuant to the registration of such franchises in the State of Hawaii under the jurisdiction of the Hawaii Franchise Investment Law, as the same have been or may hereafter be amended, modified, renewed or extended for time to time. This guaranty shall continue in force until all such liability of the Franchisor has been completely discharged. Guarantor shall not be discharged from liability hereunder as long as any such claim by a franchisee against Franchisor remains outstanding. Notice of acceptance is waived. Notice of default on the part of Franchisor is not waived. This guaranty shall be binding upon guarantor, its successors and assigns.

In witness whereof, guarantor has, by a duly authorized officer, executed this guarantee at Tampa, Florida this 5th day of August, 2010.

ATTEST:


Witness

GUARANTOR:
BIG BOY RESTAURANTS
INTERNATIONAL LLC

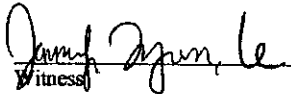

By: Keith E. Sirois
Its: Chief Executive Officer

GUARANTY OF PERFORMANCE


For value received, Big Boy Restaurants International LLC or "Guarantor", the Parent Company, located at One Big Boy Drive, Warren, Michigan 48091, absolutely and unconditionally guarantees the performance by its wholly owned subsidiary, Big Boy Franchise Management LLC, a Michigan limited liability company ("Franchisor"), of all obligations under the Hawaii Franchise Investment Law in connection with Franchisor's services as Parent Company pursuant to the registration of such franchises in the State of Hawaii under the jurisdiction of the Hawaii Franchise Investment Law, as the same have been or may hereafter be amended, modified, renewed or extended for time to time. This guaranty shall continue in force until all such liability of the Franchisor has been completely discharged. Guarantor shall not be discharged from liability hereunder as long as any such claim by a franchisee against Franchisor remains outstanding. Notice of acceptance is waived. Notice of default on the part of Franchisor is not waived. This guaranty shall be binding upon guarantor, its successors and assigns.

In witness whereof guarantor has, by a duly authorized officer, executed this guarantee at Tampa, Florida this 5th day of August, 2010.

ATTEST:


Witness

GUARANTOR:
BIG BOY RESTAURANTS
INTERNATIONAL LLC


By: Keith E. Sirais
Its: Chief Executive Officer

ADDENDUM RIDER TO
BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT
FOR THE STATE OF HAWAII

~~Article 4 of the Franchise Agreement is hereby amended by the addition of the following language:~~

~~Payment of the Initial Fee for your franchised Big Boy Restaurant in the State of Hawaii will be deferred until the date of the Restaurant opening.~~

~~Article 27.10 of the Franchise Agreement is hereby amended by the addition of the following language:~~

~~Nothing in the Agreement is intended to disclaim the representations made in the Franchise Disclosure Document, its attachments or addenda, previously furnished to you by Franchism.~~

**ADDENDUM TO THE BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE ILLINOIS FRANCHISE DISCLOSURE ACT**

1. The Franchise Agreement and the Area Development Agreement will be governed by Illinois law. The conditions under which your franchise can be terminated and your rights upon nonrenewal will be affected by Illinois law, 815 ILCS 705/19 and 705/20. Section 4 of the Illinois Franchise Disclosure Act of 1987 (the "Illinois Act") provides that the provisions of the Franchise Agreement and the Area Development Agreement which designate jurisdiction or venue in a forum outside of Illinois are void. Section 4 of the Illinois Act and the regulations promulgated under the Illinois Act require that the choice of law provisions of the Franchise Agreement and the Area Development Agreement cannot provide for a choice of law other than Illinois.

2. The risk factors on the cover page are not applicable to Illinois residents because the provisions of the Franchise Agreement and the Area Development Agreement regarding

choice of forum and choice of law are not deemed to be a waiver of any rights Illinois residents may have under the Illinois Franchise Disclosure Act.

23. The following paragraph is hereby added to Item 17(v) and 17(w):

“The Choice of Law and venue provisions, applying law of any state other than Illinois or requiring a franchisee to litigate any cause of action outside of Illinois, may not be enforceable under Section 4 of the Illinois Franchise Disclosure Act.”

34. The following paragraph is hereby added to Item 17:

“The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois law, III. Rev. Stat. 1987, Ch. 121-1/2, §§1719 and 1720.”

45. The reference at the end of Item 17 to “Illinois (815 ILCS 705/19 and 705/20)” is deleted and replaced with the following disclosure: “Illinois (815 ILCS 705/1-44)”.

5.6. Item 21 of the Franchise Disclosure Document is hereby amended by the addition of the following language:

Big Boy Restaurants International LLC has absolutely and unconditionally guaranteed the performance of Big Boy’s obligations under the Franchise Agreement and the Area Development Agreement in the State of Illinois. A copy of the Guaranty of Performance is attached to this Addendum.

~~65. In Item 23, receipt pages, the referenc to “Ten Business Days” is deloted and replaced with “Fourteen Days”.~~

ADDENDUM TO
BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT FOR THE STATE OF ILLINOIS

This Addendum to the Franchise Agreement between Big Boy Franchise Management, LLC (“Franchisor”) and _____ (“Franchisee”) is dated this _____ day of _____, 20_____.

(a) Include the following paragraphs at the end of the Item 17 chart:

The conditions under which you can be terminated and your rights on non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

The Illinois Franchise Disclosure Act will govern any franchise agreement if: (a) it applies to a franchise located in Illinois; or (h) a franchisee who resides in Illinois.

The franchise agreement will become effective on its acceptance and signing by us in the State of Michigan. The franchise agreement will be interpreted and construed under the substantive laws of Michigan, except to the extent governed by the Illinois Franchise Disclosure Act or the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C., Sections 1051 et seq.). However, any condition of the franchise agreement that designates litigation, jurisdiction or venue in a forum outside of Illinois is void as to any cause of action that otherwise is enforceable in Illinois.

- (b) Under Illinois law, a franchise agreement may not provide for a choice of law of any state other than Illinois. Accordingly, Items 17(v) and (w) are amended to state "Illinois choice of law and forum."
- (c) Any releases and/or waivers that the Franchisor requests the Franchisee to sign must conform with Section 41 of the Act.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms:

Big Boy Franchise Management, LLC Franchisee: _____

By: _____ By: _____

Title: _____ Title: _____

GUARANTY OF PERFORMANCE

For value received, Big Boy Restaurants International LLC or "Guarantor", the Parent Company, located at 4199 Marcy, Warren, Michigan 48091, absolutely and unconditionally guarantees the performance by its wholly owned subsidiary, Big Boy Franchise Management LLC, a Michigan limited liability company ("Franchisor"), of all obligations under the Illinois Franchise Disclosure Act and Rules in connection with Franchisor's services as Parent Company pursuant to the registration of such franchises in the State of Illinois under the jurisdiction of the Illinois Franchise Disclosure Act, as the same have been or may hereafter be amended, modified, renewed or extended for time to time. This guaranty shall continue in force until all such liability of the Franchisor has been completely discharged. Guarantor shall not be discharged from liability hereunder as long as any such claim by a franchisee against Franchisor remains outstanding. Notice of acceptance is waived. Notice of default on the part of Franchisor is not waived. This guaranty shall be binding upon guarantor, its successors and assigns.

In witness whereof, guarantor has, by a duly authorized officer, executed this guarantee at Warren, Michigan, this 15th day of March, 2012.

ATTEST:

Deanne M. Dehn

GUARANTOR:
BIG BOY RESTAURANTS
INTERNATIONAL LLC

Keith E. Siröts

By: Keith E. Siröts
Its: Chief Executive Officer

GUARANTY OF PERFORMANCE

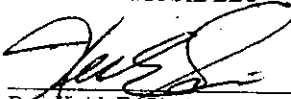
For value received, Big Boy Restaurants International LLC or "Guarantor", the Parent Company, located at One Big Boy Drive, Warren, Michigan 48091, absolutely and unconditionally guarantees the performance by its wholly owned subsidiary, Big Boy Franchise Management LLC, a Michigan limited liability company ("Franchisor"), of all obligations under the Illinois Franchise Disclosure Act and Rules in connection with Franchisor's services as Parent Company pursuant to the registration of such franchises in the State of Illinois under the jurisdiction of the Illinois Franchise Disclosure Act, as the same have been or may hereafter be amended, modified, renewed or extended for time to time. This guaranty shall continue in force until all such liability of the Franchisor has been completely discharged. Guarantor shall not be discharged from liability hereunder as long as any such claim by a franchisee against Franchisor remains outstanding. Notice of acceptance is waived. Notice of default on the part of Franchisor is not waived. This guaranty shall be binding upon guarantor, its successors and assigns.

In witness whereof, guarantor has, by a duly authorized officer, executed this guarantee at Warren, Michigan, this 24th day of March, 2011.

ATTEST:

Deanne M. Helin

GUARANTOR:
BIG BOY RESTAURANTS
INTERNATIONAL LLC



By: Keith E. Sirois
Its: Chief Executive Officer

**ADDENDUM TO THE BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE STATE OF MARYLAND**

Notwithstanding anything to the contrary set forth in the Big Boy Franchise Disclosure Document, the following provisions shall supersede and apply to all Franchises offered and sold in the State of Maryland:

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

Pursuant to COMAR 02.02.08 16L, the general release required as a condition of renewal and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any clause(s) referencing choice of forum is not applicable to claims arising under the Maryland Franchise Registration and Disclosure Law.

MARYLAND RIDER ADDENDUM TO
FO THE BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND

BETWEEN
BIG-BOY FRANCHISE MANAGEMENT LLC
AND

DATED _____

This Addendum to the Franchise Agreement between Big Boy Franchise Management, LLC ("Franchisor") and _____ ("Franchisee") is dated this _____ day of _____, 20_____.

_____ In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law and the rules and regulations promulgated thereunder, the Franchise Agreement shall be modified as follows:

1. Background. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, _____ ("Agreement") that has been entered into concurrently with the entering of this AddendumRider. This AddendumRider is annexed to and forms part of the Agreement. This AddendumRider is being executed because the Big Boy Restaurant to be operated by Franchisee pursuant to the Agreement will be located in the State of Maryland and/or because Franchisee is a resident of the State of Maryland. This AddendumRider shall be of no force and effect unless the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law and any regulations thereunder are met independently without reference to this AddendumRider.
2. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration or Disclosure Law.
3. Pursuant to COMAR 02.02.08 16L, the general release required as a condition of renewal and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
4. Any clause(s) referencing choice of forum is not applicable to claims arising under the Maryland Franchise Registration and Disclosure Law.

5. ~~The Agreement~~ The Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

6. Article 4 of the Franchise Agreement is hereby amended by the addition of the following language:

Payment of all fees to the franchisor by the franchisee, including payments for goods and services received from the franchisor before the business opens, for your franchised Big Boy Restaurant in the State of Maryland will be deferred until the date of the Restaurant opening.

7. Article 27.10 of the Franchise Agreement is hereby amended by the addition of the following language:

Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document, its attachments or addenda.

BIG BOY FRANCHISE MANAGEMENT LLC _____ FRANCHISEE
A Michigan Limited Liability Company _____

By: _____ By: _____

Title: _____ Title: _____

MARYLAND RIDER
TO THE BIG BOY FRANCHISE MANAGEMENT LLC
AREA DEVELOPMENT AGREEMENT BETWEEN
BIG BOY FRANCHISE MANAGEMENT LLC
AND

DATED _____

ADDENDUM TO
BIG BOY FRANCHISE MANAGEMENT LLC
AREA DEVELOPMENT AGREEMENT FOR THE STATE OF MARYLAND

This Addendum to the Area Development Agreement between Big Boy Franchise Management, LLC ("Franchisor") and _____ ("Franchisee") is dated this _____ day of _____, 20_____.

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law and the rules and regulations promulgated thereunder, the Area Development Agreement shall be modified as follows:

1. _____ 1. _____ Background. Franchisor and Area Developer are parties to that certain Area Development Agreement dated _____ ("Agreement") that has been entered into concurrently with the entering of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because the Big Boy Restaurant(s) to be developed by Area Developer pursuant to the Agreement will be located in the State of Maryland and/or because Area Developer is a resident of the State of Maryland. This Rider shall be of no force and effect unless the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law and any regulations thereunder are met independently without reference to this Rider.

2. _____ 2. _____ All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration or Disclosure Law.

3. _____ 3. _____ Pursuant to COMAR 02.02.08 i6L, the general release required as a condition of renewal and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. _____ 4. _____ Any clause(s) referencing choice of forum is not applicable to claims arising under the Maryland Franchise Registration and Disclosure Law.

5. _____ 5. _____ The Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

6. _____ Article 3, Paragraph 3.3 of the Area Development is hereby amended by the addition of the following language:

**ADDENDUM TO THE BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE MICHIGAN FRANCHISE INVESTMENT LAW**

THIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF BIG BOY FRANCHISE MANAGEMENT LLC REFLECTS CERTAIN REQUIREMENTS OF THE STATE OF MICHIGAN. IT IS BEING PROVIDED TO YOU AT THE SAME TIME AS THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE FEDERAL TRADE COMMISSION, AND SHOULD BE REVIEWED IN CONJUNCTION WITH THE FRANCHISE DISCLOSURE DOCUMENT, OF WHICH THIS IS MADE A PART.

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

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

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

- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state*. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

* A federal court held that this provision of the Michigan law was preempted by the Federal Arbitration Act and therefore is not enforceable. We intend to enforce the arbitration clause as it is written in the agreements.

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

IF FRANCHISOR'S MOST RECENT UNAUDITED FINANCIAL STATEMENT SHOWS A NET WORTH OF LESS THAN ONE HUNDRED (\$100,000) DOLLARS, YOU HAVE THE RIGHT TO REQUEST THE ESCROW OF THE INITIAL INVESTMENT AND OTHER FUNDS PAID UNTIL OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT INVENTORY, TRAINING OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED.

Any questions regarding this notice should be directed to:

Consumer Protection Division
Attention: Franchise Section
P.O. Box 30213
Lansing, Michigan 48909
Telephone Number: (517) 373-7117

**ADDENDUM TO THE BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE STATE OF MINNESOTA**

41. Item 5, Paragraph 1 of the Franchise Disclosure Document is amended by the addition of the following language:

Payment of the Initial Fee for your franchised Big Boy Restaurant in the State of Minnesota will be deferred until the date of the Restaurant opening.

24. Item 13 is amended by the addition of the following language:

The franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss costs or expenses arising out of any claim, suit or demand regarding the use of the name.

32. Item 17 is amended by the addition of the following paragraphs:

With respect to franchisees governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 day notice of termination (with 60 days to cure) and 180 day notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the franchise not be unreasonably withheld.

Under Minn. rule 2860.4400J, (1) a franchisee cannot waive any rights, (2) the franchisee cannot consent to the franchisor obtaining injunctive relief, although the franchisor may seek injunctive relief, and (3) a franchisee cannot be required to consent to waiver of a jury trial.

Pursuant to Minn. Rule 2860.4400D, any general release of claims that you or a transferor may have against us or our shareholders, directors, employees and agents, including without limitation claims arising under federal, state, and local laws and regulations shall exclude claims you or a transferor may have under the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Commissioner of Commerce.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Under Minn. Rule 2860.4400J, we are prohibited from requiring you to consent to liquidated damages.

54. ~~Item 21 of the Franchise Disclosure Document is hereby amended by the addition of the following language:~~

Big Boy Restaurants International LLC has guaranteed the performance of Big Boy's obligations under the Franchise Agreement and the Area Development Agreement in the State of Minnesota. A copy of the Guaranty of Performance has been filed with the Minnesota Department of Commerce and is attached to this Addendum.

35. ~~Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this addendum to the Franchise Disclosure Document.~~

**ADDENDUM TO
BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA**

~~4. Item 5, Paragraph 1 of the Franchise Disclosure Document is amended by the addition of the following language:~~

~~Payment of the Initial Fee for your franchised Big Boy Restaurant in the State of Minnesota will be deferred until the date of the Restaurant opening.~~

~~5. Item 21 of the Franchise Disclosure Document is hereby amended by the addition of the following language:~~

~~Big Boy Restaurants International LLC has guaranteed the performance of Big Boy's obligations under the Franchise Agreement and the Area Development Agreement in the State of Minnesota. A copy of the Guaranty of Performance has been filed with the Minnesota Department of Commerce and is attached to this Addendum.~~

GUARANTY OF PERFORMANCE

For value received, Big Boy Restaurants International LLC ("International"), located at 4199 Marcy, Warren, Michigan 48091, absolutely and unconditionally guarantees the performance by Big Boy Franchise Management LLC ("Big Boy"), located at 4199 Marcy, Warren, Michigan 48091, of all of the obligations of Big Boy under its franchise registration in the State of Minnesota, dated July ____, 2003, and of its Franchise Agreement and Area Development Agreement. This guaranty continues until all obligations of Big Boy under the Minnesota franchise registration, Franchise Agreement and Area Development Agreement are satisfied. International is not discharged from liability if a claim by the franchisee against Big Boy remains outstanding. Notice of acceptance is waived. Notice of default is not waived. This guaranty is binding on International and its successors and assignees. International executes this guaranty at Warren, Michigan on the 30 day of June, 2003.

Big Boy Restaurants International LLC

By: 

ANTHONY T. MICHAELS

Title: Chief Executive Officer

~~ADDENDUM TO THE BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR NEW YORK~~

1. ~~The following information is added to the State Cover Page of the Disclosure Document:~~

~~INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE
STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR
SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK
STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS
VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN
THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE
FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW,
INVESTMENT PROTECTION BUREAU, 120 BROADWAY, 23RD FLOOR, NEW YORK,
NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH
YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, THE
FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A
PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE
THAN THOSE SET FORTH IN THIS DISCLOSURE DOCUMENT.~~

2. ~~The following paragraphs are added at the beginning of Item 3 of the Disclosure Document:~~

~~Except as provided below, neither we, any predecessor, any person identified in
Item 2, an affiliate offering franchises under our principal trademark, nor a parent or affiliate
who induces franchise sales by promising to back us financially or otherwise guarantees our
performance (i) has an administrative, criminal, or civil action pending against us, it, him, or her
alleging a felony; a violation of a franchise, antitrust, or securities law; fraud; embezzlement;
fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable
civil or misdemeanor allegations, or (ii) was a party to any material civil action involving the
franchise relationship in the last fiscal year.~~

~~Except as provided below, neither we, any predecessor, any person identified in
Item 2, an affiliate offering franchises under our principal trademark, nor a parent or affiliate
who induces franchise sales by promising to back us financially or otherwise guarantees our
performance has been convicted of a felony or pleaded nolo contendere to a felony charge or,
within the 10-year period immediately preceding the application for registration, has been
convicted of or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil
action alleging violation of a franchise, antifraud, or securities law; fraud; embezzlement;
fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable
allegations.~~

~~Neither we, any predecessor, any person identified in Item 2, an affiliate offering
or selling franchises within the past 10 years, nor a parent or affiliate who guarantees our
performance is subject to a currently effective injunctive or restrictive order or decree relating to~~

~~the franchise, or under a federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a franchise as a real estate broker or sales agent.~~

3. ~~The following paragraph is added at the beginning of Item 1 of the Disclosure Document:~~

~~Neither we, a parent, nor any of our affiliates, predecessors, officers, or general partners have, during the 10 year period immediately preceding the date of the Disclosure Document: (a) tiled as debtor (or had tiled against us, it, him, or her) a petition to start an action under the U.S. Bankruptcy Code or any foreign bankruptcy laws; (b) obtained a discharge of our, its, his, or her debts under the U.S. Bankruptcy Code or any foreign bankruptcy laws; or (c) was a principal officer of a company or a general partner in a partnership that either tiled as a debtor (or had tiled against us, it, him, or her) a petition to start an action under the U.S. Bankruptcy Code or any foreign bankruptcy laws or that obtained a discharge of our, its, his, or her debts under the U.S. Bankruptcy Code or any foreign bankruptcy laws during or within 1 year after the officer or general partner of ours held this position in the company or partnership.~~

4. ~~The first paragraph of the Item 17 chart is deleted and replaced with the following:~~

~~THESE TABLES LIST CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.~~

5. ~~The "Summary" sections of Items 17(c) and 17(m) of the Franchise Agreement and Area Development Agreement charts in the Disclosure Document are amended by adding the following:~~

~~..., provided however, that to the extent required by Article 33 of the General Business Law of the State of New York, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.~~

6. ~~The "Summary" section of Item 17(d) of the Franchise Agreement and Area Development Agreement charts in the Disclosure Document is amended by adding the following:~~

~~You also may terminate the Agreement on any grounds available by law.~~

7. ~~The "Summary" section of Item 17(j) of the Franchise Agreement and Area Representative charts in the Disclosure Document is amended by adding the following:~~

~~However, to the extent required by applicable law, we will not make an assignment except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Agreement.~~

8. ~~The "Summary" section of Item 17(s) of the Franchise Agreement and Area Development Agreement charts in the Disclosure Document is amended by adding the following:~~

~~Modifications to the Manual will not unreasonably affect your obligations, including economic requirements, under the Franchise Agreement or Area Development Agreement.~~

9. ~~The "Summary" sections of Items 17(v) and 17(w) of the Franchise Agreement and Area Development Agreement charts in the Disclosure Document are amended by adding the following:~~

~~This choice of law and forum should not be considered a waiver of any right conferred upon you by Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.~~

10. ~~There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed made in New York if you are domiciled, and the franchise will be operated, in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.~~

**ADDENDUM TO THE BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR NORTH DAKOTA**

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Disclosure Document for Big Boy Franchise Management LLC shall be amended by the addition of the following language:

1. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

- A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
- B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
- C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
- F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

2. Notwithstanding anything in the Offering Circular to the contrary, Big Boy Franchise Management LLC ("BBFM") agrees to do one of the following in its sole discretion:

a. _____

~~b. 2. Each provision of this addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-1 through 51-19-17, are met independently without reference to this addendum to the Franchise Disclosure Document.~~

~~e. _____~~

~~d. _____~~

~~e. _____~~

~~f. ADDENDUM TO~~

~~g. BIG BOY FRANCHISE MANAGEMENT LLC~~

~~h. FRANCHISE DISCLOSURE DOCUMENT~~

~~i. FOR THE STATE OF NORTH DAKOTA~~

~~j. _____~~

~~k. Notwithstanding anything in the Offering Circular to the contrary, Big Boy Franchise Management LLC ("BBFM") agrees to do one of the following in its sole discretion:~~

~~a. It shall escrow 100% of the franchise fee paid by a franchisee who is a resident of North Dakota until the obligations of the franchisor to assist the franchisee to establish and open his or her business are fulfilled.~~

~~l. _____~~

~~m. _____~~

~~b. In lieu of the escrow funds or a guarantee of performance, BBFM may post a surety bond in an amount equal to 100% of the franchise fee, said bond to be issued by a corporate surety authorized to transact business in the State of North Dakota. BBFM shall determine the number of franchisees it hopes to sell in North Dakota and multiply the franchise fee times that number to determine the amount of the bond. In no event, however, is the bond to be less than \$25,000.~~

~~n. _____~~

~~o. _____~~

~~c. In lieu of the escrow funds or guarantee of performance or surety bond, BBFM may defer the initial franchise fee until such time as all initial obligations owed to franchisee under 2 the franchise agreement or other documents have been fulfilled by BBFM and the franchisee has commenced doing business pursuant to the franchise agreement.~~

23. Each provision of this addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-1 through 51-19-17, are met independently without reference to this addendum to the Franchise Disclosure Document.

**ADDENDUM TO THE BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT AS REQUIRED BY
THE STATE OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document for Big Boy Franchise Management LLC is supplemented by the following:

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

Item 21 of the Franchise Disclosure Document is amended by the addition of the following language:

Big Boy Restaurants International LLC has guaranteed the performance of Big Boy's obligations under the Franchise Agreement and the Area Development Agreement in the State of Virginia. The Guaranty of Performance is attached to this Addendum.

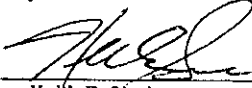
GUARANTEE OF PERFORMANCE

For value received, Big Boy Restaurants International LLC, a Michigan limited liability company (the "Guarantor"), located at 4199 Marcy Street, Warren, Michigan 48091-5628, absolutely and unconditionally guarantees the performance by Big Boy Franchise Management LLC located at 4199 Marcy Street, Warren, Michigan 48091-5628 (the "Franchisor") of all of the obligations of the Franchisor under its franchise registration in the Commonwealth of Virginia, and of its Franchise Agreements executed after March 21, 2012.

This guarantee continues until all obligations of the Franchisor under its franchise registration and franchise agreements are satisfied. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. Notice of default on the part of the Franchisor is not waived. This guarantee is binding on the Guarantor and its successors and assignees.

The Guarantor signs this guarantee at Warren, Michigan, on the 21st day of March, 2012.

Guarantor:
Big Boy Restaurants International LLC

By: 
Name: Keith E. Sirois
Title: CEO

GUARANTEE OF PERFORMANCE

For value received, Big Boy Restaurants International LLC, a Michigan limited liability company (the
(name of guarantor) (state of formation and form of entity)

"Guarantor"), located at 4199 Marcy Street, Warren, Michigan 48091-5628, absolutely and
(address)

unconditionally guarantees the performance by Big Boy Franchise Management LLC located at
(name of Franchisor)

4199 Marcy Street, Warren, Michigan 48091-5628 (the "Franchisor") of all of the obligations of the
address

Franchisor under its franchise registration in the Commonwealth of Virginia, and of its Franchise

Agreements executed after April 1, 2011.
(Date)

This guarantee continues until all obligations of the Franchisor under its franchise registration and franchise agreements are satisfied. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. Notice of default on the part of the Franchisor is not waived. This guarantee is binding on the Guarantor and its successors and assignees.

The Guarantor signs this guarantee at Warren, Michigan, on the 1st day of June,
2011.

Guarantor:
Big Boy Restaurants International LLC

By: 
Name: Keith E. Sirois
Title: CEO

**ADDENDUM TO THE BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT AS REQUIRED BY
THE STATE OF WASHINGTON**

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

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

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

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

ADDENDUM TO
BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON

Item 5, Paragraph 1 of the Franchise Disclosure Document is amended by the addition of the following language:

Payment of the Initial Fee for your franchised Big Boy Restaurant in the State of Washington will be deferred until the date of the Restaurant opening.

Item 17, Franchise Agreement Table, t. Integration/Merger clauses, of the Franchise Disclosure Document is amended by the addition of the following language:

Nothing in the Franchise Agreement is meant to disclaim any representations made in the Franchise Disclosure Document or its attachments or addenda.

Item 17, Area Development Agreement Table, t. Integration/Merger clauses, of the Franchise Disclosure Document is amended with deletion of reference to Article 13.8 and addition of reference to Article 12.8, and by the addition of the following language:

Nothing in the Franchise Agreement is meant to disclaim any representations made in the Franchise Disclosure Document or its attachments or addenda.

Item 17 of the Franchise Disclosure Document is amended by the addition of the following paragraph at the end of Item 17:

If any of the provisions in this Franchise Disclosure Document, the Franchise Agreement or the Area Development Agreement are inconsistent with the relationship provisions of Revised Code of Washington Section 19.100.180 or any other requirements of the Washington Franchise Investment Protection Act (the "Act"), then (if the Act applies by its terms) the provisions of the Act will prevail over the inconsistent terms of the Disclosure Document and Agreement for any franchises sold in Washington. However, we and you agree to enforce the Agreements' provisions to the extent the law allows.

Item 21 of the Franchise Disclosure Document is amended by the addition of the following language:

Big Boy Restaurants International LLC has guaranteed the performance of Big Boy's obligations under the Franchise Agreement and the Area Development Agreement in the State of Washington. The Guaranty of Performance is attached to this Addendum.

GUARANTY OF PERFORMANCE

For value received, Big Boy Restaurants International LLC or "Guarantor", the Parent Company, located at 4199 Marcy, Warren, Michigan 48091, absolutely and unconditionally guarantees the performance by its wholly owned subsidiary, Big Boy Franchise Management LLC, a Michigan limited liability company ("Franchisor"), of all obligations under the Revised Code of Washington Section 19.100.180 or any other requirements of the Washington Franchise Investment Protection Act in connection with Franchisor's services as Parent Company pursuant to the registration of such franchises in the State of Washington under the jurisdiction of the Washington Franchise Investment Protection Act, as the same have been or may hereafter be amended, modified, renewed or extended for time to time. This guaranty shall continue in force until all such liability of the Franchisor has been completely discharged. Guarantor shall not be discharged from liability hereunder as long as any such claim by a franchisee against Franchisor remains outstanding. Notice of acceptance is waived. Notice of default on the part of Franchisor is not waived. This guaranty shall be binding upon guarantor, its successors and assigns.

In witness whereof, guarantor has, by a duly authorized officer, executed this guarantee at Warren, Michigan, this 21st day of March, 2012.

ATTEST:

GUARANTOR:
BIG BOY RESTAURANTS
INTERNATIONAL LLC

Deanne M. Gilmi

Keith E. Sirois

By: Keith E. Sirois
Its: Chief Executive Officer

GUARANTY OF PERFORMANCE

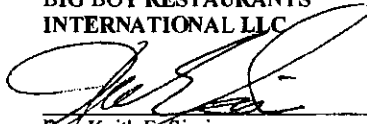
For value received, Big Boy Restaurants International LLC or "Guarantor", the Parent Company, located at One Big Boy Drive, Warren, Michigan 48091, absolutely and unconditionally guarantees the performance by its wholly owned subsidiary, Big Boy Franchise Management LLC, a Michigan limited liability company ("Franchisor"), of all obligations under the Revised Code of Washington Section 19.100.180 or any other requirements of the Washington Franchise Investment Protection Act in connection with Franchisor's services as Parent Company pursuant to the registration of such franchises in the State of Washington under the jurisdiction of the Washington Franchise Investment Protection Act, as the same have been or may hereafter be amended, modified, renewed or extended for time to time. This guaranty shall continue in force until all such liability of the Franchisor has been completely discharged. Guarantor shall not be discharged from liability hereunder as long as any such claim by a franchisee against Franchisor remains outstanding. Notice of acceptance is waived. Notice of default on the part of Franchisor is not waived. This guaranty shall be binding upon guarantor, its successors and assigns.

In witness whereof, guarantor has, by a duly authorized officer, executed this guarantee at Warren, Michigan, this 16th day of May, 2011.

ATTEST:

Lisa A. Bowman Secum
Witness

GUARANTOR:
BIG BOY RESTAURANTS
INTERNATIONAL LLC


By: Keith E. Sirois
hs: Chief Executive Officer

RIDERADDENDUM TO
BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT
FOR THE STATE OF WASHINGTON

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

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

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

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

Article 4 of the Franchise Agreement is hereby amended by the addition of the following language:

Payment of the Initial Fee for your franchised Big Boy Restaurant in the State of Washington will be deferred until the date of the Restaurant opening.

(Signature Page Follows)

The undersigned does hereby acknowledge receipt of this Addendum ~~to~~.

Dated this _____ day of _____, 20124.

FRANCHISEE:

By:

Name:

Title:

RIÐERADDENDUM TO
BIG BOY FRANCHISE MANAGEMENT LLC
AREA DEVELOPMENT AGREEMENT
FOR THE STATE OF WASHINGTON

Article 3. Paragraph 3.3 of the Area Development Agreement is hereby amended by the addition of the following language:

Payment of the Initial Fee for your franchised Big Boy Restaurant in the State of Washington will be deferred until the date of the Restaurant opening.

The undersigned does hereby acknowledge receipt of this Addendum-riðer.

Dated this _____ day of _____, 2012+.

FRANCHISEE:

By: _____

Name: _____

Title: _____

**ADDENDUM TO THE BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT AS REQUIRED BY
THE STATE OF WISCONSIN**

**REGISTRATION OF THIS FRANCHISE IN WISCONSIN DOES NOT MEAN THAT
THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS
FRANCHISE DISCLOSURE DOCUMENT.**

The conditions under which the Franchise Agreement can be terminated or not renewed may be affected by the Wisconsin Fair Dealership Law, Wisconsin Statutes 1981-82, Title XIV-A, Chapter 135.

VET FRAN PROGRAM ADDENDUM
TO THE
FRANCHISE AGREEMENT
BETWEEN
BIG BOY FRANCHISE MANAGEMENT LLC
AND

DATED

(The "Agreement")

1. Relationship to Agreement. Notwithstanding anything to the contrary contained in the Agreement, the following provisions shall prevail. All initially capitalized terms not defined in this Addendum shall have the same meaning as ascribed to them in the Agreement. Except as expressly modified by this Addendum, the Agreement shall remain in full force and effect in accordance with its terms.

2. Introduction. We have implemented an incentive program for veterans of the United States military forces (the "Vet Fran Program"). For qualified veterans participating in the Vet Fran Program, we will reduce the amount of the initial franchise fee for the first Franchise Agreement with us, as described below.

3. Initial Franchise Fee. Notwithstanding anything to the contrary contained in the Agreement, Article 4 of the Agreement is revised to reflect that the initial Fee due under the Agreement will be reduced from \$40,000 to \$20,000.

4. Qualifications. In order to obtain the initial franchise fee reduction described in Paragraph 3 above, you must: (a) be a veteran of the United States military; (b) have been honorably discharged from the United States military, as evidenced by your submission to us of a form 1041; and (e) have at least a 51% ownership interest in the Franchisee entity signing the Agreement, or the Restaurant to be operated pursuant to the Agreement.

5. Transfers. If prior to the opening of the Restaurant, you request and we approve a transfer of the Franchise in accordance with Article 17 of the Agreement, you will be required to pay us, as a condition to such transfer, the \$20,000 portion of the initial franchise fee that was waived pursuant to paragraph 3 above.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed and delivered this Addendum on the day and year first above written.

FRANCHISOR

BIG BOY FRANCHISE MANAGEMENT LLC,
a Michigan limited liability company

FRANCHISEE

If a corporation, partnership, limited liability company or other legal entity:

By: _____

Print Name: _____

Title: _____

(Name of corporation, partnership, limited liability company or other legal entity)

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

If individuals:

(Signature)

(Print Name)

(Signature)

(Print Name)

(Signature)

(Print Name)

ADDENDUM
RELATING TO
BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT

THIS ADDENDUM (Addendum) is made and entered into on _____, 20____, by BIG BOY FRANCHISE MANAGEMENT LLC, located at 4199 Marcy, Warren, Michigan 48091 (Franchisor), and _____, located at _____ (Franchisee).

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

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

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

Under Section 7.27 of the Franchise Agreement, any SBA financed franchise will be granted a lien on the business assets of the franchisee as required in its loan authorization.

Notwithstanding the provisions of Section 17.5 of the Franchise Agreement, Franchisor shall not have the option to accept any ownership interests in the Franchise location.

If the Franchise Agreement is terminated and the Franchised Location or its contents are to be sold under Section 18.6 of the Franchise Agreement and the parties are unable to agree as to a purchase price and terms, then, notwithstanding the provisions of Sections 18.3, 18.4 and 18.5 of the Franchise Agreement, the fair market value of such premises and property shall be determined by three Appraisers chosen in the following manner. Franchisee shall select one and Franchisor shall select one, and the two appraisers so chosen shall select a third appraiser. The decision of the majority of the appraisers so chosen shall be conclusive. The cost of the third appraiser shall be shared equally by the parties. The valuation methods set forth in Sections 18.4 and 18.5 of the Franchise Agreement shall be inapplicable.

Section 17.2(i) and Section 18.8 of the Franchise Agreement are both deleted in their entirety.

Notwithstanding the provisions of Section 18.6 of the Franchise Agreement, Franchisor shall not have the option to purchase the Real Estate upon the expiration or termination of the Franchise Agreement and Section 18.6 shall apply to the Business Assets other than Real Estate.

Notwithstanding anything else to the contrary in Section 18.1 of the franchise agreement, neither the franchisor or its assignee will exercise its right of first refusal for any partial transfer of the Franchised Business.

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

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

FRANCHISOR:
BIG BOY FRANCHISE MANAGEMENT LLC

FRANCHISEE:

By: _____ By: _____

Prim Name: Keith E. Sirois _____ Print Name: _____

Title: Chief Executive Officer _____ Title: _____

EXHIBIT I

RECEIPT

BIG BOY FRANCHISE MANAGEMENT LLC
Franchise Disclosure Document

~~THIS DISCLOSURE DOCUMENT - FRANCHISE DISCLOSURE DOCUMENT - SUMMARIZES CERTAIN PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS FRANCHISE DISCLOSURE DOCUMENT - DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.~~

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~~IF BIG BOY FRANCHISE MANAGEMENT LLC OFFERS YOU A FRANCHISE, IT BIG-BOY MUST PROVIDE THIS FRANCHISE DISCLOSURE DOCUMENT - DISCLOSURE DOCUMENT TO YOU FOURTEEN (14) CALENDAR DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, THE FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE. IF YOU ARE A RESIDENT OF, OR YOUR FRANCHISE WILL BE LOCATED IN, IOWA, MARYLAND, NEW YORK, OKLAHOMA OR RHODE ISLAND, WE MUST PROVIDE THIS FRANCHISE DISCLOSURE DOCUMENT TO YOU AT THE EARLIEST OF: (A) AT THE TIME OF YOUR FIRST PERSONAL MEETING WITH US TO DISCUSS THE FRANCHISE; (B) 10 BUSINESS DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, US OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE; OR (C) 14 CALENDAR DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, US OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE. IF YOU ARE A RESIDENT OF, OR YOUR FRANCHISE WILL BE LOCATED IN, INDIANA, MICHIGAN, WASHINGTON OR WISCONSIN, WE MUST PROVIDE THIS FRANCHISE DISCLOSURE DOCUMENT TO YOU AT THE EARLIEST OF: (I) 10 BUSINESS DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, US OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE; OR (II) 14 CALENDAR DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, US OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE.~~

~~IF BIG BOY FRANCHISE MANAGEMENT LLC DOES NOT DELIVER THIS FRANCHISE DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE STATE AGENCY LISTED IN THE STATE AGENCY EXHIBIT (SEE EXHIBIT D).~~

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FRANCHISE SELLER(S)

The following individuals, whose address is 4199 Marcy Street, Warren, Michigan 48091-5628, phone (586) 759-6000, may be involved in the selling of a franchise to you:

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Keith Sirois

Sue Luzi
Richard Sveum _____
Cathy Uhlinger

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David Crawford

Steve Facione

We have also engaged The Sunbelt Network, located at 436 N. Center Street, P.O. Box 220, Northville, MI 48167. Attn: Mr. Terry Coker.

I have received a Franchise Disclosure Document of Big Boy Franchise Management LLC, effective as of the date indicated above. This Franchise disclosure document includes the following: Exhibit A - Franchisee Questionnaire; Exhibit B - Franchise Agreement; ~~Exhibit B-1 - Vet Fran Program Addendum~~; Exhibit C - Area Development Agreement; Exhibit D - State Agencies and Agents for Service of Process; Exhibit E - List of Current Franchisees; Exhibit F - List of Company Restaurants; Exhibit G - Former Franchisees; Exhibit H - Financial Statements; and Exhibit I - State Law Disclosure Addenda: Franchise and Area Development Agreement Addenda.

~~Disclosure Addenda for Certain Registration States - If located in Hawaii, Maryland, Minnesota, or Washington, I have received a Rider to the Franchise Agreement (Exhibit B-2) and/or Rider to the Area Development Agreement (Exhibit C-1).~~

Signed: _____
Print Name: _____
Address: _____
City/State/Zip: _____
Telephone: _____
Dated: _____

Signed: _____
Print Name: _____
Address: _____
City/State/Zip: _____
Telephone: _____
Dated: _____

DATE OF ISSUANCE: March 21, 2012

(Franchisor Copy)

April 1, 2011

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RECEIPT

THIS DISCLOSURE DOCUMENT SUMMARIZES CERTAIN PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

IF BIG BOY FRANCHISE MANAGEMENT LLC OFFERS YOU A FRANCHISE, IT MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU 14 CALENDAR DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH OR MAKE A PAYMENT TO THE FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE.

IF BIG BOY FRANCHISE MANAGEMENT LLC DOES NOT DELIVER THIS FRANCHISE DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE STATE AGENCY LISTED IN THE STATE AGENCY EXHIBIT (SEE EXHIBIT D).

FRANCHISE SELLER(S)

The following individuals, whose address is 4199 Marcy Street, Warren, Michigan 48091-5628, phone (586) 759-6000, may be involved in the selling of a franchise to you:

Keith Sirois

David Crawford

Steve Facione

We have also engaged The Sunbelt Network, located at 436 N. Center Street, P.O. Box 220, Northville, MI 48167, Attn: Mr. Terry Coker.

I have received a disclosure document of Big Boy Franchise Management LLC, effective as of the date indicated above. This disclosure document includes the following: Exhibit A - Franchisee Questionnaire; Exhibit B - Franchise Agreement; Exhibit C - Area Development Agreement; Exhibit D - State Agencies and Agents for Service of Process; Exhibit E - List of Current Franchisees; Exhibit F - List of Company Restaurants; Exhibit G - Former Franchisees; Exhibit H - Financial Statements; and Exhibit I - State Law Disclosure Addenda; Franchise and Area Development Agreement Addenda.

Signed: _____	Signed: _____
Print Name: _____	Print Name: _____
Address: _____	Address: _____
City/State/Zip: _____	City/State/Zip: _____
Telephone: _____	Telephone: _____
Dated: _____	Dated: _____

DATE OF ISSUANCE: March 21, 2012

(Franchise Copy) STATE REGISTRATIONS

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The effective dates of registration of this Franchise Disclosure Document in the states listed below are:

<u>STATE</u>	<u>EFFECTIVE DATE</u>
California	Pending <u>March 29, 2011</u>
Hawaii	Pending <u>April 28, 2011</u>
Illinois	Pending
Indiana	Not Registered
Maryland	Pending
Michigan	<u>March 21, 2011</u>
Minnesota	<u>March 29, 2011</u>
New York	Not Registered
North Dakota	<u>March 31, 2011</u>
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Pending
Washington	Pending <u>June 1, 2011</u>
Wisconsin	Pending <u>March 25, 2011</u>

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