

ITEM 5

INITIAL FRANCHISE FEE

You must pay KFCC an initial franchise fee of \$25,000. The initial franchise fee grants you an option to obtain a KFCC franchise for a particular area, subject to your performance of all of the conditions contained in the Franchise Agreement. A \$10,000 deposit is payable to KFCC when you sign the Site Request/Deposit Form ("Deposit Agreement"), and is non-refundable except in very limited circumstances involving zoning or building restrictions. The \$15,000 balance is payable to KFCC when you sign the Franchise Option Agreement. These initial franchise fees are part of the general revenues for KFCC, and are not set aside for any particular purpose.

If you enter into an Asset Purchase Agreement ("APA") with KFCC or its affiliates for the purchase of existing KFC system restaurant(s) ("Asset Sale") the initial franchise fee for the KFC restaurant(s) will be included in the purchase price and, unless required by applicable state law, is nonrefundable. If the Asset Sale includes KFC cobrand restaurants, the initial franchise fee for the restaurant concept cobranding with the KFC restaurant will not be included in the purchase price and must be paid separately and in addition to the purchase price.

KFCC has, in the past, offered to waive the initial franchise fee for some additional KFC outlets to be opened by existing franchisees recognized by KFCC for achieving a level of excellence. KFCC may or may not offer a similar program in the future. The decision to do so, and under what terms, would be entirely at the discretion of KFCC.

An affiliate of KFCC, YRSG, offers various development services, including site feasibility, design permit expediting and construction management services. YRSG and you may enter into a Development Services Agreement (see Exhibit M attached) pursuant to which YRSG will provide, for a fee, any or all of the services listed below. The fee may vary greatly depending on the number and type of services selected. You must pay for all costs including, but not limited to, soil tests, survey costs, architect, civil engineer and consultant costs, utility and permit fees and deposits in addition to YRSG's expenses for postage and handling of documents, transportation in connection with out-of-town travel, long distance calls and faxes, filing and administration fees, data processing and photographic reproduction techniques and overtime (if authorized by you) work rates.

The services currently available through YRSG are the following:

1. **Site Selection:** YRSG will conduct a trade area analysis and source a site location within a specified trade area, negotiate a purchase contract or lease on your behalf, prepare a site submittal package and pursue YRSG's corporate approval of the site.
2. **Feasibility:** YRSG will coordinate a construction, zoning and on-site analysis of the property, recommend, order and endeavor to obtain approval of a site sketch, recommend a building type and equipment package, develop a project budget and schedule.
3. **Design:** YRSG will coordinate and review geo-technical and environmental soils testing, coordinate the completion and review of an ALTA survey, manage the architect, civil engineer and other consultants in preparing plans and specifications for the permitting and construction, prepare and monitor a project schedule for completion of the design activities.
4. **Permitting:** YRSG will coordinate utility company plan submittals, submit all applicable permit applications, arrange for representation at municipal/public hearings, manage consultant activities such as traffic engineers, attorneys and permit expeditors, prepare and monitor the project schedule for completion of permit activities, resolve title, soil and survey issues and close transaction, including recordation and obtaining title insurance.
5. **Construction Management:** YRSG will recommend general contractors, conduct the bid process and recommend a winning bidder, secure a construction contract, communicate construction start date to applicable parties, supervise the construction for conformance, keep you informed of construction progress, conduct periodic site inspections, review change orders and payment requests, coordinate delivery and equipment installation, prepare preliminary punch list and final punch list process and assist in close out activities.

Additional services are available at an hourly rate.

ITEM 6

OTHER FEES

<u>Name of Fee(1)</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Royalty	The greater of 4% of gross revenues, or a minimum of \$600 per month (minimum fee subject to adjustment based upon the Consumer Price Index)	Payable monthly by the 20th day of the next month	"Gross Revenues" includes all receipts from the sale of products and services at the KFC outlet, less taxes paid and discounts deducted from the prices charged.

Local Advertising (2)	3% of gross revenues	Annually (or as set by local advertising co-ops)	You may be required to join one or more approved local advertising co-ops, and the required contributions to such co-ops are counted against the local advertising spending requirement.
National Cooperative Advertising (3)	2% of gross revenues	Payable monthly by the 20th day of the next month	The National Cooperative Advertising fee is subject to change by the affirmative vote of 2/3rds of National Advertising Co-op members.
Renewal	\$4,850 (subject to adjustment based upon the Consumer Price Index)	Upon your execution of the Renewal Agreement	Payment of the renewal fee is one of several requirements that you must fulfill as a condition of renewal.
Transfer	\$4,850, or \$2,425 if the transferee is an existing KFC franchisee	Upon your execution of the Transfer Agreement	The transfer fee is subject to adjustment based upon the Consumer Price Index.
Audit	Entire cost of audit, including expenses of auditing personnel	Immediately upon determination of amount	Payable only if audit reveals a deficiency of at least 2% of the amount of royalties actually due.
Administrative	\$500 fee for KFCC's administrative service in processing changes to your corporate structure and other approved modifications	At time a request for change is made	This fee is subject to change.
Additional Services	As determined by KFCC	As incurred	KFCC may charge for optional services in addition to any it is required to provide under the Franchise Agreement.
Costs, expenses and attorneys' fees	Will vary	After judgment is entered in KFCC's favor	KFCC is entitled to collect these costs, expenses and fees if we win a lawsuit we bring against you based on the Franchise Agreement (if you win such a case, you are entitled to these costs, expenses and fees).
Indemnification	Will vary	As incurred	You are responsible for all matters arising out of the operation of your KFC outlet, including personal injury and property damages.
Late royalty payments (4)	1-1/2% per month	Upon demand	Payment to encourage prompt payment of royalties and cover expenses involved in processing late payments.

All fees set forth herein, except for contributions to the KFC National Council and Advertising Cooperative, Inc. and local advertising paid to local co-ops, are payable to KFCC and are all collected for the benefit of KFCC.

NOTES:

- 1/ All fees (other than advertising fees payable to KFC National Council and Advertising Cooperative, Inc. and local advertising payable to local co-ops) are payable to KFCC and are non-refundable.
- 2/ KFCC will not require you to expend in excess of 5% of gross revenues for advertising purposes. If the National Advertising Co-op rate is increased, for example, the required local advertising

expenditures will be decreased. Local cooperative advertising contributions are set by the respective local co-op members. Typically, these fees are 3% or less of gross revenues, though some cooperatives may elect to charge more. For most local advertising cooperatives, each co-op member has 1 vote regardless of the number of KFC outlets owned by the member within the cooperative's marketing area. Thus, KFC outlets owned by KFCC or its affiliates do not have controlling voting power. For some local co-ops established starting in 1994, each member has 1 vote for each of its KFC outlets within the co-op's marketing area. As of December 31, 1998, the KFC outlets owned by KFCC or its affiliates did not have controlling voting power in any of these co-ops.

- 3/ By an affirmative vote of at least 2/3rds (76% actual) of the National Advertising Co-op members on November 10, 2000, the national advertising fee was changed to 2.5% for calendar year 2001 to cover the cost of KFCC's 2001 media plan and marketing strategy for supporting KFCC's "Four Product Pillars": chicken-on-the-bone, strips, sandwiches and wings. The 2.5% contribution rate was continued through calendar year 2002 by another affirmative vote of at least 2/3rds (79% actual) of the National Advertising Co-op members on November 20, 2001. The 2.5% contribution rate was continued through June 2004 by another affirmative vote of at least 2/3rds (71% actual) of the National Advertising Co-op members on November 15, 2002. The 2.5% contribution rate was continued through December 31, 2005 by another affirmative vote of at least 2/3rds of the National Advertising Co-op members on May 26, 2004. The 2.5% contribution rate was continued through June 30, 2007 by another affirmative vote of at least 2/3rds of the National Advertising Co-op members on December 29, 2005. The 2.5% contribution rate was continued through December 31, 2008 by another affirmative vote of at least 2/3rds of the National Advertising Co-op members in February of 2007.
- 4/ The national and local advertising cooperatives may also charge additional fees for late payments.
- 5/ See Items 7 and 9 for fees relating to an Asset Sale.

ITEM 7

YOUR ESTIMATED INITIAL INVESTMENT

Free-Standing and In-Line Outlets

Expenditures	Estimated Amount or Estimated Low-High Range	Method Of Payment	When Due	To Whom Payment Is To Be Made	Refundability
INITIAL FRANCHISE FEE (Note 1)	\$25,000	Two Payments	\$10,000 at signing of Site Request/Deposit Form \$15,000 at signing of Franchise Option Agreement.	KFCC	No, except in very limited circumstances
DEVELOPMENT SERVICES FEE (Note 2)	Varies	As agreed	As agreed	YRSG	No
REAL PROPERTY (Note 3)	\$500,000 to \$850,000	(Note 3)	(Note 3)	(Note 3)	(Note 3)
CONSTRUCTION AND LEASEHOLD IMPROVEMENTS (Note 4)	\$325,000 to \$500,000	As agreed	As agreed	Contractors	No

EQUIPMENT/ SIGNAGE (Note 5)	\$250,000 to \$300,000	As agreed	As agreed	Various Suppliers	No
OPENING ADVERTISING (Note 6)	\$5,000	As agreed	As agreed	Various Suppliers	No
OPENING INVENTORY (Note 7)	\$10,000	As agreed	As agreed	Various Suppliers	No
UTILITY DEPOSITS And BUSINESS LICENSES (Note 8)	\$7,000	As agreed	As agreed	Various Suppliers/ Entities	No
INITIAL TRAINING (Note 9)	\$2,300	As agreed	As agreed	Various Suppliers	No
MISCELLANEOUS OPENING COSTS (Note 10)	\$5,000 to \$15,000	As agreed	As agreed	Various Suppliers	No
ADDITIONAL FUNDS (3 months) (Note 11)	\$13,000 to \$18,000	As agreed	As agreed	Various Suppliers	No
TOTAL (Note 12)	\$1,142,300 to \$1,732,300				

Notes:

- 1/ The initial franchise fee payable when you sign a Site Request/Deposit Form and Franchise Option Agreement is discussed in detail in Item 5.
- 2/ YRSG shall be paid a fee that varies depending on the number and type of services provided and includes any reimbursable fees, costs and other expenses as provided in the Development Services Agreement. These amounts are based on YRSG's current programs and the services provided under the Development Services Agreement. See Item 5.
- 3/ Average lots for approved free-standing and in-line KFC outlet sites are approximately 150 feet to 175 feet wide and 175 feet to 200 feet deep, on a well traveled, major street, with good ingress/egress, good visibility and ample space for parking, among other things. Average lots for approved new concept sites vary depending upon available space and other factors, and the lot size required for these new concepts is generally less than that required for free-standing and in-line outlets. Both the location and the proposed building are subject to KFCC's acceptance before you obtain permits or local approvals or start construction. Land and building costs vary depending on size and location and whether you purchase or lease the site, and are within your discretion, subject to KFCC's acceptance of the site and structure. Site acquisition or lease costs may be beyond KFCC's estimated range in some localities. For leases, security deposits are generally required.
- 4/ You must install, among other things, wiring, flooring, plumbing and lighting systems which meet KFCC specifications. The cost will vary depending on the condition of the site and local costs. In addition, site improvement costs may vary based upon soil and environmental conditions, availability of utilities to the site, topography of the site, the size of the lot, local zoning and other building requirements.
- 5/ You must install, among other things, restaurant equipment (including cookers, refrigeration, display/holding cabinets, warmers, ovens), furniture, decor items, counters, cash registers, point-of-sale computer systems, smallwares, and indoor and outdoor signage.
- 6/ Prior to opening the KFC Outlet, your initial advertising may include print and electronic media and in-store promotional items such as point-of-sale displays and merchandising materials. The amount of initial advertising will vary depending upon the market.

- 7/ KFCC estimates that the amount given will be sufficient to cover initial supplies of food and beverage products, packaging and other general supplies such as cleaning and office materials.
- 8/ You must obtain permits from various local regulatory agencies, which may charge a fee for such permits. KFCC assumes that you will need to provide deposits for utilities. The amount will vary depending upon the practices of the utility companies.
- 9/ See Item 11 for a more complete discussion of required and optional franchisee training.
- 10/ These estimated costs consist of such items as uniforms, insurance and professional fees (for example, attorneys and accountants).
- 11/ You will need capital to support on-going expenses, such as payroll, utilities, royalties, advertising, supplies, food and beverage products and packaging, to the extent that these costs are not covered by sales revenue. New businesses often generate a negative cash flow. KFCC estimates that the amount given will be sufficient to cover on-going expenses for the start-up phase of the business, which we calculate to be three months. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during this start-up phase or after. Your costs will depend on factors such as your management skill, experience and business ability, local economic conditions, the local market for your products and services, prevailing wage and labor rates, competition and the sales level reached during the initial period.
- 12/ KFCC relied upon its experience of over twenty years in the industry in compiling these estimates. You should review these figures carefully with a business advisor before making any decision to open a KFC outlet. KFCC may offer to assist in securing financing for the site acquisition, construction and/or equipment in a limited number of instances. See Item 10 for a more complete discussion. The availability and terms of financing generally will depend on factors such as the overall availability of financing in the marketplace, your creditworthiness, collateral you may have and the lending policies of financial institutions. These estimates do not include any finance charge, interest or debt service obligation.

If you enter into an APA with KFCC for an Asset Sale, you will be required to pay a deposit which will vary in amount depending on the size of the transaction, but is generally 2% of the purchase price. The deposit is refundable only in certain situations as specified in the APA. In an Asset Sale, you will be offered the opportunity to enter into an APA with KFCC in a format substantially similar to that attached as Exhibit Q. The APA will define the purchase price and other expenditures and obligations you are to pay or assume to purchase the KFC restaurants covered by the APA.

In addition, in an asset sale, you will be required to pay to KFCC or its affiliate as part of the purchase price an ongoing payment equal to one percent (1%) of the gross sales of the KFC restaurant(s) for so long as they are operating as KFC single or multibrand restaurants, not to exceed 15 years from the closing date of the Asset Sale. As a condition to the Asset Sale, KFCC will require you to introduce, install and maintain in all of your KFC restaurants, whether singlebrand, cobrand or affiliate brands, now existing or later acquired, the then current menu items and menuboards present and/or featured in company KFC restaurants in the nearest DMA. This must be completed within sixty (60) days of the closing of the Asset Sale or the closing of later Asset Sales or upon the opening of any new KFC restaurants. The APA will also require that you participate in test markets as requested by KFCC, which may include investments in new products, equipment, smallwares, promotional items and other materials necessary for conducting the test markets.

ITEM 8

RESTRICTIONS ON SOURCES

KFCC equipment, inventory, advertising materials, training materials, uniforms, packaging, computer hardware, insurance and all food and beverage ingredients and products that are used or sold at your KFC outlet must be purchased from suppliers (manufacturers and distributors) approved by KFCC. In addition, these items must meet specifications established by KFCC from time to time. KFCC and its affiliates do not currently offer for sale any of these items. Griffith Laboratories, USA and McCormick & Co., Inc. are currently the only approved suppliers for some seasoning products that must be used in a KFC outlet. The following are also the sole-source approved suppliers for the products listed:

General Mills	Frozen biscuits
Griffith Laboratories, USA	One Step Gravy
Cargill Foods	Breading salt
Sargento Foods	Monterey Jack cheese slices
McCormick & Co., Inc.	Hot & Spicy chicken marinade
McCormick & Co., Inc.	Cracklin's Gravy Mix
Golden State Foods	HBBQ Sandwich Sauce
Unilever Bestfoodsolutions	Pepper Mayo Sauce
Unilever Bestfoodsolutions	Spicy Mayo Sauce
Neptune	Fish for Fish KFC Snacker®
Cargill / Excel	Country Fried Steak
Federal Bakers	Cornbread
Hanover	Vegetarian Beans
McCormick & Co., Inc.	OR Seasoning
McCormick & Co., Inc.	Tumble Marinade OR
McCormick & Co., Inc.	Sweet and Spicy Sauce, Dry Mix
Newlyweds	Fiery Buffalo Sauce, Dry Mix
Precision Foods	Rice Seasoning
Unilever	Spicy BBQ Sauce, Dry Mix

In the past, KFCC has offered for sale a limited number of items, such as training materials, architectural drawings and advertising materials. None of these products or services are required to be purchased from KFCC. KFCC may offer more products and services for sale to you, or stop offering those that KFCC is currently selling or has sold in the past.

KFCC does not derive revenue from approved suppliers as a result of sales to you. KFCC does not receive lower prices or discounts from suppliers because of purchases by you from a particular supplier. Revenues derived from KFCC's sale of products and services to franchisees totaled less than 1% of KFCC's revenues. It is estimated that the cost of your required purchases from approved suppliers will represent approximately 50% of your total cost to establish and furnish the KFC outlet, and 85% of your total cost to operate the KFC outlet. In calculating these estimates, KFCC has included as costs of establishing the outlet the following: acquisition of site, construction of or remodeling the building, fixtures and cooking, storage and other equipment needed to commence operations. KFCC has included as costs of operation the following: food and beverage ingredients and materials, cooking supplies, packaging, advertising, labor and uniforms.

Approval/Disapproval of Suppliers

You must purchase at your expense all fixtures, furnishings, equipment, decor and signs as KFCC may require periodically, and you may not install at the restaurant without KFCC's approval any of these items. You are responsible for all construction, remodeling, upgrading, alteration and similar costs regarding the outlet, and all work of this type must meet KFCC standards. KFCC approves suppliers based on its determination of their ability to meet KFCC's standards and specifications, for the food, paper goods, packaging, point-of-sale materials, signs, equipment, smallwares, fixtures and other goods and supplies which are used in the operation of the Restaurants, and who appear to have adequate capacity and facilities to meet expected demand. Published specifications are available upon request from the KFCC Quality Assurance Department and are supplied to the approved Vendors and Distributors as appropriate in order to help preserve their confidentiality. KFCC at times requests financial statements and insurance certificates. Suppliers must sign KFCC's Testing, Development and Approval Agreement, which covers such items as confidentiality and quality control.

If you desire to purchase products from a supplier who is not approved by KFCC, you must provide KFCC with all information regarding that supplier which KFCC requests, and the supplier may be required to provide KFCC with samples of the products you wish to purchase. KFCC may require tests to determine whether the products meets its standards. If KFCC does, the tests will be performed by KFCC or under its direction, with all of the costs (including direct testing costs and other indirect costs) being subject to payment by the proposed supplier. KFCC may require that its representatives be permitted to inspect the proposed supplier's facilities for quality control and sanitation. On completion of any tests or other procedures KFCC requires, including determining whether the proposed supplier possesses adequate capacity and facilities, KFCC will notify you and the supplier whether the supplier is approved for sales to franchisees. If KFCC does not approve, KFCC will advise you and the supplier. It is estimated that the complete approval process will take approximately 120 days, but this can vary based on the complexity of the items, receipt of requested information, delays at testing agencies and other factors. KFCC is not required to approve suppliers who do

not meet all of its standards and specifications, nor is KFCC required to approve other suppliers for any seasoning or other products or items which constitute a trade secret of KFCC. KFCC may re-inspect the facilities, equipment and products of any approved supplier, and monitor the production and use of any items used in the KFC business. On the basis of KFCC's review and monitoring, KFCC may revoke its approval of any approved supplier if that supplier fails to meet all of its standards and specifications. If KFCC does revoke approval of a supplier, KFCC will notify you, and you must stop purchasing from any disapproved supplier.

A list of approved suppliers will be provided to you periodically. This list may be amended by KFCC. Upon your request, KFCC will provide this list to you within 30 days. At your request, KFCC will also provide you, within 30 days, the then current standards and specifications regarding products which are required by KFCC to be used in establishing or operating the KFC outlet; however, KFCC is not obligated to disclose any trade secrets.

All advertising and marketing activities concerning the KFC business must meet KFCC's standards and be approved by KFCC. You must submit to KFCC for prior approval all proposed advertising materials 15 days prior to use, and KFCC has 5 business days to approve or disapprove these materials. You may not use any advertising or marketing materials that KFCC has disapproved. You may use advertising materials which you receive from KFCC or which KFCC has approved for use by the KFC National Advertising Co-op. Franchisees must join and contribute to the National Advertising Co-op, and may be required to join and contribute to local advertising co-ops (see also Item 11).

In determining whether to grant additional franchises, renew existing franchises and grant franchisees our consent to acquire other KFC outlets, KFCC considers a variety of factors, including whether a franchisee has complied with all of the requirements regarding purchasing approved products and services from approved suppliers as described in this Item 8.

Pepsi-Cola Company

KFCC is also a party to an agreement with the Pepsi-Cola Company ("Pepsi"), pursuant to which KFCC has agreed, subject to certain exceptions, to serve only soft drinks licensed by Pepsi and/or by the Pepsi/Lipton Tea Partnership ("Partnership") through December 31, 2011. If you purchase an existing System Restaurant from KFCC or one of its subsidiaries or affiliates, you must assume this obligation by entering into a Pepsi-Cola Beverage Supply and Marketing Agreement (See Exhibit N). Under this agreement, you may sell only products licensed by Pepsi and/or the Partnership, subject to certain exceptions, from the System Restaurants you purchase. The terms of your contract with Pepsi will be on substantially the same terms as KFCC's contract.

Unified FoodService Purchasing Co-op

Purchasing activities for food, packaging and equipment used in the KFCC system are conducted primarily by Unified Foodservice Purchasing Co-op, LLC ("UFPC") which conducts a purchasing program for KFC National Purchasing Cooperative, Inc. ("KFC Co-op"). UFPC conducts similar purchasing programs for UFPC's other four members, similar co-ops representing A&W, Long John Silver's, Pizza Hut and Taco Bell restaurant operators. UFPC, KFC Co-op and the other UFPC members operate on a cooperative basis and distribute substantially all of their net income not required for working capital or other reserves to members based on patronage. Patronage dividends are typically taxable income to members under federal and state tax laws.

KFC Co-op was originally organized in 1979 to act as a purchasing agent for all KFC operators. At the time UFPC was organized in 1999, KFC Co-op conducted purchasing programs for KFCC's franchisees and some Taco Bell franchisees. When UFPC was organized, KFC Co-op became a member of UFPC. Neither UFPC nor KFC Co-op is affiliated with KFCC, although YUM and KFC Co-op each appoint two of UFPC's ten voting directors, and as a shareholder of KFC Co-op, KFCC elects two of KFC Co-op's currently 14 voting directors. KFC Co-op's voting directors include the two directors elected by KFCC, two KFC franchisee directors elected by the KFC National Counsel and Advertising Cooperative, Inc., seven franchisee directors elected by region, a franchisee director elected by the Association of Kentucky Fried Chicken Franchisees, Inc., a director elected by a large KFCC franchisee, Harman Management Corporation, and an independent director.

KFCC does not require that you join KFC Co-op. Subject to the limitation described below, you may purchase through UFPC and KFC Co-op as a non-member (in which case you will have no voting rights and will not be eligible to receive patronage dividends). You may also use the services of any other purchasing agent approved by KFCC (at this time, there are no other purchasing agents that have sought approval, or been approved, by KFCC). If you choose to purchase through the UFPC and KFC Co-op as a non-member,

you should be aware that KFC Co-op intends to do at least 90% of its business with members in order to remain eligible for certain benefits available to cooperatives, so that KFC Co-op reserves the right to refuse to do business with KFC franchisees that are not members of KFC Co-op.

Once you obtain a franchise from KFCC, you will be eligible to join KFC Co-op, and through that membership participate in the purchasing program conducted on behalf of KFC Co-op for KFC operators by UFPC. To join KFC Co-op, you must subscribe for and purchase from KFC Co-op one share of "membership common stock" for \$10 per share, plus one share of "store common stock" for each KFC restaurant that you own and operate in the U.S. currently priced at \$400 per share. If you later sell some or all of your KFC restaurants (or otherwise become ineligible for membership) KFC Co-op will redeem your membership common share and may, but is not required, to redeem your store common shares in the amount equal to your original purchase price.

For general information about UFPC and KFC Co-op, contact Timothy A. Mueller, UFPC Vice President and General Manager for KFC, 950 Breckenridge Lane, Suite 300, 950 Breckenridge Lane, P.O. Box 32033 Louisville, Kentucky 40232 (502-891-2778), and request a copy of the "Membership Information Packet" for KFC Co-op.

Insurance

You must obtain and maintain at your own expense insurance policies with insurers satisfactory to KFCC covering the items specified in the Franchise Agreement, including workers compensation, general public liability (including products and injury) and property damage insurance.

ITEM 9

FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS OFFERING CIRCULAR.

	OBLIGATION	SECTION IN KFC OPTION AGREEMENT	SECTION IN DEVELOPMENT AGREEMENT	SECTION IN KFC FRANCHISE AGREEMENT	SECTION IN ADVERTISING AGREEMENT	SECTION IN YRSG DEVELOPMENT SERVICES AGREEMENT	SECTION IN KFC ASSET PURCHASE AGREEMENT	ITEM IN OFFERING CIRCULAR
a.	Site selection and acquisition/ lease	2, 7	3, 6	None	None	2.1	1.1, 1.1.1, 1.1.2	7, 11
b.	Pre-opening purchases/ leases	2, 3	3	5, 12, 13	None	None	1.1.3, 1.1.3.1, 1.1.4, 1.1.5	5, 7, 8
c.	Site development and other pre-opening requirements	3, 4	3	5	None	2, 3, 5	None	6, 7, 8, 11
d.	Initial and on-going training	None	None	5, 7	None	None	None	7, 11
e.	Opening	3	3	3	None	None	None	11
f.	Fees	1, 6	5	4, 7, 8, 10, 11, 16	2	2, 3, 4	1.1.2, 2.1, 10.12	5, 6, 7
g.	Compliance with Standards and policies/ Operating Manual	3	3	3, 5	None	None	None	11, 14

h.	Trademarks and proprietary information	6	12	3, 5	None	None	1.2.6	13, 14
i.	Restrictions on products/ services offered	None	10	3, 5, 12	None	None	None	16
j.	Warranty and customer service requirements	None	None	5	None	None	None	14
k.	Territorial development and sales quotas	None	7	3, 5	None	None	10.12(c)	12
l.	Ongoing product/ service purchases	None	None	7, 12	None	None	1.1.3.1	8
m.	Maintenance, appearance and remodeling requirements	None	None	4, 5, 6	None	None	5.14, 10.12	1, 11
n.	Insurance	None	None	13	None	None	None	7, 8
o.	Advertising	None	None	10	3, 7	None	None	6, 7, 11
p.	Indemnification	10	None	20	7	None	8.1	6
q.	Owner's participation/Management/Staffing	None	None	5	None	None	5.12	15
r.	Records and reports	None	None	11	2	None	None	6, 11
s.	Inspections and audits	None	None	5, 11	2	None	None	6, 11
t.	Transfer	12	14	16	4	None	None	17
u.	Renewal	13	None	4	4	None	None	17
v.	Post-termination obligations	6	9	3, 5, 11, 15, 17	None	None	10.1	17
w.	Non-competition covenants	None	None	15, 17	None	None	None	17
x.	Dispute resolution	10	None	20	9	None	None	17
y.	Execution of Franchise Agreement	4	11	None	None	None	6.2.4	1