

ITEM 5
INITIAL FRANCHISE FEE

Development Incentive Program

We have established a program that we refer to as the Development Incentive Program ("Program"). Under the Program, franchisees who develop and open certain Restaurants between December 1, 2005 and December 31, 2007 ("Development Incentive Period") will be eligible to receive

development incentives ("Development Incentives"). The Development Incentives are described below and in Items 6 and 7.

If you sign a new Development Agreement to develop and open one or more Restaurants during the Development Incentive Period, we will waive the initial franchise fee ("Franchise Fee") for each Restaurant that you open during that Period, provided that you comply with the terms of the Development Agreement. If you have already entered into a Development Agreement to develop Restaurants in 2008 (the "2008 Restaurants"), then with respect to each 2008 Restaurant that you were scheduled to open in 2008, which is opened on or before December 31, 2006 (the "2006 Incentive Period"), we will waive the Franchise Fee for that Restaurant, provided that you comply with the terms of the Development Agreement, including without limitation, opening in 2006 each Restaurant that was otherwise scheduled to open in 2006. If you have already entered into a Development Agreement to develop Restaurants in 2009 or later years (the "2009 or later Restaurants"), and with respect to each 2009 or later Restaurant that you were scheduled to open in 2009 or later, which is opened during the Development Incentive Period, we will waive the Franchise Fee for that Restaurant, provided that you comply with the terms of the Development Agreement, including without limitation, opening in 2007 each Restaurant that was otherwise scheduled to open in 2007.

In addition to waiving the Franchise Fee, for a period of one year following the opening of each Restaurant that you develop pursuant to the Program during the Development Incentive Period, you will pay a reduced royalty fee for that Restaurant as described in Item 6.

You must sign a Development Incentive Program Addendum to the Development Agreement (Exhibit F if you are signing a new Development Agreement and Exhibit G if you have an existing Development Agreement), which memorializes your commitment to develop a Restaurant under the Program. When you sign the Franchise Agreement for each applicable Restaurant, you will sign a Development Incentive Program Addendum to the Franchise Agreement (Exhibit H), which memorializes the waiver of the Franchise Fee and our agreement to reduce the royalty rate for a limited time as described in Item 6.

The Development Incentive will terminate following written notice to you if: (1) you sign a new Development Agreement and you fail to open during the Development Incentive Period, a Restaurant that was scheduled to open during that Period; (2) you have an existing Development Agreement and you fail to open during the Development Incentive Period a Restaurant that was scheduled to open in 2008, 2009 or later years as applicable; or (3) you receive, while you are paying a reduced royalty, a written notice of default under any agreement with us (including any Development Agreement or Franchise Agreement) and you fail to cure the default within the applicable cure period, if any. Following the termination of the Development Incentive, you must: (a) pay us the Franchise Fee that had been waived; (b) begin paying royalties at 5% of Gross Sales; and (c) pay us the difference between the reduced royalty fees you had paid and the royalty fees you would have paid at 5% of Gross Sales.

The Development Incentive Program and Development Incentives do not apply to the sale or transfer, by you to any another Popeyes franchisee, of any existing development options which you may have under an Existing Development Agreement or to the purchase of an existing option from another Popeyes franchisee.

Development Fee

You must sign a Development Agreement regardless of the number of Restaurants you commit to develop and pay a development fee ("Development Fee") for each Restaurant to be developed at the time you sign the Development Agreement. The Development Fee for each Restaurant is \$7,500 and is not credited against any other fee.

Franchise Fee.

The Franchise Fee is \$30,000 for each Restaurant. You must pay the Franchise Fee, which is in addition to the Development Fee; when you sign the Franchise Agreement. You must sign the Franchise Agreement within 90 days after we accept a site for the Restaurant. As described above, the Franchise Fee will be waived if the Restaurant qualifies under the Development Incentive Program

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All of the fees described above must be paid in full. None are refundable. In addition to the Development Incentive Program, we may offer other promotions for limited periods of time in the form of marketing incentive rebates, credits against franchise fees and limited royalty waivers as part of certain programs designed to promote the execution of Development Agreements and Franchise Agreements and to encourage the development and opening of Restaurants. In our last fiscal year, we waived the Development Fee and Franchise Fee for one franchisee who plans to develop Restaurants on military bases and for one franchisee who won the 2003 Golden Plate Award.

ITEM 6 OTHER FEES

The table below should be read together with the notes that follow.

Name of Fee¹	Amount	Date Due	Remarks
Royalty	5% of Gross Sales ²	Weekly on Gross Sales for the prior week	"Gross Sales" mean all revenue related to the Restaurant, less sales taxes.
Advertising Fund Contribution	3% of Gross Sales	Same as royalty	
Advertising Co-op³	As established by Local Advertising Co-op (in addition to Advertising Fund Contribution)	Same as royalty	The exact amount of the contribution to the Advertising Co-op will be determined by a vote of its members; when added to the Advertising Fund Contribution, the total will not be less than 3% of Gross Sales.
Audit	Cost of audit	If incurred, on demand	If we audit you and find that you understated Gross Sales by 2% or more, you must reimburse us for the cost of the audit.

Name of Fee¹	Amount	Date Due	Remarks
Costs and Attorneys' Fees	Our costs and expenses	Immediately, if incurred	Costs and attorneys' fees are payable if we terminate the Franchise Agreement because of your default.
Development Schedule Extension Fee	Up to \$5,000 for each Development Schedule extension of 4 months or less	Upon approval of any Development Schedule extension	We reserve the right in our sole discretion, to grant one or more Development Schedule Extensions. We may waive the Development Schedule Extension Fee in certain circumstances.
Indemnity	The losses and expenses we incur	If incurred, on demand	You must indemnify and reimburse us for our costs and any judgment if we are sued for claims relating to the operation of your Restaurant. You must also reimburse us for costs we incur in enforcing the agreements if you default or if you sue us (unless you are found to be in compliance with the agreements).
Insurance	Cost of obtaining coverage plus interest and a reasonable administrative fee that we will set	If incurred, on demand	If you do not obtain or maintain insurance coverage and we purchase coverage on your behalf, you must reimburse us.
Interest on Overdue Payments	1.5% per month or the maximum rate permitted by law, whichever is less	If payments are more than 7 days overdue, on demand	Interest on late payments runs from the date you should have made your payment until the date it is received by us.
Interest on Understated Sales	1.5% per month or the maximum rate permitted by law, whichever is less	If incurred, on demand	Interest on underreported sales runs from the date you should have made your payment until the date you pay us.
Plan Revision Fee	\$1,000 per revision	If incurred, on demand	We will provide you with up to 2 equipment layout drawings for an accepted site at no cost to you. Thereafter, we will charge you \$1,000 per revision. We may, in our discretion, waive or reduce this amount.
Product Testing	Cost of testing new products	If incurred, on demand	This cost will be charged only for ingredients, supplies and goods you buy from suppliers that we have not approved or if these materials do not meet our specifications.
Renewal	50% of our then-current, standard initial franchise fee	Upon signing the Franchise Agreement for the renewal term and upon signing the Supplemental Term Option	Renewal is subject to contractual requirements. See Item 17.

Name of Fee ¹	Amount	Date Due	Remarks
Securities Offering Review Fee	\$5,000 or a greater amount, if necessary, to reimburse us for our out-of-pocket costs and expenses in connection with reviewing your proposed security offering	Upon request for review	
Site Visit Fee	\$1,500 per site visit	If incurred, on demand	We will conduct site visits for up to 2 proposed sites at no cost to you. Thereafter, we will charge you \$1,500 per site visit until a site is accepted.
Supplemental Term Option	50% of our then-current, standard, initial franchise fee	Upon acquisition of Supplemental Term Option	Renewal is subject to contractual requirements. See Item 17.
Trade Secret Products⁴	Approximately \$3,000 initially; approximately \$3,000 per month when in operation	As arranged	You may buy certain Trade Secret Products only from a vendor that we designate (the vendor is currently Diversified Foods and Seasonings, Inc.) See Item 8 for more details.
Transfer	\$5,000	Before transfer	No transfer fee is required if the transfer is to a corporation of which you own 100%, and that was formed for convenience of ownership, or if the transfer is to another principal of the same franchisee.

NOTES

¹ Unless otherwise noted, all fees are payable to us and are non-refundable fees. Following 30 days' written notice, we may require you to authorize us to make electronic debits from your operating account as a means of paying the Royalty Fee and Advertising Fund Contribution.

² If you qualify for the Development Incentives and sign the Development Incentive Program Addendum to the Franchise Agreement (Exhibit D), the royalty fee to be paid by you under the Franchise Agreement will be reduced to 2% of Gross Sales for a one-year period following the date the Restaurant first opens for business ("Reduced Royalty Period"). Thereafter, the royalty fee will be 5% of Gross Sales as provided in the Franchise Agreement. As described in Item 5, the Development Incentives and the royalty reduction will terminate following written notice to you and you will be required to pay the royalty fee designated in your Franchise Agreement if: (a) you fail to open the Restaurant for business during the Development Incentive Period; or (b) you receive, prior to the expiration of the Reduced Royalty Period, a written notice of default under any agreement with us (including the Franchise Agreement and the Development Agreement) and you fail to cure the default within the applicable cure period, if any. If the royalty reduction is terminated pursuant to (b) during the time you are paying a reduced royalty, you will be required to pay to us the difference between the amount of royalties actually paid and the amount of royalties required to be paid under the Franchise Agreement without the Development Incentive.

³ We intend to establish an advertising cooperative ("Ad Co-Op") in every market area ("DMA") in which there is a franchised Popeyes Restaurant. See Item 11. The following chart lists those DMAs, as of December 25, 2005, that have company-owned Popeyes Restaurants, and the voting power of those Restaurants in each DMA. Each Restaurant in an Ad Co-op is entitled to 1 vote.

DMA Name	Number of Company-Owned Restaurants	Number of Franchised Restaurants	Voting Power of Company-Owned Restaurants
Atlanta, GA	22	18	55%
Chattanooga, TN	1	0	100%
New Orleans, LA	10	25	28%

For those Ad Co-Ops where we have voting control, the maximum Ad Co-Op contribution (in addition to the Ad Fund contribution) for all member Restaurants will be 2% of Gross Sales unless the members of that Ad Co-Op unanimously agree to a higher rate.

⁴ You will make these payments to distributors or the manufacturers of such products, including, without limitation, Diversified Foods and Seasonings, Inc., not to us. See Item 8.

ITEM 7 INITIAL INVESTMENT

The table below should be read together with the notes that follow.

Category	Free-Standing Estimated Costs	In-Line ¹ Estimated Cost	Method Of Payment	When Due	To Whom Paid	Refundable
Development Fee ²	\$7,500	\$7,500	Lump sum	At signing of Development Agreement	Popeyes	No
Initial Franchise Fee ²	\$30,000	\$30,000	Lump sum	At signing of Franchise Agreement	Popeyes	No
Real Estate and Improvements ³	Variable	Variable	Monthly	As arranged	Lessors/vendors	As arranged
Equipment, Furniture and Signs ⁴	\$175,000 to \$230,000	\$125,000 to \$230,000	Lump sum	As ordered	Vendors	As arranged
POS System ⁵	\$25,000 - \$35,000	\$25,000 - \$35,000	As arranged	As arranged	Vendors	As arranged
Initial Training ⁶	\$15,000 to \$22,000	\$15,000 to \$22,000	Lump sum	As incurred	Employees/vendors	As arranged
Opening Supplies ⁷	\$4,500 to \$10,000	\$4,500 to \$10,000	As arranged	As incurred	Suppliers	As arranged
Insurance ⁸	\$7,500 to \$10,000	\$7,500 to \$10,000	As arranged	As ordered	Insurance company/broker	As arranged

Category	Free-Standing Estimated Costs	In-Line ¹ Estimated Cost	Method Of Payment	When Due	To Whom Paid	Refundable
Utility Deposits ⁹	\$2,500 to \$5,000	\$2,500 to \$5,000	Lump sum	Per lease or utility company's requirements	Utility companies/ lessors	As arranged
Business Licenses ¹⁰	\$300 to \$600	\$300 to \$600	Lump sum	Before opening	Government agencies	No
Additional Funds ¹¹	\$20,000 to \$30,000	\$20,000 to \$30,000	As arranged	As needed	Employees/ suppliers	As arranged
Total Investment¹²	\$287,300 to \$380,100 (does not include real estate and improvements)	\$237,300 to \$380,100 (does not include real estate and improvements)				

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¹ In-Line Restaurants may include Restaurants located in or at "strip-style" retail shopping centers, premises with convenience stores or travel plazas (or similar locations that sell gasoline), shopping malls and other food court locations.

² As described in Item 5, you must sign a Development Agreement regardless of the number of Restaurants you develop. When you sign a Development Agreement, you must pay a Development Fee of \$7,500 for each Restaurant to be developed under the Development Agreement. The Development Fee is not credited against any other fee. You must pay the \$30,000 Franchise Fee when you sign the Franchise Agreement. You must sign the Franchise Agreement prior to opening the Restaurant and within 90 days after we accept a site for the Restaurant. As noted in Item 5, the Franchise Fee may be waived pursuant to the Development Incentive Program.

³ We cannot estimate your initial investment for real estate and improvements; however, the following factors will bear on these costs. If you do not already own adequate Restaurant space, you will have to purchase or lease land and a building for the Restaurant. Typical locations for in-line Restaurants are shopping centers, urban commercial areas and suburban shopping areas. Restaurants range in size from 1,600 to 2,400 square feet. Free-standing Restaurants in suburban locations will require from 22,000 to 30,000 square feet of land for the Restaurant and adequate parking facilities. The cost of commercial land or restaurant space, whether you lease or buy, varies considerably depending upon the location and conditions affecting the local market for commercial property. We estimate that annual rent for leased space will range from \$24,000 to \$80,000, depending upon a variety of factors such as whether the Restaurant is located within an existing retail business (e.g., convenience store, shopping mall), the quality of the retail business, the quality of the site and the surrounding trade area and market factors such as availability of land and comparable sale price and lease rates. Security deposits should not exceed an average of 2 months' rent. The cost of converting land to use as a Restaurant may vary widely depending upon the location, previous use and condition of the property. Free-Standing Restaurants are ordinarily of masonry or frame construction, and construction costs range between \$310,000 and \$420,000. In-Line Restaurants are ordinarily buildouts of retail space, and construction costs range between \$220,000 and \$300,000. The cost of land (if purchased) and site work vary depending upon the location and condition of the property and we cannot estimate the cost of purchasing land or site work. You will also incur costs to complete a due diligence review of the real estate which will cost you \$20,000 to \$50,000.

⁴ You must purchase certain items of furniture, fixtures, equipment, signage and smallwares. The Manual contains a complete list of the needed items. As the above table indicates, the cost of equipment and signage varies depending on the size and location of the Restaurant.

⁵ You must purchase a point of sale system for your Restaurant. Please see Item 11 for more information regarding the point of sale system.

⁶ In connection with the initial training, you will need to arrange and pay for transportation, lodging, food and incidental expenses for you and your designated management employees. You must also pay the salaries and benefits of your designated management employees. The expenses you will incur depend on factors such as the cost of travel, hotel accommodations and meals, as well as employee salaries and associated costs. In addition, training expenses will vary depending upon how many employees you send to training. We may require that you send a certain minimum number of employees that we determine to training.

⁷ We estimate that this amount will be sufficient to cover a supply of food and paper products for 1-2 weeks of Restaurant operations.

⁸ This item includes amounts required to be paid prior to the opening of your Restaurant and may not include amounts payable after the Restaurant opens. Required insurance includes: general liability, employers' liability, workers' compensation, auto liability and property insurance. (See Section XI of the Franchise Agreement for coverage amounts.) Your costs will vary according to the risks associated with your business and your location. The cost of workers' compensation insurance will vary according to the number of employees of the Restaurant and the requirements of state law.

⁹ You may need to provide deposits for utilities. The amount of these deposits and utility costs will vary depending upon the location of the Restaurant and the practices of the lessor and the utility companies.

¹⁰ Local, municipal, county and state regulations vary on what licenses and permits are required to operate a Restaurant. For example, you may need city and county occupational licenses and a city food handlers' license. Such fees are paid to government authorities before commencing business.

¹¹ You will need capital to support ongoing expenses, such as payroll, uniforms, supplies and miscellaneous expenses. We estimate that this amount will be sufficient to cover ongoing expenses for 3 months. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary whether during this initial phase or later.

¹² This is our best estimate of your total investment, excluding the cost of real estate and improvements, assuming that you will establish only one Restaurant. We relied upon the many years of experience of our executives identified in Item 2 and that of our predecessors in preparing these figures.

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No part of your initial investment which is payable to us is refundable under any circumstances.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To operate the Restaurant, you must use certain items that incorporate our trade secrets ("Trade Secret Products"). Trade Secret Products include ingredients, products, materials, supplies and other items such as spices, batter, seasonings and mixes. You must buy Trade Secret Products only from suppliers that we designate. Presently, the only designated supplier of Trade Secret Products is Diversified Foods and Seasonings, Inc. ("Diversified").

Certain products bear our Proprietary Marks and are made to our specifications by approved manufacturers ("Proprietary Products"). You must buy Proprietary Products only from manufacturers we approve in writing. Examples of Proprietary Products include certain uniforms, signs, menu boards, paper goods and packaging.

You may use only cash registers and other point-of-sale equipment (collectively, "POS Equipment") that we approve in writing.

We may periodically require you to purchase and install or construct, at your expense, all improvements, furnishings, signs and equipment that we specify in the approved standard plans and specifications for the Restaurant, as well as other furnishings, signs or equipment. You may not install or allow installation of improvements, furnishings, signs or equipment for which we did not give our prior written approval.

Except for Trade Secret Products, Proprietary Products and items described in the prior paragraphs, you must buy all other items needed to operate the Restaurant (such as poultry, french fries, flour, food trays, paperware, etc.) only from suppliers and distributors who demonstrate, to our continuing and reasonable satisfaction, the ability to meet our reasonable standards for those items; who possess adequate quality controls and capacity to supply your needs promptly and reliably; and as to whom we have given (and not revoked) our written approval.

If you want to obtain items from a non-approved supplier, you (or the supplier) must make a written request to us seeking approval. We have the right to require, as a condition of our approval, that the supplier allow our representatives to inspect its facilities and that the supplier deliver samples, at our option, either to us or to an independent laboratory that we designate for testing before we will grant our approval. The approval process ranges from 30 days for simple items to 6 months for highly complex food formulas which require more extensive testing. You or the supplier must pay a charge not to exceed our reasonable cost of inspection and the actual cost of testing. We reserve the right, at our option, to periodically reinspect the facilities and products of any approved supplier. We will also have the right to revoke our approval if we find that a supplier no longer meets our standards. The process of reviewing possible suppliers and distributors includes many factors, such as inspecting and testing sample products to determine whether the products meet our standards, inspecting a proposed distributor's physical plant and similar steps to assure compliance with our standards for quality, safety and sanitation. If we conclude that an approved supplier or distributor no longer meets our standards, we will revoke our approval of that supplier or distributor. We do not currently charge fees to approve suppliers and distributors, but we reserve the right to do so.

We do not receive rebates from any suppliers based upon purchases by franchisees. We do not currently require you to buy or lease goods or services from us, nor do we presently offer to sell or lease goods or services to our franchisees. We do not derive income from sales made to Popeyes franchisees.

We will provide our standards to you through our Manual which you will receive a copy of when you sign the Franchise Agreement and pay us the Franchise Fee and any other amounts then due. We may update and revise these standards periodically, and we will notify you of these changes by written or electronic communication. See Item 11. We typically develop standards internally (for example, our Quality Assurance department develops our standards for food and packaging materials) but sometimes, we develop standards with suppliers.

We estimate that your purchases from approved suppliers, from suppliers that we designate, and otherwise under our standards will be approximately 95% of the total purchases and leases of products and services needed to establish the Restaurant, and approximately 95% of the total purchases and leases of products and services needed to operate the Restaurant. We also estimate that your purchase of Trade Secret Products will be less than 1% of the total purchases and leases of products and services needed to establish the Restaurant, and approximately 15% of the total purchases and leases of products and services needed to operate the Restaurant.

Except as described above, we do not require you to buy or lease any goods or services from us or suppliers designated by us.

We established the Popeyes Operators Purchasing Cooperative Association ("POPCA") in January 1993. In January 2000, POPCA merged with the purchasing cooperative for the Church's System to form one purchasing and logistical service cooperative known as Supply Management Services, Inc. ("SMS"). SMS provides services to the Popeyes System and the Church's System. You must join SMS. SMS negotiates with vendors (with respect to factors such as sales terms and price terms) for the benefit of SMS members.

We do not confer special or other material benefits on franchisees that buy or lease from approved suppliers or sources.

Under the Development Agreement, you are required to obtain the right to occupy the premises at which you will operate each Restaurant. We have the right to review and approve these premises. You will generally have the option to buy, lease or sublease the premises, depending upon market conditions. If you lease or sublease the premises, we have the right to review and approve the lease or sublease. We may require the lease or sublease to contain the following terms, among others, before we give our approval: (1) if you default under the lease, or stop operating the Restaurant for any reason, we have the right to assume your rights and obligations under the lease/sublease; (2) if you default under the lease/sublease, we must receive a copy of any notice of the default; and (3) if you default under your lease/sublease or stop operating the Restaurant, we may modify the premises as necessary to enforce the covenants against competition and the other post-termination obligations under the Franchise Agreement that are noted in Item 17.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and the Development Agreement. 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 Franchise Agreement (FA) and Development Agreement (DA)	Item(s) in Offering Circular
Site selection and acquisition/lease	FA: §§ 1 and 16 DA: § 4	Item 11
Pre-opening purchases/leases	FA: § 10 DA: § 4	Items 5, 7 and 8
Site development and other pre-opening requirements	FA: § 10 DA: §§ 1 and 4	Items 7, 8 and 11
Initial and on-going training	FA: § 8 DA: None	Item 11
Opening	FA: §§ 8, 10 and 11 and Exhibit A DA: None	Item 11
Fees	FA: §§ 2-4, 8, 10, 11, 13, 14, 17 and 18 DA: §§ 2, 3 and 6	Items 5 and 6
Compliance with standards and policies/operating manual	FA: §§ 7, 10 and 14 DA: None	Items 6, 8 and 11
Trademarks and proprietary information	FA: §§ 5, 7 and 16 DA: None	Items 13 and 14
Restrictions on products/services	FA: §§ 10 and 16 DA: None	Item 16
Warranty and customer service requirements	FA: § 10 DA: None	Item 11
Territorial development and sales quotas	FA: None DA: §§ 3 and 4 and Exhibit B	Item 12
Ongoing product/service purchases	FA: §§ 10 and 11 DA: None	Item 8
Maintenance, appearance and remodeling requirements	FA: §§ 3, 10 and 14 DA: § 4	Item 11
Insurance	FA: § 11 DA: None	Items 6 and 7
Advertising	FA: §§ 3 and 10 DA: None	Items 6 and 11
Indemnification	FA: §§ 5 and 18 DA: § 11	Item 6
Owner's participation/management/staffing	FA: §§ 8 and 10 DA: None	Item 15
Records/reports	FA: § 4 DA: None	Item 6
Inspections/audits	FA: §§ 4 and 10 DA: § 4	Items 6 and 11
Transfer	FA: § 14 DA: § 6	Item 17
Renewal	FA: § 2 DA: None	Item 17
Post-termination obligations	FA: § 16 DA: None	Item 17

Obligation	Section in Franchise Agreement (FA) and Development Agreement (DA)	Item(s) in Offering Circular
Noncompetition covenants	FA: § 13 DA: § 8	Item 17
Dispute resolution	FA: § 24 DA: § 15	Item 17