

**ITEM 11**  
**FRANCHISOR'S OBLIGATIONS**

Except as listed below, we need not provide any assistance to you.

***Pre-Opening Obligations***

Before you open your Restaurant, we will provide the following assistance to you.

1. We will evaluate each site you propose for a Restaurant, and we will send you, within 30 days after receipt of your proposal, written notice of acceptance or non-acceptance of the proposed site. We will conduct one site visit for up to 2 proposed sites at no cost to you. If you have not received a site acceptance after the second visit, you will have to pay us the Site Visit Fee for each additional site visit until acceptance of a site is granted by us. [Development Agreement, Sections 4.01. and 4.02.]
2. We will provide you with up to 2 equipment layout drawings for an accepted site at no cost to you. Thereafter, you will have to pay us a fee of \$1,000 per revision ("Plan Revision Fee"). [Development Agreement, Section 4.02.B.] We may, in our discretion, waive or reduce the Plan Revision Fee in the case of minor revisions.
3. We will make available to you standard plans and specifications that you must follow in constructing the Restaurant. You cannot modify or deviate from the standard plans and specifications, including any modifications or deviations required by local or state laws, regulations or ordinances, unless you have our prior written approval. You must obtain, at your own expense, additional qualified architectural and engineering services to prepare surveys, site and foundation plans, and to adapt the standard plans and specifications to applicable local or state laws, regulations or ordinances. You must bear the cost of preparing plans that deviate from or modify the standard plans. [Franchise Agreement, Section 9.03.]
4. We will evaluate your final and complete plans for the construction/renovation and decoration of your Restaurant, and, if appropriate, we will approve these plans. [Development Agreement, Section 4.01.]
5. For your first Restaurant opened under the Development Agreement, we will provide a representative to be present at the opening. [Development Agreement, Section 4.07.]

6. We will make available an initial training program for a minimum of 4 designated management employees (we will determine the exact number). [Franchise Agreement, Section 8.02.]

### ***Continuing Obligations***

During the operation of your Restaurant, we will provide the following assistance to you:

1. We will make available to you additional training as we, in our discretion, choose to conduct. [Franchise Agreement, Section 8.05.]

2. We will make available to you continuing advisory assistance in the operation of the Restaurant, in person or by bulletins, as we deem appropriate. [Franchise Agreement, Section 9.01.]

3. We (or our designated affiliate) will maintain and administer an Advertising Fund, and in some areas, an Ad Co-op (as defined in this Item), to increase the public's awareness of the Restaurant and the System. [Franchise Agreement, Section 3.02.]

4. For the duration of the Franchise Agreement, we will lend you one copy of the Manual or we will make the Manual available to you electronically via diskette, CD ROM, electronic mail, the Internet or other electronic format. The Manual contains the standards, specifications, operating procedures and techniques of the System. [Franchise Agreement, Section 9.04.] The Table of Contents of the Manual as of the date of this offering circular is attached as Exhibit K and, as of that date, the Manual contained 600 pages.

5. We may revise the contents of the Manual from time to time by letter, memorandum, bulletin, videotape, audio tape, diskette, CD ROM, electronic mail, or by other written or electronic communication, including the Internet. You must abide by all revisions to the Manual. [Franchise Agreement, Section 7.04.]

6. We will continue our efforts to maintain high and uniform standards of quality, cleanliness, appearance and services at all Restaurants. [Franchise Agreement, Section 9.05.]

7. We will establish uniform criteria for approving suppliers and will make every reasonable effort to share our standards and specifications with your prospective suppliers upon your written request. We may choose not to make available to prospective suppliers the standards and specifications for any food formula, or equipment design that we deem to be confidential. [Franchise Agreement, Section 9.05.]

8. We may conduct periodic inspections of the premises of the Restaurant and periodic evaluations of the products used and sold at the Restaurant. [Franchise Agreement, Section 9.05.]

### ***Site Selection and Length of Time Before Opening***

The Development Agreement grants you a specific Development Area in which to establish and operate Restaurants under the System at specific locations to be designated in separate Franchise Agreements. We do not select the site for your Restaurant. You select the site subject to our acceptance of the site. You must submit for our acceptance a Site Acceptance Request, in the form that we require, for the site of each Restaurant you propose to develop. We will evaluate each proposed site and, within 30 days after receipt of your proposal, we will send you written notice of our acceptance or non-acceptance of the site.

We consider the following factors, among others, in evaluating the proposed site: demographic characteristics (such as number of households in the neighborhood, average income and family size); traffic patterns; proximity to existing restaurants, including Popeyes Restaurants; and the size and condition of the proposed premises. Our acceptance of a proposed site will be good for 90 days, during which time you must provide us with satisfactory evidence (such as a deed or signed lease) that you have the right to occupy the site. Our acceptance of a site is not a representation or promise by us that a Restaurant at that site will achieve a certain sales volume or level of profitability. Similarly, our acceptance of one or more sites and our non-acceptance of other sites is not a representation or promise by us that a site we accept will have a higher sales volume or be more profitable than a site we do not accept. Our acceptance only indicates our willingness to be represented by you at that site.

The typical length of time between the signing of a Franchise Agreement and the opening of the Restaurant is 90 to 180 days. The length of this period depends on many factors, such as your ability to buy or lease a site and obtain adequate financing, the local requirements you must meet to obtain permits and zoning approval, and other factors (such as weather) that affect construction in your area. Other factors may affect the length of this period, such as your ability to obtain insurance and to get your approval of the final and complete plans and specifications for the construction/renovation and decoration of the Restaurant.

If we cannot reach agreement on a site, you will be unable to sign a Franchise Agreement and operate a Restaurant, and you may default under the Development Schedule of your Development Agreement.

#### ***The New Franchisee Orientation Program***

You must complete, to our satisfaction, the Popeyes New Franchisee Orientation Program ("NFOP") before opening your first Restaurant. The NFOP is conducted on an as-needed basis and consists of a maximum of 2 days of classroom training conducted at a facility we designate (currently at our corporate offices in Atlanta, Georgia). The NFOP is designed to provide an overview of the System including the services that we provide to franchisees and to explain the obligations in the Franchise Agreement. The following corporate departments may participate in the NFOP: Audit, Legal, Credit, Quality Assurance, Insurance, Marketing, Development and Communication. During the NFOP, we will provide you with a "New Restaurant Operating Manual," "Facilities Manual" and "Construction Guide," along with a computer-based instructional program (CD-ROM) which provides an overview of the Popeyes brand. We do not charge a fee for the NFOP. You are, however, responsible for all expenses which you or your representatives will incur while attending the NFOP, such as the cost of travel, accommodations, meals and employee wages and benefits.

#### ***The Training Program***

Before opening the Restaurant, a minimum of 4 designated management employees (we will decide the final number) must attend and complete, to our satisfaction, the Popeyes Restaurant Management Training ("RMT") Program. We provide the RMT Program on an as-needed basis. The RMT Program includes product management, shift management, and general management segments. If your management employees complete the shift management and general management segments of the RMT Program to our satisfaction, we will issue certificates of completion for these trainees. Throughout the term of the Franchise Agreement, you must employ at the Restaurant at least 1 manager who has satisfactorily completed all segments of the RMT Program and at least 2 shift managers who have satisfactorily completed the product management and shift management segments of the RMT Program. You must enroll a qualified replacement in the RMT Program for any manager or shift manager who ceases active employment at your Restaurant within 30 days after the former employee's last day of

employment. The replacement employee must attend and complete the next regularly scheduled RMT Program.

We designed the RMT Program to educate you and/or your managers in all phases of the fast-service segment of the restaurant industry as related to the operation of the Restaurant. The RMT Program lasts 7 ½ weeks. The first 2 ½ weeks are the product management segment and consist of an indoctrination and orientation to each of the job-station areas and restaurant administration management. The next 4 weeks cover the shift management segment. The last week is the general management segment which consists of a workshop and in classroom instruction with an emphasis on labor scheduling, LSM marketing, limited time product management, employment regulations, performance management and time management. The RMT Program is conducted at our training facility in Atlanta, Georgia or an authorized Certified Training Restaurant designated by us. If you have at least one operating Restaurant that we have designated as a "Certified Training Restaurant," you may conduct the product management and shift management segments of the RMT Program for your employees at that Restaurant. The general management segment will be conducted by our corporate or field training teams.

In order to be designated as a Certified Training Restaurant, the Restaurant must meet certain standards, including but not limited to the following: (1) consistent receipt of high operations compliance scores; (2) the training manager must have a current ServSafe Food Safety Certification (or state/local mandated equivalent certification); (3) consistent compliance with all current requirements for the physical condition of the Restaurant; (4) computer and Internet access at all times (including email); (5) 3 employees on the management team (1 certified manager and 2 shift managers); and (6) the training manager must pass a yearly on-line training manager certification test.

In the RMT Program, we will expose and teach trainees about the equipment and facilities with which they will work at the Restaurants. In addition, we will instruct trainees about safety, security and sanitation. We will also teach trainees about preparation and service of Popeyes menu items; shift management techniques; labor and inventory management; and servicing customers.

The subjects covered during the RMT Program are as follows:

<b>Subject</b>	<b>Instructional Materials</b>	<b>Number of Classroom Instructional Hours</b>	<b>Number of On-The-Job-Training Hours</b>	<b>Instructor</b>
<b>Orientation</b>	RMT Trainee Workbook	0 hours	2 hours	Certified Training Manager
<b>Cleaning</b>	RMT Trainee Workbook	0 hours	3 hours	Certified Training Manager
<b>Safety and Security</b>	RMT Trainee Workbook	0 hours	1 hour	Certified Training Manager
<b>Sandwiches</b>	RMT Trainee Workbook	0 hours	7 hours	Certified Training Manager
<b>ServSafe Sanitation</b>	ServSafe Essentials Book	16 hours	0 hours	Corporate Training/Field Training Consultant
<b>Product Prep</b>	RMT Trainee Workbook	0 hours	22 hours	Certified Training Manager
<b>Seasoning</b>	RMT Trainee Workbook	0 hours	11 hours	Certified Training Manager

<b>Subject</b>	<b>Instructional Materials</b>	<b>Number of Classroom Instructional Hours</b>	<b>Number of On-The-Job-Training Hours</b>	<b>Instructor</b>
<b>Baking</b>	RMT Trainee Workbook	0 hours	6 hours	Certified Training Manager
<b>Batter/Fry, Filtering &amp; Boil-Out</b>	RMT Trainee Workbook	0 hours	18 hours	Certified Training Manager
<b>Service/Drive-Thru</b>	RMT Trainee Workbook	0 hours	13 hours	Certified Training Manager
<b>Packaging</b>	RMT Trainee Workbook	0 hours	16 hours	Certified Training Manager
<b>Hospitality</b>	RMT Trainee Workbook	0 hours	3 hours	Certified Training Manager
<b>Projecting Sales</b>	CD/e-learning	0 hours	7 hours	Certified Training Manager
<b>Usage</b>	CD/e-learning	0 hours	5 hours	Certified Training Manager
<b>Recipe Yield</b>	CD/e-learning	0 hours	3 hours	Certified Training Manager
<b>Daily Prep</b>	CD/e-learning	0 hours	5 hours	Certified Training Manager
<b>Chicken Ordering</b>	CD/e-learning	0 hours	5 hours	Certified Training Manager
<b>Build-to Ordering</b>	CD/e-learning	0 hours	3 hours	Certified Training Manager
<b>Chicken Drop</b>	CD/e-learning	0 hours	4 hours	Certified Training Manager
<b>Efficiencies</b>	CD/e-learning	0 hours	4 hours	Certified Training Manager
<b>Cleaning</b>	N/A	0 hours	4 hours	Certified Training Manager
<b>Safety Audit</b>	N/A	0 hours	1 hour	Certified Training Manager
<b>Managing Product Prep</b>	RMT Trainee Workbook	0 hours	4 hours	Certified Training Manager
<b>Managing Chicken Drops</b>	RMT Trainee Workbook	0 hours	3 hours	Certified Training Manager
<b>Managing Chicken Ordering</b>	RMT Trainee Workbook	0 hours	4 hours	Certified Training Manager
<b>Managing Build-to Ordering</b>	RMT Training Workbook	0 hours	2 hours	Certified Training Manager
<b>Managing the Shift</b> Open to Close Checklist, SAWT/ESG, Managing Profitability, Cash Management, Food Cost Labor Management	RMT Trainee Workbook	0 hours	6 hours	Certified Training Manager
<b>Planning the Shift</b> Forecasting Sales, Production Needs, Staffing	RMT Trainee Workbook	0 hours	3 hours	Certified Training Manager
<b>Evaluating the Shift</b>	RMT Trainee Workbook	0 hours	3 hours	Certified Training Manager

<b>Subject</b>	<b>Instructional Materials</b>	<b>Number of Classroom Instructional Hours</b>	<b>Number of On-The-Job-Training Hours</b>	<b>Instructor</b>
<b>Cash Management</b> Change Bank Procedures, Daily Cash Transactions, Making Bank Deposits, Cash Management Responsibilities	RMT Trainee Workbook	0 hours	3 hours	Certified Training Manager
<b>Inventory Management</b> Control Systems, Inter Store Transfers, Food Loss, Inventory, Cost Analysis and Impacts of Under/Over Ordering	RMT Trainee Workbook	0 hours	6 hours	Certified Training Manager
<b>Manage 20 Shifts</b> *Opening Shifts (6 shifts) *Mid-Shifts (6 shifts) *Closing Shifts (6 shifts) *Optional Shifts (2 shifts)-Trainer	RMT Trainee Workbook	0 hours	140 hours	Certified Training Manager
<b>Shift Management Workshop</b> Labor Management Pre-shift meetings Train the Trainer, Coaching, Counseling	Workshop Materials	8 hours	0 hours	Corporate Training/Field Training Consultant

Periodically, we also may make available to you or your employees additional training programs that we, in our discretion, choose to conduct. Attendance at these training programs may be mandatory.

We do not currently charge a fee for any of our programs; however, we reserve the right to do so in the future to cover the cost of presenting these training programs. You will be responsible for all expenses that you and your trainees incur in connection with any training (including the NFOP, the RMT Program and any additional training), such as the cost of travel (including daily transportation to and from training), accommodations, meals, uniforms and employee wages and benefits (including any routine or emergency medical services).

All members of the training team have extensive experience in operations with us and/or other food service companies. We employ the following individuals on our training staff who have the responsibility for developing and delivering training programs (including, among others, the NFOP and the RMT Program) and support materials:

**Mary Lou Atkins: Director of Training**

Ms. Atkins has been Director of Training since March 2000. Prior to that, she was Training Manager from September 1990 to March 2000, Training Coordinator from September 1986 to September 1990, and Training Restaurant Manager from January 1983 to September 1986. She has over 20 years experience in restaurant operations and training.

**Patti Evanosky: Training Manager**

Ms. Evanosky has been a Training Manager since January 2005. She is primarily responsible for teaching courses in the Atlanta Franchise Training Center. She has over 20 years experience in restaurant operations and training.

**Kenneth R. Rowden: Training Consultant**

Mr. Rowden has been a Training Consultant for franchise operations since October 2004. He has over 35 years experience in restaurant operations and training.

**Chris L. Bryant: Training Consultant**

Mr. Bryant has been a Training Consultant for franchise operations since October 2004. He was an Area Manager for Popeyes from February 1998 to October 2004. He has over 21 years experience in restaurant operations and training.

***Training Detail***

***Point-of-Sale Systems***

You must install and use a point-of-sale system ("POS System") that has been approved in writing by us and which meets our specifications. The Franchise Agreement does not limit us from receiving (*i.e.*, downloading) information your POS System. The POS System will, among other things, permit you to manage cash control, inventory control, labor scheduling, sales forecasting and menu and price change control. [Franchise Agreement, Section 4.06.] Radiant Systems, Inc. ("Radiant"), GEAC Computer Corporation, Ltd. ("GEAC") and Panasonic are the POS System vendors that can provide systems that meet our minimum specifications. Radiant may be contacted at the following address, telephone number and email address: Radiant Systems, Inc., 3925 Brookside Parkway, Alpharetta, GA 30022, 1-800-229-0991, [inquiries@radiantsystems.com](mailto:inquiries@radiantsystems.com). GEAC may be contacted at the following address, telephone number and email address: GEAC Computer Corporation, Ltd., 175 Ledge Street, Nashua, NH 03060, 1-888-432-2773, [rsdinfo@gaec.com](mailto:rsdinfo@gaec.com). Panasonic may be contacted at the following address and telephone number: Panasonic Retail Data Systems, 2152 Northwest Pkwy, Suite H, Marietta, GA 30067 (678) 627-0401. The vendors may provide support, ongoing maintenance, repairs and upgrades to the POS System on an as needed basis as may be required by the franchisee. There are no contractual limitations in the Franchise Agreement regarding the cost of any optional or required support, maintenance, repairs or upgrades relating to the POS System and annual costs may vary depending on the vendor and the type of services required from time to time.

Our current minimum specifications for the POS System are as follows:

<b>REQUIREMENT</b>	<b>DESCRIPTION</b>
Forever Totals	The POS System must provide for individual registers with non-resettable sales totals.
Consolidated Reporting	The POS System must provide individual register reporting as well as consolidated reporting from all registers in the Restaurant.
System and Cashier Financial Reports	The POS System must provide a number of financial reports including sales per half hour, deposits, daily sales, sales adjustments as well as detailed cashier activity reports.
Inventory Functions and Reports	The POS System must include all functions necessary to track inventory such as purchases, product transfers and waste and detailed reports.
Modular	The POS System must be modular to prevent any single failure from damaging or deleting system data and to ensure capability for additional features.

REQUIREMENT	DESCRIPTION
Minimum 250 Preset Keys for Menu	The POS System must include all functions necessary to track inventory such as purchases, product transfers and waste and detailed reports. We recommend a higher item capacity to accommodate menu expansion and sales growth; however, this is the current minimum.
Minimum 8 Character Description	We require sufficient characters in the menu description so that items can be clearly identified and understood by cashiers, customers and others reading the information. Therefore, the POS System must provide for a minimum of 8 characters in the menu description.
Discount Keys	The POS System must provide preset keys for Restaurant employee, senior citizen, police and student discounts, etc.
Spill Proof Keyboard	The POS System keyboard must be sealed or covered to prevent spilled drinks or other moisture from adversely affecting the system.
Pollable or Upgradeable	The POS System must be able to communicate with a personal computer through built-in features or third-party telecommunications software.
Take-Out, Eat-In, Drive-Thru Keys	The POS System must have take-out, eat-in and drive-thru keys.
Order Error Correction/Void Item Function	The POS System must have an order error correction and/or void item function.
Manager Key or Code Security	The POS System must have a manager key or code security.
Manager Delete Order Function	The POS System must have a managers delete order function.
Customer Display Showing at Least the Order Dollar Total	The POS System must have a customer display showing at least the order dollar total.
Kitchen Video or Receipt Printer	The POS System must have a kitchen video or receipt printer. These devices are necessary for filling orders.
Suggestive Selling Prompts	The POS System must have suggestive selling prompts. This feature allows messages to appear before the cashier as they ring up an order prompting them to suggest items to the customer.
Suspense File Capability	The POS System must have suspense file capability. This function allows new menu items to be set-up in the system before they actually go in effect.
Un-Interruptible Power	The POS System must have un-interruptible power, which allows for system operation without main power for a minimum of 30 minutes to ensure that sales back-up has taken place.
Journal Tape or Electronic Journal	The POS System must provide a means of auditing previous transactions.
Time Keeping	The POS System must have a way of allowing employees to log in and out, either by built-in programs or attachment of an external time clock.

REQUIREMENT	DESCRIPTION
Drive-Thru Store and Recall	The POS System must have the ability to take an order for drive-thru service on a designated register for order taking and complete the order on another register. Required for double drive-thru restaurants.
Bump Bar	The POS System must have the ability to clear orders from the monitor after completion.

We may revise our specifications for the POS System from time to time. Consequently, we may require you to upgrade or update your POS System. You may be required to purchase and install a modem which will allow us to freely retrieve data and information from your POS System, including daily sales, menu mix and other data as we determine. There is no contractual limitation on the frequency and cost of this obligation.

### ***Computer System***

We reserve the right, following 30 days' written notice, to require you to purchase a Computer System that we have approved and that meets our standards and specifications. The Computer System will permit electronic communication of information between us and you concerning the Popeyes System and your Restaurant, including access to our intranet, "http://www.oneafc.com". The Franchise Agreement does not limit us from receiving (*i.e.* downloading) information from the Computer System. Currently, we do not require you to purchase a Computer System, but we may do so in the future.

We may revise our specifications for the Computer System from time to time. Consequently, we may require you to upgrade or update the Computer System during the term of your Franchise Agreement. There is no contractual limitation on the frequency and cost of this obligation.

### ***Advertising and Promotion***

#### Advertising Advisory Council

We have an informal advertising council ("Council"), composed of franchisees chosen by the Popeyes Independent Franchise Association ("PIFA") from among its members. We consult with the Council concerning our advertising policies. The Council operates in an informal advisory capacity only. We are not required to consult with the Council, and we have the right to discontinue doing so at any time. We cannot form, change or dissolve the Council.

#### Advertising Fund

Advertising and standardization of advertising and promotion is important to the goodwill and public image of the System. We have established an advertising fund ("Ad Fund") to accomplish this. You must make a weekly contribution to the Ad Fund, not to exceed 3% of Gross Sales (which is the current required amount). Restaurants that we and our affiliates own contribute to the Ad Fund on the same basis as you. The Ad Fund is used for national, regional and/or local advertising and promotional materials and market research for the Popeyes System as determined by us. We or our designee will administer the Ad Fund.

The selection of media and locale for media placement will be at our discretion. Currently, we use television, where practical, radio, newspaper, outdoor, direct mail and restaurant point-of-purchase advertising. We use one or more national and/or regional advertising agencies to produce and place our advertising materials.

The Ad Fund currently uses all contributions made to it and any earnings exclusively to pay the costs of maintaining, administering, directing and preparing market research, advertising and/or promotional activities. We are not required to spend any minimum amount from the Ad Fund on advertising in the market in which your Restaurant is located. We maintain all sums paid to the Ad Fund in an account separate from our other funds. We maintain separate bookkeeping accounts for the Ad Fund. We anticipate that all contributions to, and earnings of, the Ad Fund will be spent for market research, advertising or promotional purposes during the taxable year in which such contributions and earnings are received. If, however, there are balances in the Ad Fund at the end of the taxable year, the amounts will be carried over to the following taxable year(s).

We do not use the Ad Fund to defray our expenses except for expenses we incur administering the Ad Fund and in running advertising and marketing programs for the System. We may charge the Ad Fund for our reasonable costs for market research, production and distribution of advertising materials. We may also charge the Ad Fund for our costs associated with licensing the "Popeye" cartoon character. We will, upon request, provide you with an annual accounting of receipts and disbursements of the Ad Fund.

The Ad Fund is not an asset of ours or any of our affiliates. We intend the Ad Fund to be of perpetual duration; however, after the Ad Fund has spent all of its funds for the purposes described above, we may terminate the Ad Fund. In the fiscal year ended December 25, 2005, 22.97% of the Ad Fund was spent on production, 38% was spent on financial administration of the Ad Fund, 65.56% was spent on media placement, and 11.09% was spent on agency fees, administration expenses, and menu boards. None of the monies collected for the Ad Fund are used to solicit new franchisees. Neither we nor our affiliates receive any payments for providing goods or services to the Ad Fund, except for the expenses we incur in administering the Ad Fund.

#### Regional Advertising/Ad Co-ops

We have the right to establish an Ad Co-op for any DMA. If we establish an Ad Co-op for the DMA in which your Restaurant is located, in addition to your contribution to the Ad Fund, you must contribute to the Ad Co-op the percentage contribution established by that Ad Co-op. An Ad Co-op may also be established if the owners of 80% of the Restaurants (franchised and owned by us) within a DMA vote to do so. We have the power to dissolve or merge Ad Co-ops.

Members of an Ad Co-op are entitled to 1 vote per Restaurant. The Ad Co-op's only purpose is to administer advertising and marketing programs in the DMA and to develop, subject to our approval, standardized promotional materials for use by its members. The Ad Co-op may not use or furnish to its members any advertising or promotional plans or materials without our prior approval. You must contribute to the Ad Co-op weekly based on your Gross Sales for the prior week. All Ad Co-op payments will be sent to us with the corresponding Ad Fund Contribution, and will be allocated to the applicable Ad Co-op account, which we administer for each Ad Co-op. When you make your contribution to the Ad Co-op, you also must submit any reports that we (or, if we permit, the Ad Co-op) may require. Restaurants that we own in a DMA with an Ad Co-op will contribute to the Ad Co-op on the same basis as franchisees with Restaurants that DMA and we will have the right to vote in the Ad Co-op.

Upon written request, we may waive the requirement that you join an Ad Co-op or pay the full contribution to the Ad Co-op. For example, we may reduce, defer or waive your requirement to contribute. We have the sole discretion to decide whether to grant a waiver and our decision will be final. If we grant a waiver to you, you must still spend the same amount as you would have been required to contribute to the Ad Co-op on local advertising during each accounting period.

Our Regional Marketing Manager for the DMA consults with, and in some instances may administer, the Ad Co-op. The operations of the Ad Co-op are governed by written by-laws and other documents which you can review.

### Local Advertising

All advertising, marketing and promotional plans must meet our standards and you must obtain our prior written approval before implementing any local advertising, marketing or promotional plans. To get our approval, you must submit samples of the proposed advertising copy, marketing or promotional plans to us. If you do not get our written approval within 15 days after we receive the proposed samples or materials, it means that we disapproved the samples or materials. The same rules apply to an Ad Co-op. We do not approve or disapprove the sales prices of products in proposed advertising, marketing or promotional plans.

## **ITEM 12 TERRITORY**

### *Development Agreement*

We offer two types of development rights – one provides limited, territorial exclusivity (“Exclusive Development Agreement”) and the other provides no territorial exclusivity (“Non-Exclusive Development Agreement”). If you sign an Exclusive Development Agreement (Exhibit C), you will be granted a geographic area (“Development Area”) within which we will not open, nor license anyone other than you to open, a Restaurant until 60 days after the expiration of the Development Schedule set out in the Agreement, subject to the other terms of the Agreement. The Development Area does not include military bases, public transportation facilities, toll road plazas, universities, recreational theme parks and/or the interior structural confines of shopping malls, even though such facilities may be located in the Development Area.

Territorial exclusivity under the Exclusive Development Agreement is not dependent upon the achievement of a certain sales volume, market penetration or any other contingency; however, you must comply with the terms of the Exclusive Development Agreement, including the obligation to open and keep open an agreed-upon number of Restaurants in accordance with the Development Schedule. If you fail to comply with the Development Schedule, or otherwise default under the Development Agreement or any other agreement between us, we can, among other things: (1) terminate or reduce the territorial exclusivity in the Development Area or reduce the size of the Development Area; (2) terminate the Development Agreement; (3) reduce the number of Restaurants you can develop under the Development Agreement; (4) accelerate the Development Schedule; or (5) withhold site approval or refuse to permit the opening of Restaurants under construction. [Development Agreement, Section 5.03.] Except in these instances, we cannot alter the Development Area.

The size of the Development Area will vary considerably and is subject to our mutual agreement before the Development Agreement is signed. Factors that may affect the size of a Development Area include your wishes, the expansion capacity of the area contemplated, the competition in the area and your prior experience and financial capacity.

If you sign a Non-Exclusive Development Agreement pursuant to an Amendment to the Development Agreement (Exhibit D), you will not receive an exclusive territory and we may establish other franchised or company-owned Restaurants that may compete with your location.

## ***Franchise Agreement***

When you sign a Franchise Agreement, you will be granted a geographic area within which we will not open, nor license anyone other than you to open, a Popeyes Restaurant during the term of the Franchise Agreement ("Protected Area"). The Protected Area will consist of an area equal to the lesser of: (1) a 1 mile radius around the Restaurant; or (2) an area surrounding the Restaurant encompassing a population (residential and/or daytime/commercial) of 50,000 people. The limited exclusivity granted in the Protected Area does apply to: (a) enclosed shopping malls; (b) existing Restaurants and/or Restaurants for which Franchise Agreements were previously granted; or (c) alternative venue locations, such as: transportation facilities (including airports, train stations, bus stations, etc.), toll roads and major thoroughfares, educational facilities (including schools, colleges and universities), institutional feeding facilities (including hospitals), governmental institutions and facilities, military bases, amusement, recreational and/or theme parks (including casinos), even if those facilities are located in the Protected Area.

We have the right, from time to time, to reduce or modify the Protected Area to reflect population shifts; however, if less than a 1-mile radius, the Protected Area always will include a population of at least 50,000 people. Except as provided in the previous sentence, we cannot alter the Protected Area. You will not receive any exclusive territory under the Franchise Agreement, other than the Protected Area, and we may establish other franchised or company-owned Restaurants that may compete with your location. We also have the right to make wholesale sales of products identified by the Popeyes trademark within the Protected Area.

You may only operate the Restaurant from the location we have approved, and you may not relocate the Restaurant without our prior written consent, which we are not obligated to grant. You will not be restricted from soliciting or accepting orders from customers that may be located elsewhere. Similarly, other Restaurants will not be restricted from soliciting or accepting orders from customers located in the vicinity of your Restaurant. You do not have the right under the Franchise Agreement to acquire additional franchises.

We have not established, nor do we presently intend to establish, other franchises or company-owned outlets selling or leasing similar products or services under a different trade name or trademark; however, we retain the right to do so.