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FRANCHISE DISCLOSURE DOCUMENT
TACO BELL FRANCHISOR, LLC
a Delaware limited liability company
1 Glen Bell Way
Irvine, California 92618
(949) 863-4500
www.tacobell.com/company
Email: recruiting@tacobell.com

The franchisee will operate a Taco Bell unit offering inexpensively priced, quality Mexican-style food for take-out and on-premises eating.

The initial investment necessary to begin operation of a new Traditional Unit is from $1,584,750 to $3,980,200 including $45,000 that must be paid to the franchisor and for the first unit only, $27,250 that must be paid to an affiliate. The total investment necessary to begin operation of a new In-Line or End-Cap is from $610,750 to $1,440,200 including $25,000 that must be paid to the franchisor and, for the first unit only, $27,250 that must be paid to an affiliate. The total investment necessary to begin operation of an existing Unit ranges from $175,000 to $1,800,000 or more, excluding real property, all of which must be paid to the franchisor or an affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Franchise Recruiting, 1 Glen Bell Way, Irvine, CA 92618, 949-863-4500 or recruiting@tacobell.com.

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

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

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

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How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about Unit sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Exhibit I.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit J includes financial statements. Review these statements carefully.
Is the franchise system stable, growing or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchise Units.
Will my business be the only Taco Bell business in my area?	Item 12 and the provisions in the Integrated Expansion Policy describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Taco Bell franchisee?	Exhibit I lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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What You Need to Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have to right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information provided in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

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Special Risk(s) to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by litigation only in Orange County, California. Out of state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to sue the franchisor in Orange County, California than in your home state.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

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TABLE OF CONTENTS

ITEM		PAGE
1	The Franchisor and any Parents, Predecessors and Affiliates	1
2	Business Experience	7
3	Litigation	9
4	Bankruptcy	9
5	Initial Fees	9
6	Other Fees	11
7	Estimated Initial Investment	17
8	Restrictions on Sources of Products and Services	22
9	Franchisee's Obligations	27
10	Financing	31
11	Franchisor's Assistance, Advertising, Computer Systems and Training	33
12	Territory	42
13	Trademarks	43
14	Patents, Copyrights and Proprietary Information	46
15	Obligation to Participate in the Actual Operation of the Franchise Business	46
16	Restrictions on What the Franchisee May Sell	47
17	Renewal, Termination, Transfer and Dispute Resolution	48
18	Public Figures	55
19	Financial Performance Representations	56
20	Units and Franchisee Information	58
21	Financial Statements	68
22	Contracts	68
23	Receipt	68

Exhibits

A	List of State Agencies and Agents for Service of Process
B-1	Franchise Agreement
B-1.5	KT Successor Franchise Agreement
B-2	Franchise Agreement Assignment and Release, Acceptance of Assignment, Consent to Assignment, Personal Guaranty and Owners' Agreement
B-3	Amendment to Franchise Agreement/KT Successor Franchise Agreement
B-4	In-Line 10+10 Addendum
C	Market Build Out Agreement
D	Release
E	Relationship Agreement, Letter of Credit, and Guaranty
F-1	Development Services Agreement
F-2	Development Services Agreement for Cantina/Urban In-Line Units only
G	Table of Contents of OneSource
H	Applicant Confidentiality Agreement
I	Information Regarding Taco Bell Franchises
J	Financial Statements
K	State Addenda to the Disclosure Document and Franchise Agreements
L	Asset Purchase Agreement
M	Letter Agreement re Franchisor Guaranty of Financing (Qualified, Selected Applicants)
N	Guaranty by YUM of Financing (Qualified, Selected Applicants)
O	Incentive Programs
P	The 10K Trade Area Guidelines and Principles
Q	State Effective Dates
R	Receipt

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Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor and its Parents

Taco Bell Franchisor, LLC is the franchisor and is referred to as "we" or "us." The buyer of a franchise will be referred to as "you" or "Franchisee," including if you are an approved assignee corporation, limited liability company, partnership, or other entity, and includes the entity's owners.

Disclosure laws require all disclosure documents to be written in "plain English." The use of different words in this disclosure document, which we will sometimes refer to as the "FDD," from the words used in the agreements themselves to describe the parties' rights and obligations is not intended to diminish or modify in any way the rights and obligations stated in the agreements themselves.

We are a Delaware limited liability company formed on February 23, 2016. We conduct business under the names Taco Bell® and Taco Bell Express®. Our principal business address is 1 Glen Bell Way, Irvine, California 92618.

Our predecessor and intermediate corporate parent is Taco Bell Corp. ("TBC"), a corporation organized in the state of California in 1962. TBC also conducts business under the names Taco Bell and Taco Bell Express. TBC's principal business address is 1 Glen Bell Way, Irvine, California 92618. TBC has been in the quick-service restaurant business for over 60 years, has operated Taco Bell Units since 1962 (when the first such Unit opened) and has operated Taco Bell Express Units since 1991 (when the first such Express Unit opened). TBC had offered and sold franchises in the United States between 1964 and the date on which the financing transaction described below was consummated, which was on May 11, 2016. On that date, we became the franchisor of Taco Bell and Taco Bell Express Units in the United States.

Our other intermediate corporate parent is Taco Bell Funding, LLC, a Delaware limited liability company formed on February 23, 2016 in connection with the financing transaction described below. The principal business address of Taco Bell Funding, LLC is 1 Glen Bell Way, Irvine, California 92618.

Our direct corporate parent is Taco Bell Franchisor Holdings, LLC ("TB Holder"), a Delaware limited liability company formed on March 10, 2016 in connection with the financing transaction described below. The principal address of TB Holder is 1 Glen Bell Way, Irvine, California 92618.

Our ultimate corporate parent is YUM! Brands, Inc. ("YUM"). YUM's offices are located at 1441 Gardiner Lane, Louisville, Kentucky 40213.

Our agents for service of process are listed in Exhibit A to this disclosure document.

Our Affiliates and Parents that Offer Franchises/Licenses or Provide Products/Services

The following are our affiliates that either (a) offer franchises or licenses within the United States or (b) provide products or services to you if you are located in the United States.

The number of Units that each affiliate operates or franchises, as described in the following table, includes multi-brand Units in which more than one brand is operated.

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Name and Address	Business
Taco Bell Corp. ("TBC") 1 Glen Bell Way Irvine, CA 92618	Formed in 1962, TBC provides certain services and, acting on our behalf as our designated manager and predecessor pursuant to a Management Agreement (as described in more detail below), fulfills certain of our obligations and duties to you under your Taco Bell Franchise Agreement.
Taco Bell of America, LLC ("TBA") 1 Glen Bell Way Irvine, CA 92618	Formed in Delaware on September 26, 1997 as Taco Bell of America, Inc., and converted to a Delaware limited liability company on December 12, 2011. TBA provides certain services to us and our franchisees, including but not limited to real estate and leasing services.
Yum Restaurant Services Group, LLC ("YRSG") 7100 Corporate Drive Plano, TX 75024	Formed on November 18, 1996, YRSG provides and consolidates common services to YUM's restaurant companies and its subsidiaries, including us, such as accounting, data processing, purchasing, and restaurant and nontraditional development.
YUM! Brands, Inc. ("YUM") 1441 Gardiner Lane Louisville, KY 40213	Our ultimate parent company provides certain services to us and our subsidiaries on a consolidated basis, and also provides certain services to our franchisees and licensees.
Yum Connect, LLC ("Yum Connect") 1441 Gardiner Lane Louisville, KY 40213	Formed in Delaware on July 16, 2019, and provides services such as technology support. Yum Connect has never offered franchises for Units or any other concepts.
TBA Services, LLC ("TBAS") 1 Glen Bell Way Irvine, CA 92618	Formed in Delaware on July 28, 2017, and is the approved vendor for restaurant technology service desk support, including but not limited to POS, BOH, payment systems, order confirmation boards, kitchen display systems, kiosks, network, and mobile. TBAS has never offered franchises for Units or any other concepts.
Pizza Hut, LLC ("Pizza Hut") 7100 Corporate Drive Plano, TX 75024	A Delaware limited liability company organized on May 20, 2016, Pizza Hut operates and franchises Pizza Hut restaurants, which specialize in the pizza distribution business. As of December 31, 2023, Pizza Hut operated 7 traditional Pizza Hut restaurants, 96 franchisees operated a total of 5,300 traditional restaurants and 143 licensees operated a total of 1,313 non-traditional license restaurants. Pizza Hut has not offered franchises in any other line of business, with the exception of the WingStreet franchises, but may do so in the future.
KFC US, LLC ("KFC") and subsidiaries 1900 Colonel Sanders Lane Louisville, KY 40213	Together with its predecessors, have operated and franchised KFC® restaurants that specialize in quick-service chicken entrée items and side items since 1952. As of December 25, 2023, KFC and its subsidiaries operated 46 traditional KFC restaurants, 260 franchisees operated 3,715 traditional restaurants, and 21 licensees operated 30 non-traditional restaurants. During the past ten-year period immediately preceding the date of this disclosure document, KFC has not offered franchises in any other line of business.
HBG Franchise, LLC ("HBG") 1 Glen Bell Way Irvine, CA 92618	A Delaware limited liability company organized on February 13, 2013. HBG franchises, and through its affiliates operates, Habit Burger Grill ® restaurants offering made-to-order chargrilled burgers, sandwiches and more for take-out and on-premises seating. As of December 26, 2023, HBG's affiliate operated 307 Habit Burger Grill restaurants. A total of 49 traditional Habit Burger Grill restaurants were operated by 7 franchisees and 10 non-traditional restaurants were operated by 8 licensees. HBG has not offered franchises in any other line of business, but may do so in the future.
GCTB, LLC	Our affiliate and a wholly-owned subsidiary of TBC, GCTB, LLC, manages the Taco Bell gift card program.

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We have a number of additional affiliates that offer franchises, including "Taco Bell" franchises, in foreign countries, and affiliates that provide certain products and services to franchisees who are located and do business in such foreign countries. During the ten-year period immediately preceding the date of this disclosure document, neither we nor TBC have offered franchises in any other line of business. Unless otherwise stated, the information in this disclosure document does not concern international operations or franchising of Taco Bell Units. Additionally, franchise opportunities in Hawaii, if any, are offered under a separate franchise disclosure document.

The Financing Transaction and the Management Agreement

On May 11, 2016, our predecessor, TBC, engaged in a securitization transaction to repay, or to fund a deposit for the payment in full of, certain outstanding indebtedness of affiliates of TBC and to terminate all commitments thereunder. Taco Bell Funding, LLC arranged for an initial deposit and/or for the issuance of an interest reserve letter of credit to fund an initial senior notes interest reserve deposit. Any additional net proceeds were distributed to TBC to pay certain transaction-related expenses or for general corporate purposes and may also be used to return capital to shareholders of Yum! Brands Inc. Follow-on securitization financings occurred in 2018 and 2021.

A securitization transaction involving a franchisor, such as TBC, requires that the franchisor restructure itself and form new entities. Thus, immediately upon the closing of the 2016 securitization financing, we became the new "franchisor" of the Taco Bell franchise system with respect to the franchised Units in the United States. Also immediately upon the closing of the securitization financing, our affiliate, Taco Bell IP Holder, LLC, had contributed to and became the owner of substantially all existing and thereafter acquired United States intellectual property related to the Taco Bell brand (including substantially all trademarks, service marks, patents, copyrights, trade secrets, confidential or proprietary information, all social media account names or identifiers and all registrations related thereto (see Items 13-14 of this disclosure document for detailed information regarding the Taco Bell trademarks, service marks, patents, copyrights and proprietary information)). Taco Bell IP Holder, LLC has granted to us a license to use and to sublicense such Taco Bell intellectual property in connection with franchised Units.

As a result of the securitization financing transaction, and pursuant to a management agreement between TBC, us and certain affiliates, TBC (at all times acting on our behalf) carries out all of our duties and obligations under Taco Bell Franchise and License Agreements governing Units situated in the United States. These designated duties include: discharging all of our obligations to franchisees and licensees; managing the Taco Bell system; marketing, offering and negotiating new and renewal Taco Bell Franchise and License Agreements (in TBC's capacity as our "franchise broker"); furnishing assistance to our franchisees and licensees in the United States; establishing and/or providing our quality assurance programs; and otherwise, on our behalf, fulfilling all duties which we owe under Taco Bell Franchise and License agreements governing Units in the United States. As the post-securitization manager of the Taco Bell network, TBC also administers the Taco Bell National Advertising Fund Administration ("NAFA").

If, at any time, TBC fails to perform its obligations to Taco Bell franchisees or licensees pursuant to the management agreement between TBC and us, then TBC may be replaced as manager of the Taco Bell franchise network. However, as franchisor, we will always be ultimately responsible for ensuring that all duties and obligations owed to Taco Bell franchisees and licensees under Taco Bell Franchise and License Agreements, respectively, are fulfilled.

Our Business and the Franchise Offered

We grant non-exclusive rights ("franchises") to you to operate, by utilizing the Taco Bell name, trademarks, tradenames, trade secrets, logotypes, commercial symbols, service marks, and other intellectual

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property (the “Trademarks”), a variety of quick-service consumer dining facilities presenting various items of inexpensively priced, quality Mexican-style food for take-out and on-premises eating by the general public. We and our affiliates operate facilities of the same kind, as well as other types of dining facilities. You will be an independent business person and will assume all business risk associated with operating a Taco Bell facility.

The different types of facilities for which we grant franchises include free-standing, permanent buildings of various sizes and configurations that offer the full Taco Bell menu. The buildings include a kitchen facility where food is prepared and assembled, a counter where orders are placed, paid for and food is delivered, tables and seats for customers and, frequently, an automobile drive thru ("Traditional Units"). Franchises are also granted for in-line locations (“In-Lines”) with or without a drive thru that also include the other above features. In-Line units with a drive thru are referred to as “End-Caps.” We also offer franchises for different types of smaller facilities known as Taco Bell Express Units (“Express Units”). The Express Units may include stand-alone units constructed on sites within larger buildings and permanently constructed installations of various configurations taking advantage of available space in various types of locations.

In this disclosure document we offer franchises for the Traditional Units, In-Lines, and End-Caps which we will occasionally refer to as the (“Unit”). We offer licenses for Taco Bell Express Units, and in certain instances, in our discretion, In-Line locations, under a separate disclosure document pertaining to licenses.

The standard terms and conditions for the operation of Traditional Units, In-Lines and End-Caps are described in the franchise agreement (the "Franchise Agreement") (see Exhibit B-1). As specified in the Franchise Agreement, you will have the right to use some or all of our Trademarks and to operate a Unit for a limited period of time. Other than the length of the term, the initial franchise fee, and certain incentives as described below, the terms and conditions of the Franchise Agreement are substantially the same for the Units offered in this disclosure document.

The length of the term is 25 years for new Traditional Units, and 10 years for new In-Lines and End-Caps. If you buy an existing Unit from us or one of our affiliates, the length of the term of the Franchise Agreement may either be the length of your lease, if the property is leased, a shorter time as we may determine based on the type and age of the Unit, or the term applicable to the specific type of Unit, as described above.

The initial franchise fee is $45,000 for new Traditional Units and existing Units purchased from us or one of our affiliates, and $25,000 for new In-Lines and End-Caps. Also, if you buy an existing Unit from us, one of our affiliates or another franchisee, you may be required to enter into a Market Build Out Agreement for the development of one or more new Units. See Exhibit C and Items 6 and 12 for more information on our use of the Market Build Out Agreement. We reserve the right to offer Franchise Agreements on varying terms in our sole discretion.

To incentivize franchisees to develop, we currently offer different incentive programs, which are contained in Exhibit O.

We are not currently approving new multi-brand unit development, but we may consent to your purchase of an existing multi-brand Unit from us, one of our affiliates or a franchisee. You will be required to sign the then-current form of franchise or license agreement for each brand included in the Unit. If the existing multi-brand restaurant is a KFC/Taco Bell unit (“KT Unit”) operated by us or one of our affiliates, we may issue to you a license agreement rather than a franchise agreement, which is described in a separate disclosure document. Upon the expiration of the Franchise Agreement, and subject to your meeting specified operational, financial and Unit upgrade requirements, you may be permitted to enter into a successor franchise agreement (“KT Successor Franchise Agreement”) (see Exhibit B-1.5) for the

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continued operation of the Taco Bell portion of the KT Unit for a term of 10 years. You should also review the applicable franchise disclosure document provided by the other brands for additional information.

To incentivize franchisees to remodel early, we currently allow you to retain between one to five years of remaining franchise term when completing an early scrape, offset, or remodel as noted:

- Successor Remodels: If the remodel is completed one to five years early, the 20-year successor term will be added on top of the term remaining under your current Franchise Agreement not to exceed a total term of 25 years.

- Scrapes: If the scrape is completed one to five years early, the 25-year successor term will be added on top of the term remaining under your current Franchise Agreement not to exceed a total term of 30 years.

- Offsets: If the offset is completed one to five years early, the 25-year successor term will be added on top of the term remaining under your current Franchise Agreement not to exceed a total term of 30 years.

You can complete these upgrades earlier than five years before you are required to do so by the Franchise Agreement, but only a maximum of five years can be retained. Mid-term upgrades may not be completed early. No KT Unit upgrades, KT Unit decouples, or any asset obligation that is not a standard successor obligation are eligible to retain Franchise Agreement term.

You must operate your facilities according to methods, standards, and procedures (the "System") that we provide in minute detail. The System is the sole property of us and our affiliates and is embodied in an online platform (which we call "OneSource"). We will provide OneSource to you via electronic access to a confidential OneSource website, which also contains our online training courses. You agree that it is your responsibility to provide access to OneSource to those of your employees (but no other persons) for whom we intend to have access to OneSource. Your failure to follow the System as contained in OneSource is a breach of the Franchise Agreement.

We currently have policies in place related to franchisee and owner performance, health, and growth eligibility. These policies focus on, among other things, development history, operational history, current and forward-looking financial health, and overall brand alignment. As part of our policies, we may set criteria for organic growth and/or acquisition growth by our franchisees and their owners, limit the number of Units any specific franchisee and its related parties may purchase from us or from a transferring franchisee (currently no more than 250 Units, excluding restaurants developed through organic growth by that franchisee since 12/28/2011), withhold our consent to the proposed sale of all then owned Taco Bell Units to a single prospective transferee via one or more transfer transactions, and condition any transfer involving multiple Units on satisfaction of additional consent requirements. See Items 12 and 17. We may modify or create new franchisee and owner policies and related requirements or conditions from time to time.

We may periodically revise and update OneSource or the System as we deem advisable, and with each revision you must follow OneSource or the System as it is revised. The revisions may have the effect of requiring you, without your consent, to alter fundamentally the way in which you operate your Unit.

A number of factors increase the business risk to the successful operation of Units over and above the competition from other dining facilities. We give no assurance that a Unit will be successful, yield positive cash flow, or operate at a profit.

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Competition and Regulation

The foodservice industry in which Units compete is characterized by rigorous competition. The foodservice industry is sensitive to economic upturns and downturns and to many other factors both within and beyond the control of restaurant operators, *e.g.*, ingredient and capital costs and the availability of labor and supplies. The skill and acumen of the restaurant's operator and staff are critically important. Many ventures fail.

The Units operated by us and/or our affiliates, and the Units operated by you, compete directly for business with virtually all other forms of consumer dining facilities, with other Mexican-style restaurants (both quick-service and other), with other non-Mexican quick-service restaurants, and with traditional restaurants of all types. In general, all restaurants, including Units, also compete with grocers and the sellers of food that is intended to be prepared and eaten at home.

The Units also compete with facilities operated or franchised by YUM's other food service concepts: KFC, Pizza Hut, and HBG. Periodically, KFC, Pizza Hut, and HBG share information with each other and with us about these businesses that may not be available to you or to the general public.

The Franchise Agreement does not provide territorial protection or exclusivity for you, although we may grant such rights in separate transactions or by policy on a temporary basis. Our Integrated Expansion Policy describes conditions that could limit or restrict site registrations and restaurant development. Granting a franchise does not imply that we will grant additional franchises to you. Except as stated above, we may establish additional Units anyplace, use the Trademarks anywhere in other ways that may compete with Units operated by you, and establish Units that have the effect of reducing the sales or profits of facilities operated by you. Likewise, KFC, Pizza Hut, and HBG restaurants and other chains that in the future may come to be controlled in whole or in part by YUM or its divisions and subsidiaries may be established at any location, regardless of the proximity to your Unit.

The foodservice industry is heavily regulated in the United States by federal, state, and local governments.

The Affordable Care Act of 2010 and regulations issued by the U.S. Food and Drug Administration (the so-called "menu labeling rule") require covered retail foodservice establishments, including those that are part of a chain of 20 or more units, to disclose to consumers, on menu boards, online ordering platforms, and otherwise, certain nutritional information regarding menu items.

Other laws have particular applicability to restaurants and other retail foodservice establishments, including food safety and health and sanitation laws and liquor license laws, liquor liability, and dram shop laws (if alcoholic beverages are offered or sold on the premises). Many states and municipalities also require specific licensure or training in sanitation and safety laws before permitting a restaurant to serve the public.

To operate the Unit, you may also need to obtain a liquor license. State and local laws, regulations and ordinances vary significantly in the procedures, difficulty and cost associated with obtaining a license to sell liquor, the restrictions placed on the manner in which liquor may be sold, and the potential liability imposed by dram shop laws involving injuries, directly and indirectly, related to the sale of liquor, and its consumption. You will need to understand and comply with those laws in operating the Unit.

Recently, some cities have enacted laws that impose specific burdens targeted retail foodservice establishments that serve foods or beverages that are high in sugar and/or salt. Such cities may require restaurants operating in their jurisdiction to pay additional taxes on the sale of sugar sweetened beverages and/or may retail foodservice establishments to warn consumers of high-sodium menu items.

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Some states and cities also require that retail food establishments provide information to consumers about food allergens.

Several states have passed laws restricting the use of plastic packaging and straws, and some have explicitly banned perfluoroalkyl substances, otherwise known as "PFAS," in food packaging. Some states limit "food packaging" to paper-based packaging, like pizza boxes, while other states prohibit PFAS in any food packaging, including plastic packaging. PFAS appear in disposable products commonly used in the restaurant industry, such as takeout containers, sandwich wraps, and bags.

The Food and Drug Administration finalized a rule in late 2022 that would impose traceability requirements on a wide range of food establishments, including some restaurants. Although the effective date is not until 2026, the rule would impose significant recordkeeping requirements on regulated entities, and such entities will need to train employees to understand how to comply with the new requirements.

To operate the Unit, you will need to determine and understand the laws that apply in your geographic area and then implement compliance procedures, as needed, to ensure your Unit's full compliance with applicable laws and regulations.

Many of the laws that apply to business generally, like the Americans with Disabilities Act, federal wage and hour laws, and the Occupation, Health and Safety Act, also apply to restaurants and other retail foodservice establishments. Your development and operation of the Unit will also be subject to compliance with applicable zoning, land use and environmental regulations as well as federal and state minimum wage laws governing such matters as working conditions, overtime and tip credits and other employee matters. It is likely that a significant number of your Unit's food service and preparation personnel will be paid at rates related to the federal minimum wage and, accordingly, further increases in the federal, state or local minimum wage will affect your labor costs.

The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards that limit emissions of ozone, carbon monoxide and particulate matters, including emissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

We recommend that you check with your state and local agencies to determine which laws apply to the operation of a Unit in your area. You should consider these laws and regulations when evaluating your purchase of a franchise.

Item 2

BUSINESS EXPERIENCE

Chief Executive Officer: Sean Tresvant

Sean Tresvant was appointed our Chief Executive Officer in January 2024. From January 2023 to January 2024, Mr. Tresvant served as our Chief Global Brand and Strategy Officer. Prior to that Mr. Tresvant served as our Chief Brand Officer from December 2021 to December 2022. Prior to Taco Bell, Mr. Tresvant was with Nike for 16 years where he served as Chief Marketing Officer – Jordan Brand from July 2020 to December 2021 and Vice President Marketing – Jordan Brand from September 2018 to July 2020.

President, North America and International: Scott Mezvinsky

Scott Mezvinsky was appointed our President, North America and International in November 2023. Prior to that he served as our President of North America Division from August 2023 to November 2023. Prior to that he served as Managing Director, North America and Global Chief Finance Officer from January 2023 to August 2023. From February 15, 2021 to January 2023, Mr. Mezvinsky served as Chief Strategy and Finance Officer. Prior to that he served as General Manager of KFC Iberia based in Madrid, Spain from

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June 2018 to February 2021.

Global Chief Finance Officer: Neil Manhas

Neil Manhas was appointed our Global Chief Financial Officer on June 1, 2023. From September 2022 through May 2023, Mr. Manhas served as our Vice President of Finance. Prior to that he served in Pizza Hut UK as Managing Director from September 2016 to September 2022 while also serving as the European Chief Financial Officer from January 2020 to August 2022.

Global Chief Legal Officer, Secretary and Director: Julie Davis

Julie Davis was appointed our Global Chief Legal Officer in October 2018, was appointed to the Board of Directors of Taco Bell in March 2018, and she has served in those positions since those respective times. She has also served as our Secretary since February 2018.

Global Chief Food Innovation Officer: Elizabeth Matthews

Elizabeth Matthews was appointed our Global Chief Food Innovation Officer in 2013.

Global Chief People & Transformation Officer: Kelly McCulloch

Kelly McCulloch was appointed our Global Chief People & Transformation Officer in January 2020. From July 2018 to January 2020 Ms. McCulloch served as Chief People Officer for Pizza Hut.

Global Chief Operating Officer: Jason Kidd

Jason Kidd was appointed our Chief Operating Officer in February 2024. From December 2020 to January 2024 Mr. Kidd served as President of Hearing Lab Technology, LLC. Prior to that he served as President and Chief Operating Officer for 99 Cents Only Stores from February 2018 to September 2020. Prior to that he served as Senior Vice President Operations from September 2014 to February 2018.

Chief Development Officer, Taco Bell North America: Matthew Shaw

Matthew Shaw was appointed our Chief Development Officer, Taco Bell North America in August 2022. Mr. Shaw has been with Taco Bell in a variety of real estate, development, and financial roles since 1999. Prior to becoming Chief Development Officer, he most recently served as our Vice President of Franchising and Development from January 2019 to August 2022.

Chief Digital and Technology Officer: Dane Mathews

Dane Mathews was appointed our Chief Digital and Technology officer in February 2024. From September 2022 to January 2024 Mr. Mathews served as Chief Digital Officer. From September 2021 to August 2022, Mr. Mathews served as Vice President of Precision Marketing for Conagra Brands. Prior to that he served as Vice President of Digital Acceleration and Marketing Transformation for Conagra Brands from November 2020 to September 2021. Prior to that he served as Head of Marketing Activation and CRM for Conagra Brands from May 2019 to November 2020. Prior to that Mr. Mathews served as Vice President and Head of Marketing for Roti Modern Mediterranean from August 2017 to April 2019.

Chief Marketing Officer: Taylor Montgomery

Taylor Montgomery was appointed our Chief Marketing Officer in February 2023. From May 2022 to February 2023 Mr. Montgomery served as our Vice President, Brand Marketing. Prior to that, he served as our Vice President of Taco Bell International from July 2021 to May 2022. Prior to that he served as our Senior Director of Brand Marketing from January 2019 to July 2021.

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Item 3

LITIGATION

Our Actions

None.

Predecessor, Parent and Affiliate Actions:

Alfarah Restaurant Group of IN, Inc. v. Taco Bell Franchisor, LLC and Flynn Restaurant Group, LP, Indiana Superior Court, Marion County, Case No. 49D01-2311-PL-045310

On November 30, 2024, the plaintiff, a licensee of a Taco Bell Unit in Indiana, filed the above complaint against Taco Bell Franchisor, LLC and Flynn Restaurant Group, LP (collectively, "Defendants") alleging violation of the Indiana Franchise Deceptive Practices Act. Plaintiff alleged that Defendants violated the statute when a cantina In-Line Unit opened in proximity to its Unit. The relief sought was injunctive relief and monetary damages. No conclusions of law or fact were issued by the court. The matter has been resolved.

Franchisor-Initiated Actions Against Franchisees:

None.

Other than this 1 action, no litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Item 5

INITIAL FEES

We charge an initial franchise fee of $45,000 for a new Traditional Unit. The initial franchise fee for a new In-Line or End-Cap is $25,000. The initial franchise fee is part of our general revenues and is not set aside for any particular purpose. The initial franchise fee is not refundable after receipt of payment from the franchisee unless we determine in our discretion that the franchisee and the Unit qualify for a waiver or reduction in the initial franchise fee.

In the past, TBC occasionally waived or discounted the initial franchise fee paid by existing and new franchisees, and we reserve the right to similarly do so in the future. During fiscal year 2023, the initial franchise fees paid ranged from $0 to $45,000 per Unit.

I. 10K Trade Area and the Initial Franchise Fee

If you are an existing franchisee and are qualified, apply, are accepted, and choose to participate in our 10K Trade Areas program (as described in Exhibit P), then you must pay a non-refundable, non-transferable fee of $25,000 (the "Trade Area Fee") to secure a specific unlocked Trade Area for which you apply, within 10 days after we notify you of your acceptance into this program. Your Trade Area Fee will

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be applied to the initial franchise fee for a Unit which you commit to develop and timely open in your applicable 10K Trade Area.

II. Published Incentives and Waivers of Initial Franchise Fee

As described in Exhibit O, we currently offer to qualifying franchisees an Urban Test Incentive Program for the development of In-Line Units; a National Program Incentive for the development of Traditional Units with drive-thrus; and a De-Coupling Incentive Program for the de-coupling of existing KT Units into Units. Franchisees who qualify for one of these incentive programs will benefit from a number of incentives, one of which may be the waiver of what would otherwise be an initial franchise fee of $45,000 or $25,000, or a successor fee of $22,500, as applicable.

III. Registration and Payment of Initial Franchise Fee

Existing franchisees may apply for a franchise for a specific location by registering the site on MYTACOBELL, which website will be made available after you are approved by us as eligible to become a franchisee, and paying a $10,000 deposit towards the initial franchise fee. The deposit as well as other fees due to us is to be paid electronically via K-RISE on the MYTACOBELL website. The deposit is not refundable unless after receipt of payment from the franchisee, we determine that the franchisee and the restaurant qualify for a waiver or reduction in the initial fee.

After your receipt of notification that we have approved your site location and upon ground break of the Unit, the balance of the initial franchise fee is due. After receipt of payment, we will prepare and send to you the Franchise Agreement and Release (see Exhibits B-1 and D); if applicable, the In-Line 10+10 Addendum (see Exhibit B-4); and, if we have authorized the transfer of the individual interests in the franchise to a corporation, partnership, or limited liability company, an assignment and personal guaranty in a form substantially similar to that attached as Exhibit B-2. If the initial franchise fee is not paid in full or the franchise documents are not signed prior to the opening of the Unit, we will not permit the Unit to open for business.

IV. Units Acquired from the Company or our Affiliates

On occasion we or an affiliate will sell to certain licensees or franchisees one or more existing Units, including KT Units operated by us or an affiliate. If you purchase the franchise for an existing Unit operated by us or an affiliate, the total purchase price for the restaurant may exceed $1,800,000, excluding real property costs, and will include the per Unit initial franchise fee and amounts representing the value of the building, equipment, signs and inventory. The purchase price for the sale of one or more existing restaurants varies and is typically based on a multiple of cash flow. If the sale includes a multi-brand restaurant, the initial franchise fee for the other brand is not included in the purchase price and must be paid separately, and you will be required to comply with the other brand's standards and sign additional documentation. You will enter into an Asset Purchase Agreement ("APA") with us in a format substantially similar to that attached as Exhibit L. The APA will define the purchase price and other expenditures and obligations you are to pay or assume to purchase the Units covered by the APA. You will be required to pay a deposit that 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. You may be required to enter into a Market Build Out Agreement, in a form similar to that included in the APA (see Exhibit G to the APA), for the development of one or more new Units. If you purchase any existing KT Units operated by us or one of our affiliates, you may be issued a license agreement rather than a franchise agreement for the Taco Bell portion of the Unit. License agreements are described in a separate franchise disclosure document pertaining to Express Units.

When more than one Unit is being sold, the Units are not individually priced but are sold as a group and may or may not include the purchase of the real property. Over the last 3 years, 2021 through 2023, our

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affiliate, Taco Bell of America, LLC, and/or its affiliates, sold groups of restaurants, ranging from 1 to 4 Units with the sales prices ranging from $1.1 million to $16 million per group.

V. Development Services

For the first Unit that you open, we may require that you enter into a Development Services Agreement (see Exhibit F) with our affiliate YRSG for construction services to be provided by YRSG (or its designee) at a cost of $25,000. You will be required to submit payment by check or via wire prior to your submission of a site for approval. You must also pay YRSG directly for all ADA inspection costs (which are estimated to cost $2,250). YRSG (or its designee) also provides optional real estate services at a cost of $10,000. YRSG's specific development and real estate services are detailed in Item 8.

For the first Unit that you open, you may be required to use one of three preferred national A&E consultants to do the A&E work, the names of which will be provided to you once you are approved by us as eligible to become a franchisee, and the estimated cost for which is included in the Permits, Licenses, Security Deposits estimated costs listed in Item 7.

For your second and subsequent Units, you are not required to, but may, sign a Development Services Agreement with YRSG for construction and/or real estate services to be provided by YRSG (or its designee), at the costs provided above, or you may use an approved third-party construction management firm.

Item 6

OTHER FEES

Column 1 Type of Fee (Note A)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Grand Opening Expense (Note B)(i)	$5,000 to be spent by you for advertising and promoting the opening of the Unit	Within 6 months of opening, you must spend $5,000	Provided that all paid invoices or other proofs of expenditure are submitted to us within 9 months of the opening date, we will reimburse you for amounts not to exceed $5,000
Period Franchise Fee (Note B)(ii) (Note C)	5.5% of the Unit's Gross Sales	On or before the 5th business day immediately following the accounting period in which the sales were made	"Gross Sales" means all payments received for sales and services of any nature excluding only sales taxes, employee meals, overrings and refunds to customers
Period Marketing Fee (Note B)(ii) (Note C)	4.25% of the Unit's Gross Sales	On or before the 5th business day immediately following the accounting period in which sales were made	Used to help defray our costs of advertising
Late charges	The lesser of 18% per annum or the highest rate permitted by New	As billed	Payable on all fees that are not paid when due

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Column 1 Type of Fee (Note A)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	York law, plus the then-customary administrative charge		
All Access Fee*	$1,000/year	As billed	Payable to us or an affiliate. Amounts subject to change as part of our All Access Policy.
Digital Transaction Fee for Mobile, Web, Kiosk, Connect Me Drive Thru & Delivery orders	$0.19 per digital transaction	As billed	Payable to us or an affiliate. Amounts subject to change as part of our All Access Policy.
Gift Card Transaction Fee	$.19 per gift card transaction	As billed	Payable to our affiliate GCTB, LLC
Additional Trainee Fee	$350 per person	Before beginning of training	The cost of the training program is included for you (if an individual) and your restaurant manager. However, we may charge the fee set forth in column 2 for any additional trainees, and may also charge tuition for training courses that are not mandatory
Training materials	As established by us	As billed	We may develop materials for your use for in-store training. You are not required to purchase all of the training materials from us
Cost of audit of your books	Any and all costs incurred in connection with the inspection or audit, including reasonable accounting and legal fees	As billed	Only due if we inspect your books and find you have understated Gross Sales by 2% or more
Transfer Fee	A transfer of all or a portion of your interest in any Unit is subject to a transfer fee. Minimum fees are listed below and are subject to increase for costs incurred by us, including consultant and/or counsel fees, in connection with reviewing and effecting the transfer, payment of which are the sole responsibility of franchisee. - 3rd party (non-Relationship Agreement) transfers: 1-5 units: $7,500/transfer	Payable via a wire transfer only at least 2 days prior to the closing date of the proposed transfer. For non-private equity transfers a 50% non-refundable deposit of the appropriate	Transfer of your franchise is subject to our prior written consent

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Column 1 Type of Fee (Note A)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	6 or more units: $1,500/unit - 3rd party transfers involving a Relationship Agreement: Greater of non-private equity transfer fee or $150,000 - Entity restructures: $2,500 total unless changes to the franchise agreement(s) are required, in which case the transfer fee shall equal to the 3rd party transfer fee. Additionally, unique or complex restructures may result in a higher fee at our discretion	transfer fee payable via a wire transfer may be required upon written notice from Taco Bell to you following Taco Bell's initial review of the purchase and sale agreement. For private equity transfers, a 50% non-refundable deposit is payable via a wire transfer to Taco Bell with the submittal of the fully-executed purchase and sale agreement between the parties.	
Relationship Agreement and MBOA Legal Fees	Our legal fees are highly variable and depend on the circumstances and complexity of a given matter. We estimate the legal fees for our negotiation of a relationship agreement to be between $20,000 and $100,000, but may be higher	As billed	We reserve the right to charge for legal fees incurred in the negotiation of a Relationship Agreement and/or MBOA, in our discretion. See Item 1 and 17 for a description of when we may require a Relationship Agreement and/or MBOA
Reimburse-ment of insurance expense	Actual cost of insurance	As billed	If you fail to obtain insurance as required, we may purchase it for you and bill you for the cost
Successor Fees (Note B)(iv)	For Traditional Units, the greater of $22,500 or ½ of then-current initial franchise fee. For In-Lines and End-Caps, the greater of $12,500 or ½ of applicable then-current initial franchise fee. Additionally, you will be required at your expense to complete an offset, scrape/rebuild, or major remodel of the Unit as a condition to obtaining a successor agreement	Upon execution of the successor agreement	The Franchise Agreement does not provide you with renewal rights. In addition, under limited situations applicable to certain In-Line Units, we may offer you the right to enter into an In-Line 10+10 Addendum which provides you the right, upon the satisfaction of certain terms and conditions (including your payment of the successor fee), to enter into our then-current

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Column 1 Type of Fee (Note A)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	For KT Units and for Units that are being 'flipped' from a license agreement to a franchise agreement, the greater of $22,500 or ½ of the then-current initial franchise fee for a Traditional Unit For KT Units that are currently operating under a franchise agreement, the greater of $11,250 or ½ of the then-current successor franchise fee for a Traditional Unit		successor agreement being used in connection with franchisees operating under the In-Line 10+10 Addendum. The KT Successor Franchise Agreement does not provide you with renewal rights. We have a KT Successor Expiration Policy currently in effect, subject to modification or cancellation at any time
Extension Fee (Note B)(v)	$250 per month for 1-3 -months $500 per month for 4-6 months plus $1,000 for each additional month for 7+ months	Upon execution of Amendment to Franchise Agreement	Only applicable if we agree in our discretion to temporarily extend term of the Franchise Agreement to allow you additional time to complete remodel or relocation of Unit
De-identification costs	Actual cost of de-identifying Unit	As billed	If you fail to de-identify your Unit as required upon expiration or earlier termination of the Franchise Agreement, then we or a third party may do it for you and bill you for the costs
Attorneys' fees	Prevailing party in any litigation is entitled to reasonable attorneys' fees and costs paid by other party Outside counsel fees may also be due in connection with review and approval of a transfer of any interest in the Franchise Agreement or franchise entity	You must pay us for attorneys' fees, as they are accrued. In the case of a transfer, fees may be payable by you directly to outside counsel	Applicable to litigation proceedings under the Franchise Agreement and to transfer of interest
Liquidated Damages	If the Franchise Agreement is terminated for certain specified reasons, you must pay liquidated damages equal to greater of 11% of Unit's Gross Sales for last 12 months of operation or $100,000	You must pay us liquidated damages upon termination of the Franchise Agreement	Regarding liquidated damages under the Relationship Agreement, see Exhibit E, Section II.N Regarding liquidated damages under the Asset Purchase Agreement, see Exhibit L, Section 44.

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Column 1 Type of Fee (Note A)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Development Fee (Market Build Out Agreement) (Note B) (vi)	If you purchase existing Units from us, one of our affiliates, or another franchisee and enter into a Market Build Out Agreement, and you fail to timely open required Units, you must pay us the $45,000 initial franchise fee and periodic payments of $4,231 until the actual opening date of each new Unit or 10 years from the missed opening date, whichever first occurs	$45,000 due within 5 days of scheduled opening date that is missed for new Unit $4,231/period due within 7 days after last day of each applicable accounting period	
System-One Merchandising Program for Taco Bell Units or Multi-One Merchandising Program for KT Units	$717 per quarter per Restaurant	As billed	Provides national merchandising and menu support. Additional fees may be billed for additional marketing materials at the discretion of Taco Bell.

* Non-Exhaustive List of All Access products and services includes but is not limited to Annspire deployment and maintenance, DMB support, DMB deployment, mobile shelving, TKDS installation, and TKDS maintenance. See Item 11 for more information on Annspire hardware.

Notes:

(A) All fees are uniformly imposed by us and are payable to us electronically via K-RISE, unless otherwise stated. They are not refundable. Fees paid to us are to be net of any and all withholding, excise, gross receipts, sales, use and other similar taxes (other than state or federal corporate income tax). If any governmental entity imposes a tax, the tax will be due and payable by you to us when you pay the fee.

(B) (i) There is no Grand Opening Expense obligation or reimbursement for Successor Agreements or for Units that flip from a license agreement to a franchise agreement or to a KT Successor Franchise Agreement. There is a Grand Opening Expense obligation for franchisees that operate a Unit that has qualified for a waiver or reduction of the initial franchise fee but there will be no reimbursement for any money spent by them to fulfill the $5,000 expenditure obligation.

(ii) In late 2012 our predecessor, TBC, made changes to the franchise agreement resulting in a form substantially similar to the form included as Exhibit B-1. This form of Franchise Agreement is offered for all new or successor units, except for KT Units (which operate under either a license agreement or a Franchise Agreement, for both existing and new franchisees). Existing franchisees were allowed to choose to accept or not the revised marketing provisions of the attached Franchise Agreement and those who opted not to change have a marketing contribution of 4.5% of gross sales of which 1.5% of Gross Sales is allocated to local store marketing expenditures. No franchisee in any local association can be required without its

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