



Development Agreement

DURANGO USA awards franchises to qualified individuals or investment groups that have the desire, capability and experience that allows them to:

- Utilize the DURANGO operational system
- Cooperate with DURANGO USA in the growth of our market share
- Improve the DURANGO image
- Make full use of DURANGO opening and continuing systems of support

To begin the process of becoming a DURANGO franchisee you will need to complete the Franchise Application. DURANGO USA will use this information to determine whether you possess the resources required to successfully operate a DURANGO development area. If we determine that you do have the skills and resources necessary we will arrange a meeting between yourself and the executive officers of DURANGO USA. At this time, you will become more aware of the unique aspects of the DURANGO concept as you visit several of the corporate stores operating in the Tampa Bay area. You will experience first hand the ongoing support systems and interactions that you will benefit from as a DURANGO franchisee. In addition to tours of the individual stores you will also be able to tour the training facility you or your management team will train in if possible. During this first meeting you will be presented with the Uniform Franchise Offering Circular. This is the document that details the exact nature of the area development agreement and your rights as a franchisee and a prospective partner. Should any questions arise from these documents we will stand ready to assist you. The advertising package that you have received is not in any way an offer to sell a franchise and is for informational purposes only. The offer to sell a franchise can only be made by DURANGO USA through a Uniform Franchise Offering Circular and Disclosure documents that can be provided to you by a representative of our company.

Durango USA, Inc.
2325 Ulmerton Road, Suite 20
Clearwater, FL 34622
(800) 525-8643
(727) 540-0009, Ext. 103

Opening Your Durango Steakhouse Restaurant

If you decide that Durango is the place to stake your claim and we agree to make you an area developer, we can begin plans on opening your units.

Paperwork:

You will receive several copies of the Area Development Franchising Agreement. Both Copies of the Development Agreement must be signed by you and any partners. A representative of Durango USA will execute the agreement and return the original to you. Your area development fee will be due to Durango USA at this time.

Construction:

We will assist you in the site selection process and must approve any site to be considered before proceeding with construction. Upon closing on your approved site selection or the signing of your lease, you will be required to pay the franchise fee for that unit. Get approval on your plans from Durango USA and any local or state authorities necessary and begin construction.

Training Program:

You and one other person will commence training in our corporate training facility. You will be provided with all the training needed to operate your units. This training process is included in your franchise fees and is provided at no additional cost, other than meals, lodging and transportation.

Opening:

Our corporate opening team will be with you through every step of opening your units.

In addition to the opening support, our corporate personnel will make several visits to your location every year in order to assist you in quality control and ensure that your restaurants are running smoothly.

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Ongoing Support

Financing:

- Assistance in finding sources for financing
- Assistance in preparing your financing package

Purchasing:

- Supplies, FF&E as well as operating supplies are all available at contracted prices
- Signage sources
- Sources for food product with national account buying power
- Contract pricing for the world's finest beef

Site Selection:

- Demographic analysis of sites
- Sources for sites
- Site selection criteria
- Lease negotiation

Recruitment / Personnel:

- Seven-week training program for two operations personnel
- Training manuals, operations manuals, recipes
- Marketing materials and recruitment program for management and staff
- Ongoing training of staff and management personnel

Building:

- Building plans and interior decor schemes
- Specs for design of buildings / leased space build out and FF&E
- Contracting sources
- Construction bid reviews and pre-opening expense review
- Contract pricing for interior decor and construction

Continuing:

- Access to marketing and advertising materials for use in local markets
- Accounting and control systems
- Name, trademark and service marks
- Quality assurance and business analysis
- New product research, recipes and operations systems

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Frequently Asked Questions

What fees will I have to pay as a Durango area developer? You will be required to pay a development area fee of \$75,000 and a \$15,000 per unit franchise fee. In addition you will be required to pay an ongoing royalty of 4% of your gross sales monthly to DURANGO USA.

What type of financial resources will I need in order to be a successful area developer? An approximate initial investment of \$397,000 to \$865,000 per restaurant opened in leasehold improvements and soft costs should be anticipated. This depends on location and other factors. This does not include purchase of land or construction of buildings.

Is there any financing available? DURANGO USA does not provide any of the investment needed to open and operate your units, however, DURANGO USA is in contact with several financial and lending institutions that are receptive to franchisee financing.

How many stores will I have to open? Currently DURANGO USA is seeking area developers interested in opening at least five units during a three to five year period.

What is the term of the area development agreement? The term of the agreement is 10 years. After this period each franchisee has the option to renew for after the initial period for a minimum of 5 years per term.

Is there any advertising contribution required? Each store operating in your development area will be required to pay 0.5% of gross sales to a national advertising fund controlled by DURANGO USA. In addition you will be required to spend 2% of your gross sales on advertising in your local market.

Is restaurant experience a requirement to become a DURANGO franchisee? To operate your DURANGO stores, restaurant experience will be an invaluable asset for you to possess. Lack of restaurant experience does not necessarily preclude you from participation. The possibility of connecting you with a skilled operator who can partner with you in your development area can be explored.

What type of return on investment can be expected from my area development? There are far too many factors that are involved within your individual market to predict what type of success you will have in operating your DURANGO stores.

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