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Department of
Business Oversight

FRANCHISE DISCLOSURE DOCUMENT

Caribou Coffee Development Company, Inc
a Minnesota, U S A corporation
3900 Lakebreeze Avenue
Minneapolis, Minnesota 55429 U S A
(763) 592-2200
www cariboucoffee com

Caribou Coffee Development Company, Inc offers franchises for the operation of CARIBOU COFFEE® coffeehouses ("Coffeehouses") that sell coffees, teas, baked goods, sandwiches, and other beverage and food products from kiosk style locations within a host facility, such as shopping malls, strip shopping centers, public transportation facilities, convention centers, grocery stores, university food courts, movie theaters, health clubs, hospitals and similar venues

The total investment necessary to begin operation of a typical kiosk style Coffeehouse is $223,840 to $595 500 This includes $18,900 to $30,800 that must be paid to us or our affiliates We also offer franchises for the operation of Coffeehouses located at a stand-alone location that are not dependent on a host facility for customer traffic The total investment necessary to begin operation of a stand-alone Coffeehouse is $533,915 to $939,995 This includes $36,400 to $45,300 that must be paid to us or our affiliates

This disclosure document summarizes certain provisions of your license (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 governmental 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 Nick Schaefer at 3900 Lakebreeze Avenue, Minneapolis, Minnesota 55429, (303) 568-8000, nschaefer@cariboucoffee com

The terms of your contract will govern your license 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 an 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, D C 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 also be laws on franchising in your state Ask your state agencies about them

Issuance Date May 4, 2017, as amended June 29, 2017 and September 14, 2017

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STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT

Call the state franchise administrator listed in Exhibit D for information about the franchisor, or about franchising in your state

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US FIRST BY NON-BINDING MEDIATION ONLY IN THE CITY AND STATE WHERE OUR HEADQUARTERS IS LOCATED (CURRENTLY MINNEAPOLIS, MINNESOTA) THE FRANCHISE AGREEMENT PERMITS YOU TO LITIGATE ONLY IN HENNEPIN COUNTY, MINNESOTA AND PERMITS US TO LITIGATE IN THE FEDERAL OR STATE COURT WHERE THE COFFEEHOUSE IS LOCATED, OR WHERE OUR CORPORATE HEADQUARTERS IS LOCATED IT MAY COST MORE TO MEDIATE OR LITIGATE WITH US IN MINNESOTA THAN IN YOUR OWN STATE

2 THE FRANCHISE AGREEMENT DOES NOT GRANT YOU AN EXCLUSIVE TERRITORY WE AND OUR AFFILIATES MAY ESTABLISH COMPANY OWNED AND FRANCHISED OR LICENSED OUTLETS ANYWHERE, AND MAY ESTABLISH OTHER CHANNELS OF DISTRIBUTION AND SELL OR DISTRIBUTE ANY PRODUCT OR SERVICE TO THE GENERAL PUBLIC, UNDER THE SAME AND/OR DIFFERENT TRADEMARKS, IN COMPETITION WITH YOU

3 YOU MUST OPERATE THE FRANCHISE ONLY AT THE LOCATION WE INITIALLY APPROVE FOR THE COFFEEHOUSE, AND WE MUST APPROVE ANY RELOCATION IF YOU SUBSEQUENTLY LOSE THE RIGHT TO OPERATE AT THE LOCATION, AND WE DO NOT APPROVE A RELOCATION, WE MAY, AT OUR OPTION, TERMINATE YOUR FRANCHISE

4 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise A franchise broker or referral source represents us, not you We pay this person a fee for selling our franchise or referring you to us You should be sure to do your own investigation of this franchise

Effective Date See the next page for state effective dates

STATE EFFECTIVE DATES

The following states require that the disclosure document be registered or filed with the state, or be exempt from registration California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin

This Disclosure Document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

State	Effective Date	State	Effective Date
California	June 15, 2017, as amended July 13, 2017 and _____ 2017	North Dakota	May 22, 2017, as amended July 10, 2017 and _____ 2017
Illinois	May 24, 2017, as amended June 30, 2017 and _____ 2017	Rhode Island	May 21, 2017, as amended July 7, 2017 and _____ 2017
Indiana	May 20, 2017, as amended June 29, 2017 and September 14, 2017	South Dakota	May 11, 2017, as amended June 29, 2017 and September 14, 2017
Maryland	May 22, 2017, as amended July 20, 2017 and _____ 2017	Virginia	June 16, 2017, as amended August 1, 2017 and _____ 2017
Michigan	May 5, 2017, as amended June 29, 2017 and September 14, 2017	Washington	July 27, 2017, as amended _____, 2017
Minnesota	July 14, 2017, as amended _____, 2017	Wisconsin	May 4, 2017, as amended June 29, 2017 and September 14, 2017
New York	July 31, 2017, as amended _____, 2017		

In the states listed below, the effective date (and issuance date) of this Disclosure Document is May 4, 2017, as amended June 29, 2017 and September 14, 2017

Alabama	Kentucky	North Carolina
Alaska	Louisiana	Ohio
Arizona	Maine	Oklahoma
Arkansas	Massachusetts	Oregon
Colorado	Mississippi	Pennsylvania
Connecticut	Missouri	South Carolina
Delaware	Montana	Tennessee
District of Columbia	Nebraska	Texas
Florida	Nevada	Utah
Georgia	New Hampshire	Vermont
Idaho	New Jersey	West Virginia
Iowa	New Mexico	Wyoming
Kansas		

NOTICE REQUIRED BY STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise

(a) A prohibition on the right of a franchisee to join an association of franchisees

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation This subsection applies only if (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances This section does not require a renewal provision

THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN

(f) A provision requiring that arbitration or litigation be conducted outside this state This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise Good cause shall include, but is not limited to

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c)

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Law Building, Lansing, Michigan 48913, telephone (517) 373-7117

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EXHIBITS

EXHIBIT A	Financial Statements
EXHIBIT B	License Agreement (and Exhibits)
EXHIBIT B-1	Stand-Alone Coffeehouse Addendum
EXHIBIT C	List of Licensees and Former Licensees
EXHIBIT D	List of State Administrators, Agents for Service of Process
EXHIBIT E	State Addenda
EXHIBIT F	General Release Form
EXHIBIT G	Disclosure Acknowledgment Agreement
EXHIBIT H	Receipt Pages

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Disclosure Document, "we," "our" or "CCDC" means Caribou Coffee Development Company, Inc , the licensor, also referred to at times as the franchisor "You" means the person to whom we grant a license as the licensee, also referred to at times as the franchisee If you are a corporation, partnership, limited liability company, or other entity, "you" includes the shareholders of the corporation, partners of the partnership or members of the limited liability company

The Franchisor

We incorporated in State of Minnesota in October 2004 and commenced operations in August 2006 Our principal place of business is 3900 Lakebreeze Avenue, Minneapolis, Minnesota 55429 We operate under our corporate name and under the marks "CARIBOU COFFEE", "CARIBOU COFFEE & EINSTEIN BROS BAGELS", "EINSTEIN BROS BAGELS" and their related "Marks" (as defined in Item 13) and no other name If we have an agent in your state for service of process, we disclose that agent in Exhibit D

Our Business Experience, Parent and Predecessor

We grant franchises for coffeehouses under the CARIBOU COFFEE® name (referred to herein as "Coffeehouses") The first Coffeehouse opened in December 1992 We periodically have offered licenses or franchises for Coffeehouses since August 2006 We also have offered franchises (by exemption) or licenses for coffee and bagel restaurants co-branded under the CARIBOU COFFEE & EINSTEIN BROS BAGELS™ trademark (referred to herein as "Co-Brand Stores") since 2016 The Co-Brand Stores sell coffees, teas, fresh-baked bagels, cream cheese spreads, soups, salads, sandwiches, and other food and beverage products We offer Co-Brand Store franchises under a separate franchise disclosure document We have not directly operated any company-owned Coffeehouses or Co-Brand Stores, although our parent company (Caribou Coffee Company, Inc) has owned and operated Coffeehouses and Co-Brand Stores and continues to do so (as described below) We have no other business activities and we have never offered franchises or licenses in any other line of business As of December 31, 2016, there were 134 franchised or licensed Coffeehouses in the United States, and 265 Coffeehouses operated by Caribou Coffee Company, Inc in the United States As of December 31, 2016, there were 3 franchised or licensed Co-Brand Stores in the United States, and 48 Co-Brand Stores operated by Caribou Coffee Company, Inc in the United States We also grant franchises and licenses for Coffeehouses outside the United States

Caribou Coffee Company, Inc ("CCC"), a Minnesota corporation, is our immediate parent company and predecessor CCC's principal address is 3900 Lakebreeze Avenue, Minneapolis, Minnesota 55429 USA CCC has operated Coffeehouses in the United States since 1992 CCC also has operated Co-Brand Stores in the United States since 2015 Between May 2004 and July 2006, CCC granted several licenses in the United States for airport-based CARIBOU COFFEE® Coffeehouses to several sophisticated, experienced national or regional multi-brand foodservice operators who previously had operated and/or then were operating other coffeehouse concepts as part of their multi-brand foodservice operations CCC also granted one international master license in 2004, and since 2005 has granted to that same international master licensee or its affiliates approximately 266 international unit licenses as of December 31, 2016 CCC no longer grants franchises or licenses for Coffeehouses in the United States, although CCC may continue granting international unit licenses to its international master licensee, or that master licensee's affiliates, until the time (to be determined) when CCC formally assigns its rights under the international master license agreement and the international unit licenses to us In addition,

CCC supplies certain Caribou Trade Secret Products and Caribou Branded Products to franchisees See Item 8 CCC has not offered franchises or licenses for Co-Brand Stores or in any other line of business

On January 24, 2013, CCC completed a merger with Pine Merger Co , a Minnesota corporation and an affiliate of JAB Beech, Inc , a Delaware corporation ("JAB Beech") Upon the completion of the merger, Pine Merger Co merged with and into CCC, and CCC continued as the surviving corporation and as a wholly-owned subsidiary of JAB Beech, which resulted in a change in control of CCC, as well as CCDC On March 25, 2013, all of the common stock of CCC held by JAB Beech was contributed to Peet's Coffee & Tea, Inc , a Washington corporation ("Peet's Coffee & Tea"), and a wholly owned subsidiary of JAB Beech

In January 2015, CCC and all of its subsidiaries including CCDC, as part of a further reorganization, were contributed to Beech Leaf LLC, a Delaware limited liability company ("Beech Leaf") and wholly owned subsidiary of Beech Squirrel, Inc , a Delaware corporation ("Beech Squirrel") and wholly owned subsidiary of JAB Beech Also as part of this reorganization, JAB Beech contributed the Einstein Noah Restaurant Group, Inc , a Delaware corporation ("ENRG"), and all of its subsidiaries to CCC As a result of the contribution and subsequent reorganization in January 2015, CCC and Beech Leaf are considered the immediate parents of CCDC The principal business address of JAB Beech, Beech Leaf and Beech Squirrel is 1701 Pennsylvania Avenue NW, Suite 801, Washington DC, 20037 USA

Affiliated Franchise Programs

Through common control with JAB Holding, a member of the Joh A Benckiser Group, a German based firm ("JAB"), we are affiliated with the following franchise programs

Peet's Operating Company, Inc , a Virginia corporation ("Peet's Operating Company"), owns and operates Peet's Coffee & Tea® retail coffee stores in the U S , a business it has operated since 1966 Since 2001, it also has licensed or franchised (by exemption) the use of the Peet's Coffee & Tea® marks to third parties that sell its products through retail stores These stores offer products and services similar to CARIBOU COFFEE® Coffeehouse Peet's Operating Company's principal place of business is 1400 Park Avenue, Emeryville, California 94608 As of December 31, 2016, it has 243 company or affiliate owned tores and 158 licensed or franchised stores

Einstein Bros Bagels Franchise Corporation, a Colorado corporation ("EBBFC"), is the franchisor of Einstein Bros ® Bagels restaurants, which sell bagels, coffee, tea, and other cafe and bakery products and beverages, since July 2016 EBBFC's predecessor, Einstein and Noah Corporation, a Delaware corporation ("ENC"), was the previous franchisor and operator of Einstein Bros Bagel® restaurants ENC since 2001 (and EBBFC since 2016) has owned and operated Einstein Bros ® Bagels restaurants, and ENC since 2006 (and EBBFC since 2016) has offered Einstein Bros ® Bagels franchises EBBFC's and ENC's principal place of business is 555 Zang Street, Suite 300, Lakewood, Colorado 80228 As of December 31, 2016, ENC had 344 company owned restaurants, and EBBFC and ENC together had 58 franchised restaurants and 317 licensed Einstein Bros ® Bagels restaurants in the U S It is anticipated that ENC will assign to EBBFC its rights in and to the existing franchise agreements in the near future Since 2001, ENC also has owned and operated through its subsidiary, Noah's New York Bagel Company, a Minnesota corporation, but has not franchised or licensed the right to operate, Noah's New York Bagels® and Noah's Bagels® restaurants, which sell bagels, coffee, tea, and other cafe and bakery products and beverages As of December 31, 2016, it had 54 company owned Noah's New York Bagels® and Noah's Bagels® stores in the U S EBBFC does not offer franchises in any other line of business ENC no longer offers Einstein Bros ® Bagels franchises or franchises in any line of business EBBFC does not offer franchises in any other line of business ENC and/or its subsidiaries may directly

or indirectly sell products under various names and marks, including Einstein Bros Bagels, Noah's New York Bagels®, Noah's Bagels® or related marks in other channels such as supermarkets, warehouse stores (such as Costco), through third party brokerage companies, and over the internet and through other channels of distribution

Manhattan Bagel Company, a New Jersey corporation ("Manhattan Bagel"), is a franchisor and operator of Manhattan Bagel® restaurants, which sell bagels, coffee, tea, and other cafe and bakery products and beverages Manhattan Bagel has offered franchises for Manhattan Bagel® stores since 1987 Its principal place of business is 555 Zang Street, Suite 300, Lakewood, Colorado 80228 Manhattan Bagel became an affiliated franchise program through an acquisition in November 2014 As of December 31, 2016, Manhattan Bagel had no company owned and 65 franchised Manhattan Bagel® stores in the U S Manhattan Bagel has not offered franchises in any other line of business Manhattan Bagel may directly or indirectly sell products under the name Manhattan Bagels® or related marks in other settings such as supermarkets, warehouse over the internet, or through other channels of distribution

Krispy Kreme Doughnut Corporation, a North Carolina corporation ("KKDC"), is a franchisor and operator of Krispy Kreme® 'stores", which offer a variety of doughnuts, beverages and other related products and services, and "commissary facilities", which are manufacturing facilities that supply doughnuts and other products to stores and other wholesale customers The Krispy Kreme® brand was founded in 1937 and has been in the doughnut and coffee business continuously in various corporate forms since that time KKDC, directly or through its predecessors, has offered Krispy Kreme® franchises since the 1950's The principal place of business for KKDC is 370 Knollwood Street, Winston-Salem, North Carolina As of December 31, 2016, KKDC had 116 company owned stores and commissary facilities and 200 franchised stores in the U S KKDC or its affiliates may directly or indirectly sell products under the name Krispy Kreme® or related marks in other channels such as supermarkets, warehouse stores, over the internet and through other channels of distribution

In the Netherlands, JACOBS DOUWE EGBERTS Coffeecompany B V (formerly, The Coffee Company B V) ("Coffeecompany") currently owns and franchises Coffeecompany® retail coffee stores Coffeecompany has operated company-owned Coffeecompany® retail coffee stores since 1996 and has franchised Coffeecompany® retail coffee stores since 2006 As of December 31, 2016, there were approximately 20 company-owned and 15 franchised Coffeecompany® retail stores In addition, in 2012, Coffeecompany took over management control of the D E Cafe ® franchise system from affiliate Douwe Egberts Nederland BV, which had offered D E Cafe® franchises since 1999 In January 2015, Coffeecompany ceased franchising D E Cafe® retail coffee stores and now licenses D E Cafe® retail stores under license agreements with former franchisees As of December 31, 2016, there were approximately 2 company-owned D E Cafe® retail stores and 8 D E Cafe® retail stores operating under license agreements Both Coffeecompany® and D E Cafe® retail stores sell coffees, teas, baked goods, sandwiches, and other beverages and food products Coffeecompany's principal place of business is Zeeburgerpad, 1018 AH Amsterdam, The Netherlands

Jacobs Douwe Egberts BR Comercialização de Cafes Ltda , a Brazilian entity ("JDE Brazil"), franchises Cafe do Ponto® and Casa Pilao® retail coffee stores through a master franchise agreement in Brazil These stores sell coffees, teas, baked goods, sandwiches, and other beverages and food products The principal business address of JDE Brazil is Av Dr Marcos Penteado de Ulhoa Rodrigues, 939, 2nd floor, Cond Castelo Branco Office Park, 06460-040, Barueri, Brazil As of December 31, 2016, there were approximately 71 subfranchised Cafe do Ponto® locations and approximately 16 Casa Pilao® subfranchised locations in operation in Brazil JDE Brazil began operating and franchising Cafe do Ponto® stores franchises in 1998, although it no longer operates any Cafe do Ponto® and Casa Pilao® coffee stores and only grants unit franchises through its sole master franchisee

In Denmark, Baresso Coffee A/S ("Baresso") franchises Baresso® retail coffee stores These retail coffee stores sell coffees, teas, baked goods, and other beverages and food products Baresso's principal place of business is Vimmelskaftet 43, 4 Sal DK-1161 Copenhagen K Baresso it has offered Baresso® franchises since 2002 As of December 31, 2016, there were approximately 11 franchised and 42 company-owned Barresso® stores

On July 20, 2017, JAB acquired Panera Bread Company ("PBC"), a Delaware limited liability company PBC's wholly owned subsidiary, Panera, LLC, a Delaware limited liability company, is a franchisor and operator of Panera Bread® Bakery-Cafe stores, which offer a variety of fresh bakery goods, sandwiches, soups, salads, pasta dishes, custom-roasted coffee and other cafe beverages, and other items, including bagels Panera, LLC has been franchising and operating company-owned Panera Bread® Bakery-Cafes since December 1993 All Panera Bread® Bakery-Cafes operate under the "Panera Bread" name except for company owed bakery-cafes located in the St Louis, Missouri market area, which do business under the name "Saint Louis Bread Company" The principal place of business for PBC and Panera, LLC is 3630 South Geyer Road, Suite 100, St Louis, Missouri 63127 According to its franchise disclosure document, as of December 2016, Panera, LLC had 1,099 franchised stores in the U S and 900 company owned stores PBC's subsidiary Paradise Bakery and Cafe, Inc , a Delaware corporation ("Paradise"), also has operated and franchised Paradise Bakery & Cafes since 1987, which specialize in the retail sale of freshly baked products, such as cookies, muffins and croissants, along with gourmet and specialty coffees, and sandwiches, soups, salads, beverages, and other related items Paradise's headquarters are at 8541 E Anderson Drive, Suite 105, Scottsdale, AZ 85255 As of December 2016, Paradise had 17 franchised stores in the U S and approximately 30 company owned stores PBC also owns a controlling interest in Tatte Holdings, LLC, ("Tatte") which operates Tatte Bakery & Cafes and whose headquarters are at 318 Third Street, Cambridge, MA 02142, since 2007 As of December 2016, Tatte had 6 company-owned stores Tatte Bakery & Cafes appears to offer some similar menu items to those items offered in CARIBOU COFFEE & EINSTEIN BROS BAGELS™ Stores

In August 2017, CCC announced that it would acquire Bruegger's Enterprises, Inc ("BRU") The transaction is expected to close later in 2017 BRU does business under the "Bruegger's" and "Bruegger's Bagels" brands Its retail stores sell bagels, coffee, tea and other cafe and bakery products and beverages BRU is a Delaware corporation which has been franchising or operating company owned outlets since 2003 According to its franchise disclosure document, as of December 2016, there were 93 franchised and 176 company owned "Bruegger's Bagels" stores in the U S Its principal place of business (before the transaction closes) is at 12201 Merit Drive, Suite 900, Dallas, Texas 75251

None of the above affiliated franchisors are obligated to provide products or services to you, however, you may purchase products or services from currently affiliated franchisors if you choose to do so Except as described above, we have no other parents, predecessors or affiliates that must be included in this Item and none of the affiliates above have offered franchises for any other line of business

Franchise Offered

With CCC, we have developed (and we and CCC continue to develop and modify) policies and procedures, and a distinctive system, which includes business formats, methods, designs, layouts, signage, standards, specifications and the Marks (collectively, the "System"), for the promotion, operation, and identification of CARIBOU COFFEE® Coffeehouses that sell coffees, teas, baked goods, sandwiches, and other beverage and food products (collectively, "Products") for on-premises and off-premises consumption A "Coffeehouse" includes any retail sales outlet or other point of distribution using the Marks as its primary trade identity and devoted exclusively to the preparation and sale of "CARIBOU COFFEE®" Products using the System You will operate a Coffeehouse under the License Agreement

You sign a "License Agreement" to receive the right to own and operate a Coffeehouse at a location we approve, offering the products and services we designate or approve and using our formats, designs, methods, specifications, standards, operating and marketing procedures and the Marks (the "System")

A typical Coffeehouse offered under this Disclosure Document has a kiosk style, meaning that four walls do not surround its retail premises and it is normally located within a business or a public venue or depends on one main business or organization as its primary host facility and customer traffic generator, such as shopping malls, strip shopping centers, public transportation facilities (like airports), convention centers, grocery stores, university food courts, movie theaters, health clubs, hospitals and similar venues The typical kiosk style Coffeehouse will provide limited access to the general public except via the host facility

Some Coffeehouses will not operate as a typical kiosk style Coffeehouse but instead will operate as a stand-alone Coffeehouse A stand-alone Coffeehouse usually has four walls surrounding the Coffeehouse premises and is not located within a host facility where it depends upon the facility for customer traffic (a "Stand-Alone Coffeehouse") We consider all sites as typical kiosk style Coffeehouse sites unless we determine the site qualifies as a Stand-Alone Coffeehouse site If your site is deemed a Stand-Alone Coffeehouse site, you will sign a Stand-Alone Coffeehouse Addendum attached to this Disclosure Document as Exhibit B-1, which amends the License Agreement in certain respects due to the unique nature of the Stand-Alone Coffeehouse

All references to Coffeehouses in this Disclosure Document include both typical kiosk style Coffeehouses and Stand-Alone Coffeehouses unless otherwise specified

Market and Competition

Your Coffeehouse will offer Products and services to the general public and compete in your market with specialty coffee retailers, specialty retailers, and other retailers that offer, coffee, tea, smoothies, bagels, breads, sandwiches, bakery items, breakfast items, lunch items, and related products (many of which retailers are locally-owned or are part of international, national and/or regional franchised and non-franchised chains) and other food service businesses such as gourmet food departments, regional department stores, grocery stores, bulk food stores, gourmet food stores, delicatessens, fast food operations, mail order operations and businesses offering take-out coffee and/or bagels The overall market for your Products and services generally is well-developed and very competitive You may face competitors in the same host facility as your Coffeehouse

Laws and Regulations

You must comply with all applicable federal, state and local laws and regulations that apply to your Coffeehouse operations, including, for example, those relating to site location, zoning and building construction, food service businesses and to businesses generally, the storage, preparation, handling and sale of food products, food content and menu labeling (such as nutritional and caloric information), health, sanitation and safety regulations, no-smoking, EEOC, OSHA, discrimination, tax laws, employee health insurance, labor and employment matters, and the Payment Card Industry (PCI) Data Security Standards The Americans with Disability Act of 1990 and state equivalents require readily accessible accommodation for disabled persons and therefore may affect your Coffeehouse construction, site elements, entrance ramps, doors, seating, bathrooms, drinking facilities, etc Your compliance will require obtaining necessary permits and operational licenses You should investigate these laws and regulations and any others that may apply to your business before you acquire the franchise You should

consult with your attorney concerning these and other local laws and ordinances that may affect your Coffeehouse operations

ITEM 2

BUSINESS EXPERIENCE

Chief Executive Officer, Director Sarah Spiegel

Ms Spiegel has served as our Chief Executive Officer, and a Director, and the Chief Executive Officer of CCC, ENC, EBBFC and Manhattan Bagel since July 2017 Ms Spiegel previously served as our President of US Retail, Caribou Coffee and Chief Concept Officer since March 2015, and has also served as Interim Brand President, Caribou Coffee for CCC since March 2017 Also, since March 2015, she has served as President US Retail and Chief Concept Officer for ENC and Manhattan Bagel From September 2007 to March 2015, Ms Spiegel was Portfolio Operations Management Advisor for Bain Capital in Boston, MA

Chief Financial Officer, Director Mike Jensen

Mr Jensen has been our Chief Financial Officer since November 2016 Mr Jensen previously held the position of Chief Financial Officer for CCC since March 2015 He also served as the Vice President, Finance of CCC since April 2013 and as the Senior Director, Finance of CCC since January 2009

President US Retail, Coffee & Bagels Brandon Turner

Mr Turner has been our President of U S Retail, Coffee & Bagels since December 2016 Mr Turner has served as Divisional Chief Financial Officer of EBBFD, ENC and Manhattan Bagel since March 2015 From July 2013 to March 2015, Mr Turner was Managing Member of Casco Bay Capital, LLC in Denver, Colorado Mr Turner was Chief Operating Officer of School of Rock, LLC in Burr Ridge, Illinois, from June 2010 to June 2013

President US Retail, Caribou Coffee John Butcher

Mr Butcher has been our President of U S Retail, Caribou Coffee since June 2017 Mr Butcher joins us from Target Corporation where he served as Senior Vice President Merchandising from February 1997 to May 2017

Chief Legal Officer, General Counsel, Secretary and Director Dan E Lee

Mr Lee has been our Chief Legal Officer, General Counsel, and Secretary since March 2015 and a Director since October 2009 Mr Lee previously was our Senior Vice President, General Counsel, and Secretary since October 2009 and also has been the Senior Vice President, General Counsel, and Secretary of CCC since October 2009

Associate General Counsel and Assistant Secretary Mike Davis

Mr Davis has been our Associate General Counsel and Assistant Secretary since February 2016 Mr Davis also has served as the Associate General Counsel and Assistant Secretary of ENC since January 2014 Mr Davis previously was employed as an attorney at Robinson Waters & O'Dorisio, P C in Denver, Colorado, since September 2008

Vice President, License Development Nick Schaefer

Mr Schaefer has been our Vice President, License Development since August 2016 Previously, Mr Schaefer was the Vice President of Business Development for Delaware North Company in Buffalo, New York, from March 2009 to August 2016

Senior Vice President, International Pedro Voyer

Mr Voyer has been our and CCC's Senior Vice President, International since March 2016 Mr Voyer previously was a business consultant for Voyer Consulting Group in Boca Raton, Florida, from 2013 to 2016 Mr Voyer was Chief Development Officer for FFL Equity Partners in Atlanta, Georgia from 2011 to 2013

Vice President, International Darren Miles

Mr Miles has been our and CCC's Vice President, International since March 2015 Mr Miles previously was the Senior Director of Operations in both Franchise and Retail with CCC since January 2005

Vice President, Controller Michael Peterson

Mr Peterson has been our Vice President and Controller since March 2015 Mr Peterson previously was controller since June 2013 and has also served as the Controller of CCC since June 2013 Mr Peterson was the Assistant Controller of CCC from December 2008 to June 2013

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item

ITEM 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item

ITEM 5

INITIAL FEES

You agree to pay us an initial license fee of $12,500 (the "Initial License Fee") If you will operate a Stand-Alone Coffeehouse, however, your Initial License Fee will equal $25,000 The Initial License Fee is a one-time, nonrefundable fee that you must pay, and is fully earned by us, when you sign the License Agreement

You currently must buy from us or CCC many items that you need to develop and begin operating your Coffeehouse, including cups, point-of-purchase materials, product brochures and catalogs, and an initial inventory of Caribou Trade Secret Products and Caribou Branded Products (coffee beans, mixes, and syrups) The cost of the initial supply of these items ranges from $6,400 to $18,300 for a kiosk style Coffeehouse and $11,400 to $20,300 for a Stand-Alone Coffeehouse, depending on your Coffeehouse's size These payments are made prior to opening your Coffeehouse and are not refundable

ITEM 6

OTHER FEES

Type of Fee	Amount (See Note (1))	Due Date	Remarks
Royalty Fee	6 5% of Coffeehouse s monthly Gross Sales (4% if Coffeehouse is located in an airport)	For a kiosk style Coffeehouse payable monthly by electronic funds transfer no later than the 15th day of each month for the previous calendar month For a Stand Alone Coffeehouse payable weekly by electronic funds transfer on the day we specify for the previous week	See Note (2) and (3)
Opening Campaign (Advertising & Marketing)	$2 500 (or $18 000 for a Stand Alone Coffeehouse)	During the period 30 days before and 60 days after opening your Coffeehouse	See Note (4)
Marketing Fund Contributions	2% of Gross Sales	Payable monthly by electronic funds transfer at the same time as the Royalty Fee	See Item 11
Local Advertising Fee	At least 2% of your Gross Sales per year	As incurred	See Note (5)
Certified Manager Training	Our then current fee currently $0 for your first two managers certified as a Certified Manager and $850 per person for any additional or replacement Certified Manager	As incurred	See Note (6)
Opening Assistance	For the first Coffeehouse each trainer s travel hotel and living expenses For the second and each additional Coffeehouse our then applicable fee currently $350 per trainer per day plus each trainer s travel hotel and living expenses	At the time of visit	See Note (7)
Computer Systems Maintenance and Support	Cost of Services (we estimate costs to be approximately $300 $500 per month)	As incurred	This covers computer system support and ongoing development and software upgrades that we may provide in the future
Re inspection Fee	$1 500	Upon invoice	See Note (8)
Examination/ Audit Fee	If Gross Sales are understated by 2% or more you pay our audit costs plus interest on understated amounts	Within 15 days after you receive our examination report	See Note (9)
Transfer Fee	50% of our then current standard initial license fee applicable to new franchised Coffeehouses	Payable immediately at time transfer is approved	See Note (10)
Renewal Fee	The greater of 10% of our then current initial license fee for new Coffeehouse or $1 250 (or for a Stand Alone Coffeehouse the greater of 25% of our then current initial license fee for a new Stand Alone Coffeehouse) or $10 000	Payable 30 days before the current term expires	
Late Fees or Interest on late payments	Lesser of 15% per year or maximum rate permitted by law plus any bank charges	Due on receipt of invoice	Payable if you do not timely pay Royalty Fees Marketing Fund contributions or other amounts owed to us or our affiliates
Insurance	The annual premium plus administrative fee of 5% of the insurance premium	As incurred	We have the right to acquire insurance for you if you fail to do so and charge you an administrative fee
Indemnification expenses	All costs associated with your obligation to indemnify	On demand	See Note (11)

Type of Fee	Amount (See Note (1))	Due Date	Remarks
Additional Training	Our then current fee currently $850 per person	At the time of training	Payable if we require or you elect to send individuals to attend our training programs or courses
Additional Assistance or Guidance	Our then applicable fee currently $350 fee per trainer per day plus each trainer s travel hotel and living expenses	When incurred	See Note (12)
Income and Sales Taxes	We may collect from you the cost of all taxes arising from our licensing of intellectual property to you in the state where your Coffeehouse is located as well as any assessment on fees and any other income we receive from you	Payable monthly by electronic funds transfer at same time as Royalty Fee	Only imposed if state collects these taxes or assessments
Annual Meeting	Then applicable charge currently $0 for each attendee	At the time of attendance	You will pay the cost for a representative we approve to attend an annual meeting of all Coffeehouse licensees at a location we designate You will also be responsible for the travel hotel and living expenses to attend
Operations Manual Replacement	Then applicable charge currently $250	Upon receipt	Applicable if your Operations Manual is lost destroyed or significantly damaged
Management Services	Reasonable cost of management services plus an administrative fee (currently 15% of costs we incur)	On receipt of invoice	See Note (13)
Purchase of Caribou Trade Secret Products and Caribou Branded Products	Applicable charge for such Products purchased from us CCC or our affiliates	As incurred	See Item 8
PCI Compliance	Currently $0 If we establish in the future our then applicable monthly fee	As incurred	We may in the future establish a PCI compliance program and you must comply with and pay us a monthly fee for the program upon its establishment

NOTES

(1) Except where otherwise noted, all fees are payable to us, are non-refundable, and are uniformly imposed

(2) You must report your sales to us on a weekly as well as on a monthly basis in the form that we may periodically specify and must pay us the Royalty Fee on monthly Gross Sales no later than the 15th of each month for the previous calendar month The term "Gross Sales" generally means all revenue that you derive from operating the Coffeehouse, whether from cash, check, credit and debit card, barter exchange, trade credit, other credit transactions or otherwise, but (1) excludes all federal, state, or municipal sales, use, value added or service taxes actually collected for customers and paid to the appropriate taxing authority, (2) excludes revenue you derive from selling or issuing CARIBOU COFFEE® gift or loyalty cards (although revenue you derive from selling Products to customers who use such cards for payment will be included in Gross Sales, and (3) and is reduced by the amount of any documents refunds and credits the Coffeehouse in good faith gives to customers (if those amounts originally were included in calculating Gross Sales) If the Host Facility has a central beverage station, Gross Sales will not include beverage sales obtained by customers from the central beverage station unless the beverage sales are derived from a combination of our Products and beverages sold for a price less than those Products would have been sold individually (a "Combo Meal") Notwithstanding the presence of a central beverage station at the Host Facility, all beverages sold under our Marks or as part of the Combo Meal will be included in the Gross Sales calculation

(3) You must report your sales to us weekly and must pay us the Royalty Fee on monthly Gross Sales no later than the 15th of each month, for the previous calendar month For a Stand-Alone Coffeehouse, you must pay us the Royalty Fee on a weekly basis

(4) You must spend at least $2,500 for advertising and marketing activities on an opening Campaign for the Coffeehouse If you operate a Stand-Alone Coffeehouse, this amount is increased to $18,000 In certain metropolitan areas, we may require that you spend a greater minimum amount on the Coffeehouse opening campaign You will use our designated media vendor (if any) and must implement our recommended media plan (if any) in conducting the Coffeehouse opening campaign We reserve the right to collect the $2,500 (or $18,000 for a Stand-Alone Coffeehouse) directly from you and spend it on your behalf in connection with opening campaign On or before the last day of each month during the first year of Coffeehouse operations, you must provide us with an accurate accounting of Coffeehouse opening campaign (advertising and marketing) expenses

(5) You must spend at least 2% of your Gross Sales annually for approved advertising and promotion of your Coffeehouse On or before February 15 of each year, you will provide us with an accounting of the funds that you have spent for local advertising for the preceding calendar year If you fail to spend the minimum amount required during the calendar year for approved local advertising, you will deposit with us the difference between what you should have spent for approved advertising during the calendar year and what you actually spent for approved advertising during the calendar year We will spend it in your local area or use it to develop advertising for Caribous Coffee® Coffeehouses in the System

(6) You will not pay us a fee for the initial Certified Manager training for two of the following individuals you, your Operating Principal, one full-time general manager responsible for the day to day operations of the restaurant and one additional manager, but you must pay us our then-current training fee (currently $850 per person) for any additional individuals for whom you request that we provide training See Item 11

(7) For the first Coffeehouse you (including your affiliates) open, we will send an ' opening team" of up to two people (we determine the specific number) to the Coffeehouse for approximately one week to assist with the grand opening process and to help train your management-level employees You will not pay us a fee for this opening assistance, but you must pay us the cost of the opening team's travel, hotel, and living expenses during this time period

(8) If we inspect the Coffeehouse and determine that it does not comply with the License Agreement and all System Standards and specifications, we may require you to pay us an amount not to exceed $1,500 for each re-inspection of the Coffeehouse

(9) If you understate Gross Sales by 2% or more, you must reimburse us for the reasonable costs of the examination, including the reasonable charges of attorneys and independent accountants and the reasonable travel expenses, room and board, and compensation of our employees

(10) You pay this fee when the License Agreement or a substantial portion of the assets of the Coffeehouse or any controlling interest in you is transferred

(11) You must indemnify, defend, and hold harmless us, including our affiliates and related parties (the "Indemnified Parties") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations and damages directly or indirectly arising out of your operation of the Coffeehouse or your breach of the License Agreement

(12) If you request, and we agree to provide, additional or special guidance, assistance, or training, you agree to pay our then applicable charges, currently, $350 per assistant per day, plus each assistant's travel, hotel and living expenses Charges will vary depending on the services we provide you

(13) We may (but are not required to) manage, or designate a third party to manage, the Coffeehouse on your behalf if you are in default under the License Agreement Also, we may (but are not required to) immediately appoint a new Operating Principal upon the death or disability of an existing Operating Principal

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure (See Note 1)	Amount Licensed Coffeehouse Kiosk (See Note 2)	Amount Stand-Alone Coffeehouse (See Note 2)	Method of Payment	When Due	To Whom Payments is to be Made
Initial License Fee (See Note 3)	$12 500	$25 000	Lump Sum	Upon signing License Agreement	Us
Real Estate/Rent (including CAM) (See Note 4)	$7 500 to $45 000	$15 750 to $27 000	As Agreed	As Incurred	Landlord
Leasehold Improvements (See Notes 5 and 6)	$45 000 to $250 000	$270 000 to $430 000	As Agreed	As Incurred	Outside Suppliers
Furniture Fixtures Interior Signage and Equipment (See Note 7)	$102 000 to $140,000	$98 000 to $142 000	As Agreed	As Incurred	Outside Suppliers
Architect/Design Work	$11,000 to $19 000	$10,000 to $40 000	As Agreed	As Incurred	Architect
Signage (exterior) (See Note 8)	$1 600 to $4 000	$5 000 to $50 000	As Agreed	As Incurred	Outside Suppliers
POS System (See Note 9)	$10 000 to $16 000	$21 165 to $29 295	As Agreed	As Incurred	Outside Suppliers
Prepaid Expenses and Deposits (See Note 10)	$6 740 to $17 000	$4 400 to $13 200	As Agreed	As Incurred	Landlord and Utility Companies
Opening Inventory and Supplies (See Note 11)	$9 000 to $17 000	$11 000 to $19 000	As Agreed	As Incurred	Designated and Approved Suppliers and Us
Opening Campaign (See Note 12)	$2 500 $5 000	$18 000 to $20 000	As Incurred	As Incurred	Advertising Sources and Us
Miscellaneous Opening Costs (See Note 13)	$1 000 to $12 000	$600 to $42 000	As Incurred	As Incurred	Third Parties
Initial and Additional Training Expenses (unless trained by Certified Manager) (See Note 14)	$1 500 to $6 000	$1 500 to $6 000	As Incurred	As Incurred	Us and Third Parties
Weekly (5 days) Cost of trainers travel hotel and living expenses for additional in store training and grand opening support (See Note 15)	$1 500 $2 000	$3,500 to $6 500	As Incurred	As Incurred	Third Parties

Type of Expenditure (See Note 1)	Amount Licensed Coffeehouse Kiosk (See Note 2)	Amount Stand-Alone Coffeehouse (See Note 2)	Method of Payment	When Due	To Whom Payments is to be Made
Additional Funds – 3 months (See Note 16)	$12,000 to $50 000	$50,000 to $90 000	As Incurred	As Incurred	Employees and Suppliers
TOTAL ESTIMATED INITIAL INVESTMENT (See Note 17)	$223 840 to $595 500	$533 915 to $939 995			

NOTES

(1) A kiosk style Coffeehouse typically will occupy between 300 and 1000 square feet of retail space (depending on the location) This includes both retail space and back of house storage For several items discussed below, A Stand-Alone Coffeehouse typically will occupy approximately 1200 square feet of front of house retail space (depending on the location) with another 600 square feet of back of house storage space For several items discussed below, your cost will increase as the number of square feet increases The size of your Coffeehouse is principally determined by our System standards and specifications as well as requirements or restrictions that your landlord and appropriate municipality or zoning boards may impose, and availability and cost of leasable space This Table reflects your estimated initial investment for a single Coffeehouse operated under a License Agreement This information assumes that you will lease the premises for your Coffeehouse If you will operate a Stand-Alone Coffeehouse, you have the option of owning (by purchasing the land and building) rather than leasing the premises See Note 5 for cost information if you will own the premises

(2) Except where otherwise noted, all fees that you pay to us are non-refundable Third party lessors, contractors and suppliers will decide if payments to them are refundable

(3) The Initial License Fee is paid to us and is more fully described in Item 5

(4) This estimate assumes that you will rent the premises for your Coffeehouse The estimate of rent includes charges by the landlord for common area maintenance expenses (CAM) The estimate is for the first 3 months of rent The kiosk style Coffeehouse ranges in size from 300 to 1,000 square feet and we estimate you will pay rental rates of approximately $25 to $45 per square foot per quarter A Stand-Alone Coffeehouse is approximately 1800 square feet of space and we estimate you will pay rental rates of approximately $9 to $15 per square foot per quarter Your rental rates can have a wider range depending on venue, term and other leasehold and operating factors

(5) Although most licensees lease the premises for their Coffeehouse, a small number of licensees will purchase the land and construct the building for their Coffeehouse The cost of purchasing unimproved land will vary depending on location, availability of utilities and other factors and cannot be estimated by us The construction costs for the building also will vary significantly depending on many of the same factors mentioned above as well as the size of the building and the availability of financing Due to these many factors on which to base an estimate, we cannot estimate the cost of the building

(6) Typical locations for a kiosk style Coffeehouse will be within a business or a public venue or is dependent on one main business or organization as its primary host facility and customer traffic generator, such as shopping malls, strip shopping centers, public transportation facilities (such as airports), convention centers, grocery stores, university food courts, movie theaters, health clubs, hospitals and similar venues You generally will lease the premises for your Coffeehouse (see Note 5 if you will purchase the land and building instead of renting) and will need to make certain

leasehold improvements to the leased premises to comply with our approved plans and specifications This figure assumes the kiosk style Coffeehouse will range in size from 300 to 1,000 square feet and a Stand-Alone Coffeehouse will have approximately 1800 square feet of space Leasehold improvement costs will or may include demolition of existing improvements, electrical, plumbing, prefabrication and installation of fixtures, flooring materials, owner-supplied materials, carpentry and similar work, project administration, and contractor's fees The exact costs will depend on several factors, including the condition of the premises, whether you elect to do more than the minimum required renovations, the landlord's agreement to reimburse you for certain improvements, the size and location of the premises for your Coffeehouse and other economic factors We estimate that you may pay from $150 to $250 per square foot of space for leasehold improvement costs for your kiosk style Coffeehouse premises

(7) This includes the purchase and installation of espresso machines, water treatment equipment, grinders, brewers, scale, ice machine, sinks and faucets, refrigerators, freezers, carbonation equipment, ovens, mixers, display cases, tables, chairs, menu boards, millwork, office equipment, security equipment and one interior store sign for the Coffeehouse

(8) This includes one exterior sign, which may vary in size and illumination If your Coffeehouse has drive-thru service, your costs will be from $8,700 - $10,000 higher

(9) You must use a point-of-sale system (including computer hardware and software) that meets our minimum specifications Your point-of-sale system must have the systems or components necessary for you to access and process our gift and loyalty cards and satisfy any other specifications we periodically describe If your Coffeehouse has drive-thru service, your costs will be from $5,000 - $7,000 higher (See Items 8 and 11)

(10) This includes a security deposit that your landlord will collect and is estimated to be the equivalent of one month's rent This also includes a utility deposit that your utility company may or may not require and the initial premium for your insurance Insurance costs depend on policy limits, types of policies, nature and value of physical assets, Gross Sales, number of employees, square footage, location, business contents, and other factors bearing on risk exposure The estimate contemplates insurance costs for 3 months Other amounts may vary considerably, depending on the size and location of your Coffeehouse Deposits may be refundable while prepaid insurance premiums are not refundable

(11) This includes food and beverage items of inventory, uniforms and paper supplies This range will cover non-perishable inventory requirements for 1 to 2 weeks and your initial perishable inventory requirements (dairy, fresh bakery and food items and other perishables purchased from approved suppliers)

(12) We require that you spend at least $2,500 for a kiosk style Coffeehouse kiosk ($18,000 for a Stand-Alone Coffeehouse) on an opening campaign for your Coffeehouse, including advertising, discount offers, banners, point-of-purchase materials, and event sponsorships This also includes an initial supply of brochures describing coffee, coffee blends, and drink components and other point-of-sale materials to educate your customers You may wish to spend more than the required amount on your Coffeehouse opening campaign

(13) This includes the cost of lease acquisition, approval fees and required local, municipal, and state licenses and permits Professional fees depend on the services provided by your professionals

(14) A minimum of two individuals must attend initial Certified Manager training at our World Headquarters Training Center located in Lakewood, Colorado and/or at an operating Coffeehouse The individuals attending training will incur travel, hotel and living expenses while attending training In addition, if you choose to have us train more than two Certified Managers, you will pay us our training fee, which is currently $850 per person See Item 11

(15) If the Coffeehouse you open requires extended opening support, we will send an opening team but you must pay our then current fee (as of today this is $350 per person, per day) plus the opening team's reasonable travel, hotel, and living expenses for this extended period See Item 11

(16) The estimate of Additional Funds (working capital) for the initial phase of your Coffeehouse business is based on recurring expenses and operating expenses for the first 3 months of operation In addition, you will pay rent monthly and will likely pay a security deposit to your landlord, unless you own your Coffeehouse's land and building (See Note 5) To compile this Additional Funds estimate, we relied on our parent's approximately 21 years of constructing, developing, and operating Coffeehouses You will need working capital to support on-going start-up expenses (in addition to the items identified separately in the table) if these expenses are not covered by sales revenue Additional start-up expenses include payroll costs but not any owner's draw or salary New Coffeehouses often generate negative cash flow for some time period This is only an estimate, and you may need additional working capital during the first 3 months you operate your Coffeehouse and for a longer time period afterward Your costs will depend on how much you follow our methods and procedures, your management skill, experience, and business acumen, the relative effectiveness of staff you may employ, local economic conditions, the local market for your products and services, the prevailing wage rate, competition, and your Coffeehouse's sales during the initial period

(17) You should review these figures carefully with a business advisor before deciding to acquire the license The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure a uniform image and uniform quality of products and services throughout the System, you must operate the Coffeehouse according to our mandatory specifications, standards, operating procedures, and rules that we periodically prescribe for Coffeehouses (collectively, System Standards") System Standards may regulate, among other things, the types, models, and brands of required fixtures, furniture, signs, and equipment (including all point-of-sale equipment components and software necessary for you to accept and process our gift and loyalty cards and participate in our gift card, customer loyalty, and similar programs, unless you are restricted from doing so by your lease or other third party contract related to the Host Facility) (collectively, "Operating Assets"), ' Caribou Trade Secret Products" and "Caribou Branded Products" (as those terms are defined below), and other food and beverage products and supplies required for the Coffeehouse, required and/or authorized Products, unauthorized and prohibited food and beverage products and services, purchase, storage, preparation, handling, and packaging procedures and techniques, inventory requirements, and designated and approved suppliers of Operating Assets, Caribou Trade Secret Products, Caribou Branded Products, and other Products and services System Standards also may cover terms and conditions of the sale and delivery of, and terms and methods of payment for, Caribou Trade Secret Products, Caribou Branded

Products, and other Products and services you buy from us and affiliated and unaffiliated suppliers We and our affiliates have the right not to sell you any Caribou Trade Secret Products, Caribou Branded Products, or other products and not to provide you with services, or to do so only on a "COD" or other basis, if you are in default We may take this action even if you are forced to suspend your Coffeehouse's operation due to an inadequate inventory of Caribou Trade Secret Products, Caribou Branded Products, or other products You may not use any unapproved products as replacements

Caribou Trade Secret Products and Caribou Branded Products

Certain Products used or sold in Coffeehouses are prepared according to specified recipes, standards, and procedures and use high quality ingredients, including proprietary coffee beans, mixes, and syrups (collectively, "Caribou Trade Secret Products') and other ingredients (not constituting Caribou Trade Secret Products) that are branded and/or packaged exclusively for Coffeehouses (collectively, "Caribou Branded Products") Caribou Branded Products also includes non-food products that are branded and/or packaged exclusively for Coffeehouses You must purchase for sale at your Coffeehouse all Caribou Trade Secret Products and Caribou Branded Products from us, CCC or other sources we approve CCC will be the designated or sole source of supply for certain Caribou Trade Secret Products and Caribou Branded Products

Location and Construction of the Coffeehouse

You must locate your Coffeehouse at a location that we approve If you are a kiosk style Coffeehouse, your location must be located within a host facility that we approve (the "Host Facility"), and we must approve the specific site of the Coffeehouse within the Host Facility You may not sign a lease for the site until you provide us with a copy of the lease and allow us reasonable time to confirm that the lease contains certain mandated provisions We can reject the lease if the lease does not contain these provisions If the placement and operation of your Coffeehouse in the Host Facility requires the consent of the owner, lessor and/or licensor of the host Facility, you must obtain and provide to us such consent in writing You are not required to purchase, lease or sublease the Coffeehouse premises from us or our affiliate

You must construct and develop your Coffeehouse consistent with our System Standards We will provide you with our construction specifications and standards, including our mandatory specifications for dimensions, design, image, layout, decor, Operating Assets and color scheme You must submit constructions plans and specifications to us for our approval before you begin construction of your Coffeehouse, and you must submit all revised plans and specifications to us during the course of construction You must ensure that the plans and specifications comply with the Americans With Disabilities Act and all other applicable federal, state and local laws, ordinances, building code and permit requirements and lease requirements and restrictions You may purchase only the types of construction and decorating materials and Operating Assets that we require and have approved as meeting our System Standards for quality, design, appearance, function and performance You must purchase these items from any supplier we designate or from any supplier who can satisfy our System Standards For example, as of the date of this Disclosure Document you must purchase your coffee brewer (Wilbur Curtis), espresso machines (Franke), blenders (Vita-Mix), oven (TurboChef), and similar equipment from our designated third party supplier, currently as noted next to each supplier

Supplier and Product Approval

We will provide you with lists of approved manufacturers, suppliers and distributors (the Approved Suppliers List") and approved Products, inventory, fixtures, furniture, equipment, signs,

supplies and other items or services necessary to operate your Coffeehouse (the "Approved Products List")

The Approved Suppliers List may list particular suppliers from which you must purchase certain supplies, equipment, materials, fixtures or other items for use in your Coffeehouse We, an affiliate or a third-party vendor or supplier may be the only approved supplier for certain products or services Any purchases from us or our affiliates, whether required or voluntary, generally will be at cost or at prices exceeding our costs so that we can make a profit (plus, applicable taxes and shipping charges)

The Approved Products List may include specific brands or types of furnishings, equipment or accessories that you may buy from any source provided that the items conform to the System Standards and the source you select meets our standards and specifications and is not disapproved by us For example, with respect to those Operating Assets that are not proprietary to us or our System, items other than Caribou Trade Secret Products and Caribou Branded Products, and services other than gift and loyalty card processing services (because you must use our designated supplier for these processing services), you may purchase from suppliers you choose if the vendors and their products and services satisfy our quality standards and specifications and are not disapproved by us We may withdraw our approval of any vendors and their products upon 30 days' prior written notice to you if the products, in our sole determine, no longer meet our standards and specifications and/or are no longer consistent with our current strategy for Coffeehouses

The Approved Suppliers List and Approved Products List will be included in the Operations Manual or other written or electronic communication we designate We may revise these lists and provide you with a copy of approved lists as we deem advisable

If you want to use any unapproved material, fixture, equipment, furniture or sign, or purchase any items from any supplier that we have not approved, you must first notify us in writing and, at our request, send us sufficient information, specifications, and samples so that we can determine whether the item or service complies with System Standards or the supplier meets approved supplier criteria We may inspect the facilities and products of any supplier or approved item and revoke our approval of any item or supplier which fails to continue to meet any of our criteria As part of the approval process, we may require that a proposed supplier sign a supplier agreement covering such items as insurance, product quality, trademark use, and indemnification We will notify you of our decision within a reasonable time (no more than 30 days) following our receipt of all information requested We reserve the right to charge you or the supplier a reasonable evaluation fee and/or the actual cost of any tests

We periodically will establish procedures for supply and/or supplier requests and may limit the number of approved items, services and/or suppliers We need not approve any of your requests and do not intend to do so if we already have designated specific items, services and/or suppliers or otherwise have imposed restrictions on the supply system Supplier approval might depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers to obtain better prices and service and/or a supplier's willingness to pay us, CCC and/or our System for the right to do business with our System We will not approve you or another licensee to supply any products or services to Coffeehouses

Computer Hardware and Software

You must purchase a point-of-sale system (including computer hardware and software) that meets our minimum specifications Although we do not currently do so, we may designate a third-party supplier (which may include us) from which you must obtain your point-of-sale system You must use any proprietary software we designate You may be required to enter into our or a third-party supplier s

standard form computer access or license agreement in connection with your use of any proprietary software we designate Additionally, your point-of-sale system must have the systems or components necessary for you to accept and process our gift and loyalty cards and participate in our gift card, customer loyalty, and similar programs, unless you are restricted from doing so by your lease or other third party contract related to the Host Facility Although we do not currently do so, we may designate a supplier for the purchase of such systems and components You must use our designated supplier for processing our gift and loyalty cards If your Coffeehouse will have a drive-thru window, you must purchase the hardware and software to operate the drive-thru function from our designated supplier

Insurance

You must purchase and maintain, at your expense, for each Coffeehouse you own insurance coverage that meets our then-current minimum requirements The insurance policy must include, at a minimum, the following comprehensive general liability insurance, including products liability, property damage, and personal injury coverage with a combined single limit of at least $2 million per occurrence and $3 million annual aggregate, and such other insurance coverage as we periodically require All insurance policies must be issued by an insurance carrier(s) acceptable to us, name us and our affiliates and their respective officers, directors and employees as an additional insured, and must meet all other requirements that we designate If at any time you fail to maintain in effect any insurance coverage we require, or to furnish satisfactory evidence thereof (including providing us with a certificate of insurance or a copy of the required endorsements) we, at our option, may obtain insurance coverage for you You must reimburse us for all costs and premiums we incur, together with an administrative fee of 5 percent of the insurance premium

Although we require certain insurance coverage and have recommended other coverages, we recommend that you consult with an insurance professional to determine what coverage, in addition to the minimum required coverage, may be needed for you and your Coffeehouse

Advertising and Promotional Approval

You must send us or our designated agency for approval samples of all advertising, promotional, and marketing materials that we have not prepared or approved within the past year before you use them If you do not receive written disapproval from us within 20 days after we or our designated agency receives the materials, they are deemed to be approved You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved

Revenue Received From Licensee Purchases

Both we and CCC will derive revenue as a result of licensee purchases of Products and services described in this Item 8 During our 2016 fiscal year, we received $13,514,000 in revenue from purchases made by licensees, which amount represents 82 1% of our total revenue of $16,455,128 During our 2016 fiscal year, our parent, CCC, received $8,213,150 in revenue from purchases made by licensees based on CCC s unaudited financial statements for its 2016 fiscal year

Rebates from Approved Suppliers

We (directly or through our parent, CCC) have in the past, and we may in the future, receive rebates or other payments from suppliers, based directly or indirectly on sales of Caribou Trade Secret Products and Caribou Branded Products and related Products, advertising materials and other items to franchisees, and from other service providers, which payments have ranged or may range from less than 1% up to 10% or more of the manufacturer's costs of those items purchased by franchisees In addition,

CCC may purchase Products, including Caribou Trade Secret Products and Caribou Branded Products, and resell them to franchisees at a higher price

Miscellaneous

There currently are no purchasing or distribution cooperatives We or CCC currently negotiate purchase arrangements with suppliers (including price terms) for Caribou Trade Secret Products, Caribou Branded Products, and most other items used in developing and operating Coffeehouses We do not provide material benefits to you for purchasing particular products or services or using particular suppliers

Except for ownership in our parent company, CCC, none of our officers own a material interest in any supplier

We estimate that the purchase or lease of Products, equipment, signs, fixtures, furnishings, supplies and advertising and sales promotions materials which meet our specifications will represent approximately 70% to 90% of the total cost to develop your Coffeehouse We estimate that the purchase or lease of Products, supplies and advertising and sales promotions materials which meet our specifications will represent approximately 35% to 55% of the total cost to operate your Coffeehouse

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the license and other agreements It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document

Obligation	Section in Agreement	Disclosure Document Item
a Site selection and acquisition/lease	1(B) and 2(A) of License Agreement	7, 11 and 12
b Pre-opening purchases/leases	2(A)-(C) and 7 of License Agreement	5 7, 8 and 11
c Site development and other pre opening requirements	2 of License Agreement	7, 8 and 11
d Initial and ongoing training	2(D),4(A) (F) 7(A), 11(C) 12(A) and (B) of License Agreement	6, 7, and 11
e Opening	2(D) and (E), 4(D) 8(B) of License Agreement	11 and 12
f Fees	3, 4(B)--(F),(H) 5(E), 7(B), 8(A)-(C), 10 11(B) and (C), 12 (15(C), and 17(C) of License Agreement, 4, 6 and 9 of the Stand Alone Coffeehouse Addendum	5 6 and 7
g Compliance with standards and policies/operating manual	4(J) and 7 of License Agreement	8 and 11
h Trademarks and proprietary information	5 and 6 of License Agreement	13 and 14
i Restrictions on products/services offered	1(A)(C), 2(B)(C) and 7 of License Agreement, Section 3 of the Stand Alone Coffeehouse Addendum	8, 11 12 and 16
j Warranty and customer service requirements	7(E), 10(A) 15(B) of License Agreement	Not Applicable
k Territorial development and sales quotas	Not Applicable	Not Applicable
l On-going product/service purchases	2(a) and (b) and 7 of License Agreement	6 and 8
m Maintenance appearance, and remodeling requirements	7 and 12 of License Agreement	8 and 17

Obligation	Section in Agreement	Disclosure Document Item
n Insurance	7(B) of License Agreement	7 and 8
o Advertising	8 of License Agreement	6 7 8 and 11
p Indemnification	15(C) of License Agreement	6
q Owner s participation/ management/staffing	4(A) (B)and 7(E), and 11(C) of License Agreement	11 and 15
r Records and reports	9 of License Agreement	Not Applicable
s Inspections and audits	10 of License Agreement, 8 of the Stand-Alone Coffeehouse Addendum	6 and 11
t Transfer	11 of License Agreement	17
u Renewal	12 of License Agreement, Section 9 of the Stand-Alone Coffeehouse Addendum	17
v Post termination obligations	14 of License Agreement	17
w Non-competition covenants	16 of License Agreement, 3 of Stand-Alone Coffeehouse Addendum	17
x Dispute resolution	16(E)-(G) of License Agreement	17
y Other Guarantee of Franchise Obligations by your Principal Owners Parent or Affiliate	1(D) and 11(F) of License Agreement, Exhibit A to License Agreement (Guaranty and Assumption of Obligations)	15

ITEM 10

FINANCING

We do not offer direct or indirect financing We do not guarantee you note, lease, or obligation

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, we are not required to provide you with any assistance

Pre-Opening Assistance

Before you open the Coffeehouse, we will

(1) Approve your location and, if you will operate a kiosk style Coffeehouse, approve the designated site within your Host Facility if it is acceptable to us (License Agreement – Sections 1(A) and 2(A))

(2) Give you mandatory specifications for the Coffeehouse for dimensions, design, image, layout, decor, Operating Assets, and color scheme (License Agreement – Section 2(B))

(3) As discussed in Item 8, identify the Caribou Trade Secret Products, Caribou Branded Products, Operating Assets, Approved Products, and supplies you must use to develop and operate the Coffeehouse, the minimum standards and specifications you must satisfy, and the designated and approved suppliers from whom you must or may buy or lease these items (which may be limited to or include us, our affiliates or other specified exclusive sources) (License Agreement – Sections 2(B) and (C) and 7) For Caribou Trade Secret Products and Caribou Branded Products, we provide these products directly and facilitate

their delivery to you with a third party distributor For Operating Assets, we provide you with an approved supplier list and a design guide with written specifications, but we do not deliver the Operating Assets For Approved Products (products we approve as meeting our minimum written specifications), we can provide the products to you directly, in which case they will be delivered by us, or you may use a supplier from our approved supplier list, in which case you may arrange delivery from the supplier We do not install any equipment, signs, fixtures, opening inventory or supplies

(4) Provide you access to one copy of the Operations Manual, the current table of contents of which is described later in this Item 11 (License Agreement – Section 4(I) and (J))

(5) Provide initial Certified Manager training for up to two of the following You, your Operating Principal, your full-time general manager responsible for the day to day operations of the Coffeehouse, or another manager (License Agreement – Section 4) We describe this training later in this Item 11

(6) If the Coffeehouse is the first Coffeehouse you or your affiliate opens, send an 'opening team" of up to two people to the Coffeehouse for one week before opening and continuing for one week after opening (License Agreement - Section 4(D)

Ongoing Assistance

During your operation of the Coffeehouse, we will

(1) Advise you regarding the Coffeehouse's operation based on your reports or our evaluations and inspections We also may guide you on System Standards, specifications, and operating procedures and methods that Coffeehouses use, purchasing required and authorized Operating Assets, Caribou Trade Secret Products, Caribou Branded Products, and other items and arranging for their distribution to you, advertising and marketing materials and programs, and training We may guide you in our Operations Manual, bulletins, or other written materials, by electronic media (including a Website, intranet, or extranet), by telephone consultation, or at our office or the Coffeehouse (License Agreement – Section 2(C), 4, and 7(E))

(2) Give you, at your request (and our option), additional or special guidance, assistance and training (License Agreement – Sections 4(B) and (E))

(3) Continue to provide you access to one copy of the Operations Manual, which may include audio, video, DVDs, compact disks, computer software, other electronic media and/or written materials We may modify the Operations Manual periodically to reflect changes in System Standards (License Agreement – Sections 4(J) and 7)

(4) Issue and modify System Standards for Coffeehouses (License Agreement – Section 4(I) and (J) and Section 7)

(5) Visit periodically the Coffeehouse (or, if you or your affiliates operate more than one Coffeehouse, at least one of them) (License Agreement - Section 4(G))

(6) Inspect the Coffeehouse and observe its operation to help you comply with the License Agreement and all System Standards (License Agreement – Section 10) (See Item 6)

(7) Periodically offer refresher training courses (License Agreement – Section 4(F)) (See Item 6)

(8) Provide an annual meeting of all Coffeehouse licensees (License Agreement - Section 4(H))

(9) Administer the Marketing Fund for advertising, marketing, Customer Relationship Management ("CRM"), and public relations programs and materials (License Agreement – Section 8)

Advertising Programs

We establish and conduct various advertising programs as follows

In 2015, we established a marketing fund (the 'Marketing Fund") to advertise, market and promote Coffeehouses in the System You will pay us a Marketing Fund contribution of 2% of the Coffeehouse's Gross Sales during each calendar month, payable at the same time and in the same manner as the Royalty Fee Coffeehouses that we or our affiliates own have no obligation to contribute to the Marketing Fund Each new CARIBOU COFFEE® licensee must pay Marketing Fund contributions at the same rate, although other CARIBOU COFFEE® licensees operating under older versions of our license agreement may not be required to pay a Marketing Fund contribution

We will deposit Marketing Fund contributions into the Marketing Fund that we manage through a separate account We may use the Marketing Fund to conduct national, regional, multi-regional and local advertising, marketing, promotional and public relations campaigns, including the cost of preparing, producing and maintaining video, audio, the CARIBOU COFFEE® website, electronic media, print, direct mail, point of purchase, radio, television, internet, and electronic and billboard advertising, and employing advertising agencies (including talent and usage fees) We also may use the Marketing Fund to develop advertising and promotional materials for regional and local advertising cooperatives and for use in each licensee's local market We contract with various outside advertising agencies and third party vendors to produce certain advertising production and promotional materials and to create and implement public relations campaigns In addition, we may use the Marketing Fund for customer relationship management (CRM) We alone will determine the use of monies in the Marketing Fund and we direct all activities that the Marketing Fund finances We are reimbursed for reasonable administrative costs and overhead incurred in administering the Marketing Fund For example, we may use the Marketing Fund to pay the reasonable salaries and benefits of personnel who manage and the travel expenses of personnel while they are conducting Marketing Fund activities

We are not required to spend any particular amount on marketing, advertising or production in the area in which your Coffeehouse is located Marketing Fund contributions not spent in any fiscal year will be carried over for future use We may make loans to the Marketing Fund bearing reasonable interest to cover any deficit of the Marketing Fund and cause the Marketing Fund to invest in a surplus for future use by the Marketing Fund Marketing Fund contributions will not be used for advertising principally directed at the sale of CARIBOU COFFEE® franchises We will prepare an annual, unaudited statement of Marketing Fund collections and expenses and give you a copy of the statement for the most recent year upon written request The Marketing Fund is not currently audited We may have the Marketing Fund audited annually, at the Marketing Fund's expense, by an independent certified public accountant, but we are not required to do so

During our 2016 fiscal year, Marketing Fund expenditures were spent as follows (i) 83% for creative development (including, for example, campaigns, packaging, and website updates), (ii) 15% on

customer relationship management (CRM) strategies and analytics, and (iii) 2% on other miscellaneous expenses

You may develop advertising materials for your own use, at your own cost, if your materials follow our guidelines, are factually correct, accurately depict the Marks, and communicate the brand position and character that we have established for Coffeehouses All advertising and promotional materials you develop must contain notices of our Website's domain name in the manner we designate Before you use them, you must send us or our designated agency for approval samples of all advertising, promotional, and marketing materials that we have not prepared or approved within the previous one year period

You must spend at least 2% of Gross Sales during each calendar year on ' approved" advertising and promotional activities in your local area Coffeehouse advertising and promotional activities are "approved" if they are included in a local media plan we provide or otherwise satisfy our requirements Amounts spent on unapproved advertising activities will not qualify in determining whether you have satisfied this minimum expense requirement If you do not spend the minimum amount required for local Coffeehouse advertising and public relations activities, you must pay us the amount of the difference, and we may spend the amount in your local area or deposit the amount in the Marketing Fund for System marketing uses we determine

During the 90 day period commencing 30 days before your Coffeehouse opens and ending 60 days following such opening, you agree to conduct a Coffeehouse opening campaign, and will spend a minimum of $2,500 for local Coffeehouse advertising If you operate a Stand-Alone Coffeehouse, however, your minimum amount will be $18,000 In certain metropolitan areas, we may require that you spend a greater minimum amount on the Coffeehouse opening campaign You must use our designated media vendor (if any) and implement our recommended media plan (if any) in conducting the Coffeehouse opening campaign We may collect the open campaign expenditure amount from you and spend it on your behalf for your Coffeehouse opening campaign

We currently do not have an advertising council composed of licensees We have not established any local or regional advertising cooperatives

Point-of-Sale System

You must purchase a point-of-sale computer system You may select and use your own point-of-sale computer system that is standard in the industry, provided the system meets the minimum specifications we periodically may establish Your point-of-sale computer system must have the components necessary for you to accept and process our gift and loyalty cards and participate in our gift card, customer loyalty, and similar programs, unless you are restricted from doing so by your lease or other third party contract related to the Host Facility (License Agreement – Section 2(C)) These components, which are proprietary to their manufacturers, can be purchased from a variety of sources

Your point-of-sale computer system will typically range in cost from $21,165 to $29,295, which includes hardware, software, and the components necessary for the gift and loyalty card programs The system generally will track your employees' time and attendance, generates gross sales, discounts, net sales, product mix, transaction count, average ticket, and productivity, and controls gift and loyalty card functions The low end of the cost range applies to a kiosk style Coffeehouse, which does not require any back office computer equipment The high end of the cost range includes an estimated $1,300 amount to purchase back office computer hardware and software needed only for a Stand-Alone Coffeehouse If your Coffeehouse has drive-thru service, your costs will be from $5,000 - $7,000 higher

The third parties whose systems you purchase will normally have no contractual right or obligation to provide ongoing maintenance, repairs, upgrades, or updates unless you obtain a service contract or a warranty covers the product The annual cost of a service contract is estimated to be $2,000

You must periodically upgrade point-of-sale computer systems, and obtain service and support, as we determine appropriate in response to business, operations, marketing conditions, or changes in technology There are no contractual limitations on the frequency and cost of this obligation We need not reimburse you for any of these costs

If we designate a point-of-sale computer system in the future for CARIBOU COFFEE® licensees in our System, you must purchase the system from us or our designated supplier at your expense and use it (including any updates to that system) Our designated system may include one or more proprietary software programs developed by or for us, and you must use and pay for the proprietary software, including any license or maintenance service amounts for it The proprietary software will remain the confidential property of us or our third party suppler

You must review, understand and comply with the Payment Card Industry (PCI) Data Security Standards https //www pcisecuritystandards org/ We may in the future establish a PCI compliance program If we do so, you must comply with and pay us a monthly fee for the program You are solely responsible for protecting yourself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and, under the License Agreement, you will waive any and all claims you may have against us as the direct or indirect result of such disruptions, failures, or attacks You must comply with all other laws and regulation relating to privacy and data protection You also must comply with any privacy policies, data protection policies and breach response policies we periodically may establish You must notify us immediately of any suspected data breach at or in connection with the Coffeehouse You also must notify us in writing within five (5) days of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, writ, injunction, award of decree, by any court, agency, or other governmental instrumentality which may adversely affect the operation or financial condition of you or the Coffeehouse business

We and you will have joint ownership respecting customer, operational and financial data of the Coffeehouse business that is stored on the POS System during the term of the License Agreement and you must provide us independent access to it ("Customer Data") We will periodically establish policies under which we or you may use this Customer Data Following expiration or termination of the License Agreement, you may not sell or otherwise transfer to any third party, or use the Customer Data (or retain any rights therein) We have independent, unlimited access to certain operational and financial information and data the system generates (License Agreement, Section 2(C)) There are no contractual limitations on our right to access the information and data

Site Selection

If you already have a potential site for a Coffeehouse, you may propose the location to us, including the Host Facility in which the Coffeehouse will operate, if applicable We may consent to the site after we have independently evaluated it If your Coffeehouse is located within a Host Facility, we must approve the location of your site within the Host Facility The site for the Coffeehouse will be identified in the License Agreement as the "Location" at the time you sign it If you do not have a proposed site identified, you will have 6 months following the date of the License Agreement to identify a Coffeehouse site acceptable to us Once we approve it, the site will become the Location described in the License Agreement We will provide you with our general site selection and evaluation criteria You are solely responsible, however, for locating and obtaining a site which meets our standards and criteria and

that is acceptable to us We have the right to terminate your License Agreement if your Location is not determined within 9 months of the Effective Date of the License Agreement

You must submit to us a complete site report (containing information that we may reasonably require) for the proposed Coffeehouse site The general site and evaluation criteria which you should consider and we will review include demographic characteristics of the proposed site, traffic patterns, the predominant character of the property, neighborhood and Host Facility, if applicable, the proximity to other food and beverage businesses, other commercial characteristics, and the size, appearance, and other physical characteristics of the site We will notify you in writing within 30 days after we receive your complete site report and other materials we request whether the proposed site satisfies our site selection criteria Our review of the proposed site may (or may not) involve an on-site visit

Development Time

The typical length of time between our acceptance of the License Agreement and the opening of your Coffeehouse varies from 2 to 6 months This period may be longer or shorter, depending on the time of year, availability of financing, local construction delays, how soon you can attend training or other factors You must complete development and open your Coffeehouse within 9 months following the date of the License Agreement If you are converting an existing retail food and/or beverage business at an approved Location, you must open the Coffeehouse for operation within thirty (30) days of the closure of the existing business

Training

For each Coffeehouse, you must designate at least two individuals who will be trained as Certified Managers for the Coffeehouse, each of whom must attend and successfully complete our Certified Manager Training Program The two individuals will be either you, your Operating Principal, your full-time general manager responsible for the day to day operations of the Coffeehouse (the "Store Manager") or another manager, and we must approve the specific two individuals you intend to send from within this group The individuals you send to training must successfully complete the training program (including passing operations and proficiency tests) to our satisfaction, and upon successful completion, will be designated as a "Certified Manager" The Coffeehouse must at all times be under the active management of a Certified Manager The Certified Managers must devote the time necessary to operate the Coffeehouse properly and to train and supervise other Coffeehouse personnel In addition, the Certified Managers must attend and successfully complete such additional ongoing training programs as described in Section 4 F of the License Agreement

We will provide our Certified Manager training program to you free of charge for up to two individuals as previously described Our Certified Manager training program runs for 7 days The training programs focus on our System Standards and the material aspects of operating a Coffeehouse At your option, we will also provide our Certified Manager training program for up to 3 of your additional managers or supervisors for a fee that we determine, which is currently $850 per person If you have a kiosk style Coffeehouse, your training will take place at our World Headquarters Training Center in Lakewood, Colorado If you have a Stand-Alone Coffeehouse, your training will occur at our corporate headquarters in Minneapolis, Minnesota or at a certified training store which we designate You will pay all travel, hotel and living expenses for those individuals attending training, and for their wages and workers' compensation insurance during training We currently offer the Certified Manager training program at least twice annually or more often as necessary to provide training to franchisees within a reasonable time period after signing the License Agreement

If we determine that any Certified Manager is not qualified to serve as a "Certified Manager" or does not otherwise satisfy the duties of his or her position, we will notify you and you must select and enroll, and pay us our then-current training fee respecting, a substitute individual who must successfully complete our Certified Manager training program In addition, we may require you, at your expense, to send your Certified Managers to other training courses we conduct and deem necessary for the maintenance of the Certified Manager designation, including for re-certification, at the reasonable times and locations that we designate You will pay our then applicable charges and for all travel, hotel and living expenses for those individuals attending training, and for their wages and workers' compensation insurance during training

If your Certified Manager departs his or her management position with you, and the departure leaves you with only one Certified Manager, you must provide a replacement manager or supervisor who attends and successfully completes our Certified Manager training program within 30 days following the departure You will pay our then applicable charges for the program and for all travel, hotel and living expenses and for such manager's wages and workers' compensation insurance during training

You may request additional on-site training assistance or guidance from us for a fee of $350 per assistant per day, plus our assistant's reasonable travel, hotel, and living expenses You understand and agree that any specific ongoing training or advice we provide does not create an obligation to continue to provide that specific training assistance or advice, all of which we may discontinue and modify

Mandy Christensen currently oversees all of our training programs, which we intend to offer at least on a quarterly basis or more often as necessary to provide training to franchisees Ms Christensen currently supervises the initial training programs until a permanent Director of Training has been selected She has been with our company for 7 years and at least 6 years' experience in the field of training and development

Instructional materials include our Operations Manual, including its appendices, and related workbooks Approximate hours that an operator spends in classroom training and on-the-job training are listed below The Lakewood Support Center referred to below is located at our World Headquarters Training Center in Lakewood, Colorado

TRAINING PROGRAM
7 DAY TRAINING - CERTIFIED MANAGERS

Subject	Hours of Classroom Training	Hours of "On-The-Job" Training	Location
Orientation	2		Lakewood Support Center
Coffee quality/Roastery production	4		Lakewood Support Center
Store Tours – introduction to various store types	6		Corporate Training Store Locations
Store Design	3		Lakewood Support Center
Finance	1		Lakewood Support Center
Logistics	1		Lakewood Support Center
POS Systems	1		Lakewood Support Center
Product Management/Sourcing	2		Lakewood Support Center
Marketing	3		Lakewood Support Center
Guest Service Training		4	Designated Caribou Certified Training Store Location
Barista/Beverage Production training		4	Designated Caribou Certified Training Store Location

Subject	Hours of Classroom Training	Hours of "On-The-Job" Training	Location
Drive Thru Training (if applicable)		2	Designated Caribou Certified Training Store Location
Back of House systems Training		1	Designated Caribou Certified Training Store Location
Manager Scheduling of Employees		2	Designated Caribou Certified Training Store Location
TOTALS	23	13	

If the Coffeehouse you open under the License Agreement is the first Coffeehouse that you or one of your affiliates opens, when the Coffeehouse is ready to open for business, we will send an "opening team" of up to two people (we determine the specific number) to the Coffeehouse for one week to assist with the grand opening process We will pay our opening team s wages, although you must pay for the opening team's reasonable travel, hotel, and living expenses during this period and make all travel, hotel, and similar arrangements for them The opening assistance program is described further below

OPENING ASSISTANCE PROGRAM
(If Applicable)

Subject	Hours of Classroom Training	Hours of "On-The-Job" Training	Location
Orientation	1		Franchisee s Caribou Location
Guest Service	1	10	Franchisee s Caribou Location
Coffee Production/Tasting	1		Franchisee s Caribou Location
Food Production/Serving		1	Franchisee s Caribou Location
Beverage production	1	12	Franchisee's Caribou Location
Drive Thru Training (if Applicable)	1	6	Franchisee s Caribou Location
TOTALS	5	29	

Operations Manual

We will allow you access to our operations manual ("Operations Manual") The current table of contents and number of pages of the Operations Manual, as of December 31, 2016, is as follows

Coffeehouse Operations Manual	
Sections	**Number of Pages**
Preface	9
Introduction	10
Pre-Opening Procedures	25
Human Resources	15
Daily Operating Procedures	70
Managing a Caribou Coffee Business	25
Marketing	9
Appendices	225
TOTAL	388

ITEM 12

TERRITORY

You will operate the Coffeehouse at a designated location that we first must approve (the "Location") You may use the Location only to operate the Coffeehouse You may operate the Coffeehouse only at the approved Location and may not relocate the Coffeehouse without our prior written approval If you will operate a kiosk style Coffeehouse, your location must be located within a Host Facility that we approve, and we must approve the specific site of the Coffeehouse within the Host Facility If the Host Facility is rebranded or converted to a business other than a retail business, we have the right to require you to cease operation at the Location and at our option to terminate your License Agreement or to allow you to relocate to a new location with our prior written approval within a reasonable time period we specify

The License Agreement does not grant you rights to an exclusive territory You may face competition from other licensees (franchises), from outlets that we or our affiliates own, or from other channels of distribution or competitive brands that we control

If you operate a kiosk style Coffeehouse, your rights under the License Agreement are non-exclusive and you receive no protected territory

If you operate a Stand-Alone Coffeehouse and are complying with the License Agreement, neither we nor our affiliates will directly operate, or license or franchise other persons to operate, any other Coffeehouse within a 1/4 mile radius of your Coffeehouse (the "Protected Territory") during the term of the License Agreement This Protected Territory restriction for your Stand-Alone Coffeehouse does not apply to (and we or our affiliate may operate or license a third party to operate) any kiosk style Coffeehouse in a Host Facility or any Coffeehouse in a Captive Market Location, which is located fully or partially within the geographic boundaries of the Protected Territory Captive Market Locations" include airports, railroad stations, bus terminals, highway plazas, convention centers, amusement parks, sporting events, festivals, ball parks, stadiums, concert venues, hospitals, military facilities, schools, colleges or hotels and other similar facilities This Protected Territory restriction for your Stand-Alone Coffeehouse also does not apply to (and we or our affiliate may operate or license a third party to operate) any Co-Brand Store which is located fully or partially within the geographic boundaries of the Protected Territory Except as described above for a Stand-Alone Coffeehouse, your rights under the License Agreement are non-exclusive and you receive no other protected territory

We may, among other things, on any terms and conditions we deem advisable, without compensation to any licensee or franchisee, and without granting you any rights therein

(i) except for your rights in the Protected Territory, if you operate a Stand-Alone Coffeehouse, establish and operate, and grant to others the right to establish and operate, Coffeehouses at any locations and in any areas, even if within close proximately to your Coffeehouse,

(ii) establish and operate, and grant to others the right to establish and operate, related or unrelated businesses and distribution channels (including the Internet, wholesale businesses, and catalogs), wherever located or operating and regardless of the nature or location of the customers with whom such other businesses and distribution channels do business (including independent coffee retailers, department stores, food marts, coffeehouses, restaurants, grocery stores, airlines and hotels), that operate under the Marks, the CARIBOU COFFEE & EINSTEIN BROS BAGELS™ trademark, or any other trademarks or service marks, that are the same as or different

from CARIBOU COFFEE® Coffeehouses, and that sell products or services that are identical or similar to, or competitive with, those that Coffeehouses customarily sell (for example, the CARIBOU COFFEE® "Proudly Brew ' program), and

(iii) to engage in all other activities not expressly prohibited by the License Agreement

You have no options, rights of first refusal, or similar rights to acquire additional licenses Except for the Coffeehouse's retail sale of CARIBOU COFFEE® brand whole coffee beans and/or non-brewed ground coffee from a separate gourmet/specialty coffee area (if applicable) and limited off-premises catering services for which you must obtain our prior written approval, you may not (i) sell any Products to customers other than at the Location of the Coffeehouse, (ii) sell any Products for delivery away from the Location, including through catalogs, mail order, the Internet, or any other distribution channel, or (iii) operate directly or indirectly as a wholesaler or distributor of Caribou Trade Secret Products or Caribou Branded Products We and other CARIBOU COFFEE® licensees may advertise inside your Protected Territory (if any) In addition, we and other CARIBOU COFFEE® licensees may serve customers who reside in your Protected Territory (if any) without compensation to you

Except as described below, neither we nor any affiliate has established other licenses or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark

As described in Item 1, we franchise and license, and our parent CCC owns and operates, Co-Brand Stores co-branded under the CARIBOU COFFEE® and EINSTEIN BROS ® BAGELS names The Co-Brand Stores sell coffees, teas, fresh-baked bagels, cream cheeses and other spreads, soups, salads, sandwiches and other beverage and food products These products are similar to the products you will sell at your Coffeehouse One or more Co-Brand Stores may operate in close proximity to your Coffeehouse Even if you operate a Stand-Alone Coffeehouse with a Protected Territory, a Co-Brand Store may operate within your Protected Territory Because Co-Brand Stores may operate in close proximity to your Coffeehouse and, if applicable, in your Protected Territory, there is no mechanism in place for resolving any conflict that may arise between your Coffeehouse and the units of the Co-Brand Stores regarding territory issues, customers or franchisor support We and CCC operate the business associated with the franchising, licensing and owning of Co-Brand Stores primarily from our principal business address described in Item 1 We do not maintain, nor do we have plans to maintain, physically separate offices and training facilities for the Co-Brand Store business, although we may conduct certain training activities elsewhere

Our affiliate, Peet's Operating Company, owns and operates Peet's Coffee & Tea® stores Peet's Operating Company also licenses the use of the mark ' Peet's Coffee & Tea" to third parties that sell its products In addition, Peet's Operating Company distributes Peet's Coffee & Tea® products through grocery stores and other chains of distribution Peet's Coffee & Tea® stores sell coffee, tea, blended, iced and other beverages and cafe and bakery foods These products are similar to the products you will sell at your Coffeehouse In 2015, Peet's Operating Company also acquired a controlling interest in (i) Stumptown Coffee Corp , Inc , the owner and operator of 10 Stumptown Coffee Roasters® retail coffee stores and 1 licensed store as of December 31, 2016, and (ii) Intelligentsia Coffee & Tea Company, Inc , the owner and operator of 10 Intelligentsia® retail coffee stores as of December 31, 2016 (collectively, Peet's Coffee & Tea and its acquired companies are referred to as "Peet's Brands") Peet's Brands or its licensees may operate or sell similar or competing products and services in close proximity to your Coffeehouse If you are a Stand-Alone Coffeehouse with a Protected Territory, Peet's Brands may operate or sell similar or competing products and services within your Protected Territory Because Peet's Brand stores are not operated by us and are permitted to operate in close proximity to your Coffeehouse and, if applicable, within your Protected Territory, there is no mechanism in place for

resolving any conflict that may arise between your Coffeehouse and the units of Peet's Brand stores regarding territory issues, customers or franchisor support The principal business address of Peet's Operating Company is 1400 Park Ave, Emeryville, California 94608 The principal business address of Stumptown Coffee Corp , Inc is 100 SE Salmon, Portland, Oregon 97214 The principal business address of Intelligentsia Coffee & Tea Company, Inc is 1850 West Fulton Street, Chicago, Illinois 60612

We have three affiliates, Einstein and Noah Corporation (ENC), Einstein Bros Bagels Franchise Corporation (EBBFC) and Manhattan Bagel Company (Manhattan Bagel) which each own and operate, franchise and/or license, restaurants that sell bagels, coffee, tea, and other cafe and bakery foods and beverages under other marks and systems (the "Bagel Brands") These products are similar to the products you will sell at your Coffeehouse

Affiliate	Marks	Activity
Einstein and Noah Corporation and/or Einstein Bros Bagels Franchise Corporation	Einstein Bros ® Bagels Noah's New York Bagels® Noah's Bagels®	Owns and operates franchises and licenses Einstein Bros ® Bagels stores, owns and operates but does not franchise Noah s New York Bagels® and Noah s Bagels® stores, licenses Einstein Bros ® Bagels, Noah's New York Bagels® and Noah's Bagels® marks to third parties that sells its products, and distributes products itself through grocery stores and other channels of distribution using the marks
Manhattan Bagel Company	Manhattan Bagel®	Owns and operates and franchises Manhattan Bagel® stores licenses Manhattan Bagel® marks to third parties that sells its products, and distributes products itself through grocery stores and other channels of distribution

Stores of the Bagel Brands may operate in close proximity to your Coffeehouse If you are a Stand-Alone Coffeehouse with a Protected Territory, any Bagel Brands store may operate within your Protected Territory Because we do not operate these Bagel Brands stores, there is no mechanism in place for resolving any conflict that may arise between your Coffeehouse and the units of our affiliates' Bagel Brands regarding territory issues, customers or franchisor support, even though these stores may operate in close proximity to your Coffeehouse and, if applicable, in your Protected Territory The principal business address for each of the Bagel Brands is 555 Zang Street, Suite 300, Lakewood, Colorado 80228

Our affiliate, Krispy Kreme Doughnut Corporation ("KKDC") operates and franchises retail Krispy Kreme® stores which sell a variety of doughnuts, beverages (including coffee) and other related products KKDC or its franchisees may operate or sell similar or competing products and services in close proximity to your Coffeehouse If you are a Stand-Alone Coffeehouse with a Protected Territory, KKDC or its franchisees may operate or sell similar or competing products and services within your Protected Territory Because we do not operate these Krispy Kreme® stores, there is no mechanism in place for resolving any conflict that may arise between your Coffeehouse and the KKDC stores regarding territory issues, customers or franchisor support The principal business address of KKDC is 370 Knollwood Street, Winston-Salem, North Carolina 27103

As disclosed in Item 1, in July 2017, PBC, Panera, LLC, Paradise and Tatte became our affiliates In the U S , Panera, LLC, Paradise and Tatte operates and/or franchises retail Panera Bread® Bakery-Cafes, Paradise Bakery & Cafes, or Tatte Bakery & Cafes (collectively, the "Panera Brands"), Each of the Panera Brands offers a variety of fresh bakery goods, sandwiches, bagels, soups, salads, coffee, tea and other cafe beverages, and other items The Panera Brands may sell similar or competing products and services in close proximity to your Coffeehouse If you are a Stand-Alone Coffeehouse with a Protected Territory, the Panera Brands may operate or sell similar or competing products and services within your Protected Territory Because do will not operate these Panera Brands, there will be no mechanism in place for resolving any conflict that may arise between your Coffeehouse and the Panera Brands cafes

regarding territory issues, customers or franchisor support The principal business address of Panera, LLC is 3630 South Geyer Road, Suite 100, St Louis, Missouri 63127, the principal business address of Paradise is 8541 E Anderson Drive, Suite 105, Scottsdale, AZ 85255, and the principal business address of Tatte is 318 Third Street, Cambridge, MA 02142

As disclosed in Item 1, in August 2017, CCC announced that it will acquire BRU If the transaction is completed, BRU will become our affiliate In the U S , BRU operates and/or franchises retail stores under the ' Brueggers" or "Brueggers Bagels" brand names (the Brueggers Brands) Each of the Brueggers Brands stores offers coffee, tea and other cafe beverages, bagels, bakery goods, sandwiches, soups, salads, and other items If the transaction is completed, BRU may sell similar or competing products and services in close proximity to your Store If you are a Stand-Alone Coffeehouse with a Protected Territory, the Brueggers Brands may operate or sell similar or competing products and services within your Protected Territory Because do will not operate these Brueggers Brands, there will be no mechanism in place for resolving any conflict that may arise between your Coffeehouse and the Brueggers Brands stores regarding territory issues, customers or franchisor support The principal business address (before the transaction closes) of BRU is 12201 Merit Drive, Suite 900, Dallas, Texas 75257

Continuation of your license rights does not depend on your achieving a certain sales volume, market penetration, or other contingency

ITEM 13

TRADEMARKS

We grant you the right to operate the Coffeehouse under the name ' CARIBOU COFFEE " You also may use our other Marks in operating the Coffeehouse The Marks and related intellectual property are owned by our parent, CCC and/or CCC's wholly owned subsidiaries CCC licenses us to use and further license the Marks and other intellectual property

The following schedule lists the primary principal Marks that you are licensed to use We have filed all required affidavits and renewal registrations for those Marks listed below

Principal Trademarks	U S. Registration or Serial No	Registration Date	Principal/Supplemental Register
CARIBOU COFFEE®"	1,839 091 2,609,319	06/07/94 08/20/02	Principal
CARIBOU COFFEE® & Leaping Caribou Design	2,609,338 2 703 747	08/20/02 04/08/03	Principal
Leaping Caribou Design	2,588,045 2,609 320	7/02/02 8/20/02	Principal
CARIBOU COFFEE®' & Leaping Caribou Design and Shield Design in Color	3,878 884 3 941 677	11/23/10 4/5/11	Principal
CARIBOU COFFEE®' & Leaping Caribou and Shield Design	3 878 886 3,945,509	11/23/10 4/12/11	Principal

The Marks are owned by CCC or its subsidiaries, which entities license them to CCC Under our intellectual property license agreement with CCC dated June 20, 2006 (the ' TM License Agreement"), CCC has licensed us to use the Marks and related intellectual property and to sublicense them to licensees for use in operating Coffeehouses The TM License Agreement's initial term was 10 years and it automatically renewed for an additional 10-year term CCC may terminate the TM License Agreement for any or no reason on 60 days' prior written notice CCC also may terminate the TM License

Agreement upon notice if we fail to correct a material breach within 30 days after CCC's written notice The TM License Agreement terminates automatically and immediately to the extent CCC loses its rights in the intellectual property (but then only for the affected intellectual property) We or CCC may terminate the TM License Agreement upon 30 days' notice if the other files for bankruptcy If our TM License Agreement with CCC ends, we no longer will have the right to use or sublicense the intellectual property, and your rights under your License Agreement are subject to termination No other agreements materially limit our right to use or license the Marks, except as stated below

We derive our rights respecting the Marks from the TM License Agreement, which in turn is subject to an underlying trademark license agreement (the "Underlying License Agreement") between CCC and CCC's subsidiary, Arabica Funding, Inc ('Arabica") Under the Underlying License Agreement, CCC is granted the right to use and to sublicense the Marks The license is subject to CCC meeting certain minimum quality requirements respecting the Marks The Underlying License Agreement will remain in effect until CCC is assigned all of the trademark rights of Arabica The Underlying License Agreement can be terminated earlier for CCC's failure to correct a material breach within 30 days after Arabica's notice

You must follow our rules when you use the Marks, including giving proper notices of trademark and service mark registration and obtaining fictitious or assumed name registrations required by law You may not use any Mark in any manner we have not expressly authorized in writing If we discover your unauthorized use of the Marks, we may require you to destroy all offending items reflecting that unauthorized use Your unauthorized use of the Marks will breach the License Agreement and infringe our and CCC's and/or CCC's wholly owned subsidiary's rights Your use of the Marks and any goodwill established by that use are exclusively for our benefit, and the benefit of CCC and/or its wholly owned subsidiaries You may not contest the validity, or our, CCC's or CCC's wholly owned subsidiaries' ownership, of the Marks

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the principal Marks We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state

You must notify us immediately of any apparent infringement or challenge to your use of, or of any person's claim of any rights in, any Mark, and you may not communicate with any person other than us, CCC, and our attorneys, and your attorneys, regarding any infringement, challenge, or claim We and CCC may take the action we deem appropriate (including no action) and control exclusively any litigation, USPTO proceeding, or other administrative proceeding arising from any infringement, challenge, or claim You agree to cooperate in any action, and we or CCC will reimburse your costs for doing so

We periodically have the right to modify the list of Marks, and/or replace any Mark We and CCC need not reimburse your direct expenses of changing the Coffeehouse's signs, your loss of revenue due to any modified or discontinued Mark, or your expenses of promoting a modified or substitute trademark or service mark Nevertheless, you will have the right to use the primary Mark "CARIBOU COFFEE" in operating your Coffeehouse If we require you to modify that primary Mark, you may terminate the License Agreement

We will reimburse you for all damages and expenses you incur in any trademark infringement proceeding disputing your authorized use of any Mark under the License Agreement if your use has been materially consistent with the License Agreement, the Operations Manual, and System Standards

communicated to you You must notify us of, and cooperate with us in responding to, the proceeding We and CCC may defend and control the defense of any proceeding arising from your use of any Mark

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or patent applications are material to the license There are no copyrights currently registered that are material to the franchise, although we and CCC (and, for some items, CCC's wholly owned subsidiaries) claim copyrights in the Operations Manual, advertising and marketing materials, menu boards, printed materials, and similar items used in operating Coffeehouses You may use these items only as we specify while operating your Coffeehouse (and must stop using them if we so direct you) CCC has licensed us to use all the copyrights in our license program We describe that license agreement in Item 13

There currently are no effective adverse determinations of the USPTO, the United States Copyright Office, or any court regarding the copyrighted materials Except for the license agreement between CCC and us, no agreement limits our right to use or allow others to use the copyrighted materials We and CCC need not protect or defend copyrights, although we intend to do so if in the System's best interests We and CCC may control any action we choose to bring, even if you voluntarily bring the matter to our attention We will reimburse your damages and expenses in any proceeding disputing your authorized use of our copyrights under the License Agreement if your use has been materially consistent with the License Agreement, the Operations Manual, and System Standards You must notify us of, and cooperate with us in responding to, the proceeding We and CCC may defend and control the defense of any copyright proceeding

Our Operations Manual and other materials contain confidential information (some of which constitutes trade secrets under applicable law) This "Confidential Information" includes specifications for Caribou Trade Secret Products and Caribou Branded Products, training and operations materials and manuals, methods, formats, specifications, standards, systems, procedures, Product preparation techniques, sales and marketing techniques, knowledge, and experience used in developing and operating Coffeehouses, marketing and advertising programs for Coffeehouses, knowledge of specifications for and suppliers of Operating Assets, Caribou Trade Secret Products, Caribou Branded Products, and other products and supplies, and graphic designs and related intellectual property

All ideas, concepts, techniques, or materials relating specifically and solely to a Coffeehouse, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our and CCC's sole and exclusive property, part of the System, and works made-for-hire for us and CCC To the extent any item does not qualify as a "work made-for-hire" for us or CCC, you assign ownership of that item, and all related rights to that item, to us and CCC and must take whatever action we request to show our and CCC's ownership or to help us and CCC obtain intellectual property rights in the item

You may not use confidential information in an unauthorized manner You must take reasonable steps to prevent its improper disclosure to others and use approved non-disclosure agreements with those having access We will be a third party beneficiary of those agreements with independent enforcement rights

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

At all times, the Operating Principal (as defined in the paragraph below) must oversee the operation of the Coffeehouse, which will be under the day-to-day, on-site supervision of your Certified Managers trained as described in Item 11 The Operating Principal may provide such oversight to each of the Coffeehouses you own We may require the Operating Principal to attend and complete satisfactorily our Certified Manager training program as one of the two individuals you will send to the program as described in Item 11

The term "Operating Principal" means the designated individual responsible for overseeing the operation of the Coffeehouse The term "Principal Owner" means any person or entity who directly or indirectly owns a 10% or greater interest in you If any corporation or other entity other than a partnership is a Principal Owner, a Principal Owner" also will mean each shareholder or owner of a 10% or greater interest in such corporation or other entity If a partnership is a Principal Owner, a "Principal Owner" also will mean each general partner of such partnership and, if such general partner is an entity, each owner of a 10% or greater interest in such general partner We must approve the Operating Principal, and the Operating Principal must be a Principal Owner

Each individual who owns a 10% or greater interest in the licensee entity is considered a "Principal Owner" and must sign the Guaranty and Assumption of Obligations attached to the License Agreement At our option, we may permit the Principal Owners to substitute an affiliate guaranty for one or more personal guaranties if the affiliate guarantor satisfies our financial requirements These individuals (or your affiliate guarantor, if permitted) agree to discharge all obligations of the licensee entity to us under the License Agreement and are bound by all of its provisions, including maintaining the confidentiality of Confidential Information described in Item 14 and complying with the non-compete covenants described in Item 17 In addition, the Operating Principal, Certified Managers, and other employees with access to our Confidential Information must sign a written agreement to maintain the confidentiality of our Confidential Information described in Item 14 and comply with the non-compete covenants described in Item 17

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all Products and perform all services we periodically require for Coffeehouses You may not offer or sell any products or perform any services we have not authorized (See Item 8) Our System Standards may regulate required or authorized Products, Caribou Trade Secret Products, and Caribou Branded Products, unauthorized and prohibited food and beverage products and services, and purchase, storage, preparation, handling, and packaging procedures and techniques, and inventory requirements, for Products, Caribou Trade Secret Products, and Caribou Branded Products We periodically may change required or authorized Products, Caribou Trade Secret Products, and Caribou Branded Products There are no limits on our right to do so We do not restrict or limit the customers you may serve at your Coffeehouse

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain provisions of the license and related agreements You should read those provisions in the agreements attached to this disclosure document

	Provision	Section in License Agreement (1)	Summary (1)
a	Length of the franchise term	1(A)	5 years, unless terminated sooner If your Host Facility is an airport, however, the earlier of 10 years or upon termination of your concessions agreement with the airport unless terminated sooner
b	Renewal or extension of renewal term	12(A) and (B)	2 additional 5-year license renewal terms if all obligations for a successor License Agreement are met If your Host Facility is an airport, however, 1 renewal 10 year renewal term
c	Requirements for franchisee to renew or extend	12(A) and (B) Section 9 of the Stand Alone Coffeehouse Addendum	No material default or money owed to us or our affiliates, timely notice lease for successor term refurbish Coffeehouse (if first renewal), remodel Coffeehouse to then-current new standards (if second renewal), attend new refresher training, pay renewal fee, sign then-current License Agreement, and sign a general release (subject to applicable law) You are required to sign a then current license agreement which may have materially different terms and conditions than your original License Agreement The Royalty Fee Marketing Fund contributions, and other fees may be adjusted to conform with such fees then being charged to new licensees The renewal fee for each of the first and second renewal terms is the greater of 10% of our then current initial license fee for new kiosk style Coffeehouses or $1,250 (or for a Stand Alone Coffeehouse, the greater of 25% of our then-current initial license fee for new Stand Alone Coffeehouses or $10,000)
d	Termination by franchisee	13(A)	You may terminate if you comply with the License Agreement and we fail to cure a material obligation within 60 days, after written notice You may terminate upon expiration of the initial term You may also terminate upon 60 days notice to us in the event of termination or non-renewal of the lease or concession agreement by the host facility
e	Termination by franchisor without cause	Not Applicable	Not Applicable
f	Termination by franchisor with cause	13(C)	We can terminate if you do not cure certain defaults or if you commit non-curable defaults as described in paragraphs g and h below
g	'Cause defined – curable defaults	13(B) and (C)	Includes failure to pay amounts due us, our affiliates or creditors, if not cured within 10 days of notice violation of a government health code, if not cured within 72 hours of notice, and failure to select site or open Coffeehouse when required, complete training, comply with System Standards, conform to System or a violation of any material provisions of the License Agreement, if not cured within 30 days of notice

	Provision	Section in License Agreement (1)	Summary (1)
h	Cause" defined – non-curable defaults	13(B) and (C)	Includes defaults which are not curable, repeatedly deceiving Coffeehouse customers, a material misrepresentation on license application, conviction of or proof that you or your owners or managers have committed a felony or other crime which harms the System s or the Coffeehouse's reputation, insolvency, an assignment of assets to creditors, Coffeehouse abandonment, conduct which impairs the goodwill associated with the Marks, unauthorized transfer of License Agreement or interest, operation of Coffeehouse results in a threat to public health or safety, lease expires or is terminated, audit shows understatement of Gross Sales of 3% or more, another license agreement of yours or of an affiliate for a Coffeehouse is terminated, loss of your right to operate your Coffeehouse within the Host Facility or the Host Facility is rebranded or converted to a business other than a retail business, you falsify any report, statement or data furnished to us, and failure on 3 or more occasions in any 12 months to comply with any material requirements
i	Franchisee s obligations on termination/non renewal	14	Cease operation of the Coffeehouse and use of Marks, pay all amounts due us and our affiliates, stop using Confidential Information return Operations Manuals destroy or return certain materials remove all signs and other materials containing any Marks, alter business to cease association with brand cease using Confidential Information, take other actions specified in Operations Manual, and refrain from diverting Coffeehouse customers to any competing business or from hiring any CARIBOU COFFEE® Coffeehouse or CARIBOU COFFEE & EINSTEIN BROS BAGELS™ store employees for 2 years (Also see paragraphs o and r below)
j	Assignment of License Agreement by franchisor	11(A)	We may change ownership and/or assign the License Agreement If assignee assumes our obligations we are no longer obligated
k	Transfer' by franchisee - defined	11(B)	Includes transfer of Coffeehouse or its assets or Principal Owner s transfer of interest in agreement or any significant (controlling interest) ownership change
l	Franchisor approval of transfer by franchisee	11(B)	We have the right to approve all transfers but will not unreasonably withhold our approval if we determine you have satisfied all transfer conditions
m	Conditions for franchisor approval of transfer	11(B)	New licensee qualifies and completes training, all amounts owed us or our affiliates are paid, and you are in good standing new licensee assumes existing License Agreement or (at our option) signs our then current license agreement, we approve transfer agreement, transfer fee paid, lease assigned (if applicable), you and your owners sign non compete agreement and general release
n	Franchisor's right of first refusal to acquire franchisee s business	11(E)	30 days on same terms as bona fide offer
o	Franchisor's option to purchase franchisee s business	14(C)	When the License Agreement expires or terminates, we may purchase assets at book value, less the value of any goodwill associated with our trademarks and other intangible assets
p	Death or disability of franchisee	11(C)	Ownership interest in Coffeehouse business must be assigned by estate to an approved buyer within reasonable time not exceeding 12 months
q	Non-competition covenants during the term of the franchise	16(A)(1)	You and your owners cannot operate or be involved in a competitive or similar business to any CARIBOU COFFEE® Coffeehouse or CARIBOU COFFEE & EINSTEIN BROS BAGELS™ store
r	Non competition covenants after the franchise is terminated or expires	16(A)(2)	You and your owners cannot operate or be involved in a competitive or similar business for 2 years at or within 1 mile of the Coffeehouse location or within 1 mile of any CARIBOU COFFEE® Coffeehouse or CARIBOU COFFEE & EINSTEIN BROS BAGELS™ store in operation or under construction

	Provision	Section in License Agreement (1)	Summary (1)
s	Modification of the agreement	17(I)	No modifications generally, except in writing We may modify Operations Manual, Marks, System and goods/services to be offered to your Coffeehouse
t	Integration/merger clause	17(J)	Only the terms of the License Agreement (including exhibits), any applicable State Addenda and the Disclosure Acknowledgement Agreement are binding (subject to state law) Any other promises may not be enforceable
u	Dispute resolution by arbitration or mediation	17(E)	Except for injunctive relief or actions based on the Marks or for monies you owe us, non-binding mediation must be completed before litigation is commenced (subject to applicable law)
v	Choice of forum	17(G)	Mediations must be conducted where our corporate headquarters are located (subject to applicable law) Disputes not subject to or not resolved by mediation must be brought in Hennepin County Minnesota (subject to applicable law) We also have the right to file suit where the Coffeehouse is located or where our corporate headquarters are located (subject to applicable law)
w	Choice of Law	17(D)	Apply state law of the state in which the Coffeehouse is located (subject to state law)

(1) Unless otherwise noted, section references and summaries are to the License Agreement

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote our license

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document Financial performance information that differs from that included in Item 19 may be given only if (1) a franchisor provides the actual records of an existing outlet you are considering buying, or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about performance at a particular location or under particular circumstances

We do not make any representations about a licensee's future financial performance or the past financial performance of company-owned or franchised outlets We also do not authorize our employees or representatives to make any such representations either orally or in writing If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet If you receive any other financial performance information or projections of your future income, you should report it to the our management by contacting Dan Lee, 3900 Lakebreeze Avenue, Minneapolis, Minnesota 55429, (763) 592-2456, the Federal Trade Commission, and the appropriate state regulatory agencies

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

All year-end numbers appearing in the tables below are as of December 31 in each year and are only for the United States The tables include all licensed Coffeehouses, regardless of the types of

locations in which they operate, because they operate under the same brand and sell the same primary products CCC owns and operates the company-owned units

The tables below do not include any Co-Brand Stores, as the Co-Brand Stores are not substantially similar to a Coffeehouse and are not offered under this disclosure document Our parent CCC began operating Co-Brand Stores in 2015, and as of December 31, 2016, it operated 48 Co-Brand Stores as follows 3 in Arizona, 10 in Colorado, 3 in Florida, 3 in Iowa, 17 in Minnesota, 3 in North Dakota, 5 in South Dakota and 4 in Wisconsin We began licensing (or franchising) Co-Brand Stores in 2016, and as of December 31, 2016, we had 1 in Georgia and 2 in Minnesota

Table No 1

Systemwide Outlet Summary
For years 2014 to 2016

Outlet Type	Year (1)	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2014	110	125	+15
	2015	125	129	+4
	2016	129	134	+5
Company-Owned	2014	306	269	-37
	2015	269	271	+2
	2016	271	265	-6
Total Outlets	2014	416	394	-22
	2015	394	400	+6
	2016	400	399	-1

Table No 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2014 to 2016

State	Year	Number of Transfers
Total	2014	0
	2015	0
	2016	3

Table No 3

Status of Franchised Outlets
For years 2014 to 2016

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Alabama	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Colorado	2014	6	1	0	0	0	0	7
	2015	7	0	0	0	0	0	7
	2016	7	0	2	0	0	0	5
Georgia	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
Iowa	2014	14	1	0	0	0	0	15
	2015	15	0	1	0	0	0	14
	2016	14	0	1	0	0	0	13
Illinois	2014	11	1	1	0	0	0	11
	2015	11	0	1	0	0	0	10
	2016	10	0	0	0	0	0	10
Indiana	2014	2	1	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
Kansas	2014	7	0	0	0	0	0	7
	2015	7	0	1	0	0	0	6
	2016	6	0	0	0	0	0	6
Michigan	2014	5	1	2	0	0	0	4
	2015	4	0	0	0	0	0	4
	2016	4	0	0	0	0	0	4
Minnesota	2014	15	6	0	0	0	0	21
	2015	21	4	0	0	0	0	25
	2016	25	6	2	0	0	0	29
Missouri	2014	13	1	0	0	0	0	14
	2015	14	0	0	0	0	0	14
	2016	14	0	2	0	0	0	12
Nebraska	2014	8	2	0	0	0	0	10
	2015	10	0	1	0	0	0	9
	2016	9	0	1	0	0	0	8
North Carolina	2014	5	0	2	0	0	0	3
	2015	3	0	1	0	0	0	2
	2016	2	0	0	0	0	0	2
North Dakota	2014	5	5	0	0	0	0	10
	2015	10	3	0	0	0	0	13
	2016	13	2	0	0	0	0	15
Ohio	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Oklahoma	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
South Dakota	2014	5	0	0	0	0	0	5
	2015	5	0	0	0	0	0	5
	2016	5	2	0	0	0	0	7
Texas	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	1	0	0	0	0
Virginia	2014	3	0	0	0	0	0	3
	2015	3	1	0	0	0	0	4
	2016	4	0	0	0	0	0	4
Wisconsin	2014	5	1	0	0	0	0	6
	2015	6	1	0	0	0	0	7
	2016	7	5	1	0	0	0	11
Totals	2014	110	20	5	0	0	0	125
	2015	125	9	5	0	0	0	129
	2016	129	15	10	0	0	0	134

Table No 4

Status of Company-Owned Outlets
For years 2014 to 2016

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Colorado	2014	7	0	0	0	0	7
	2015	7	0	0	0	0	7
	2016	7	0	0	0	0	7
District of Columbia	2014	5	0	0	5	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Georgia	2014	6	1	0	0	0	7
	2015	7	0	0	1	0	6
	2016	6	0	0	1	0	5
Illinois	2014	26	0	0	26	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Iowa	2014	7	1	0	0	0	8
	2015	8	0	0	1	0	7
	2016	7	0	0	0	0	7
Kansas	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
Maryland	2014	7	0	0	7	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Minnesota	2014	215	9	0	1	0	223
	2015	223	4	0	1	0	226
	2016	226	0	0	6	0	220
Missouri	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	0
North Carolina	2014	9	0	0	1	0	8
	2015	8	0	0	0	0	8
	2016	8	0	0	0	0	8
North Dakota	2014	3	1	0	0	0	4
	2015	4	1	0	0	0	5
	2016	5	1	0	0	0	6
South Dakota	2014	2	2	0	0	0	4
	2015	4	0	0	0	0	4
	2016	4	0	0	0	0	4
Virginia	2014	8	0	0	8	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Wisconsin	2014	9	1	0	4	0	6
	2015	6	0	0	0	0	6
	2016	6	0	0	0	0	6
Totals	2014	306	15	0	52	0	269
	2015	269	5	0	3	0	271
	2016	271	1	0	7	0	265

Table No 5

Projected Openings As Of December 31, 2016

State	License Agreements Signed As of 12/31/16 But Coffeehouses Not Open as of 12/31/16	Projected New Licensed Coffeehouses in 2017	Projected New Company-Owned Coffeehouses in 2017
Kansas	0	1	0
Minnesota	0	4	0
North Dakota	1	1	0
Pennsylvania	0	1	0
Virginia	0	1	0
Wisconsin	1	2	0
Wyoming	0	1	0
Totals	2	11	0

Exhibit C is a list of (1) our licensees and the addresses and telephone numbers of their Coffeehouses (or their contact information if their Coffeehouses are not yet open) and (2) former licensees who had outlets terminated, canceled, or not renewed, or who otherwise voluntarily or

involuntarily ceased to do business under any license agreement, from January 1, 2016 to December 31, 2016 or who have not communicated with us within 10 weeks of this disclosure document's issuance date If you buy this franchise (license), your contact information may be disclosed to other buyers when you leave the System

Licensees did not sign confidentiality clauses during the last 3 fiscal years restricting their ability to speak openly about their experiences with the System There are no trademark-specific licensee organizations associated with the System

ITEM 21

FINANCIAL STATEMENTS

Exhibit A discloses CCDC's audited financial statements for the fiscal years ending 2016, 2015 and 2014 Exhibit A also discloses CCDC's unaudited balance sheet as of April 2, 2017 and unaudited statement of operations for the 13 week period ended April 2, 2017

ITEM 22

CONTRACTS

The following agreements/documents are exhibits

Exhibit B	License Agreement
Exhibit B-1	Stand-Alone Coffeehouse Addendum to License Agreement
Exhibit E	State Addenda to Disclosure Document and License Agreement
Exhibit F	General Release Form
Exhibit G	Licensee Disclosure Acknowledgement Agreement

ITEM 23

RECEIPTS

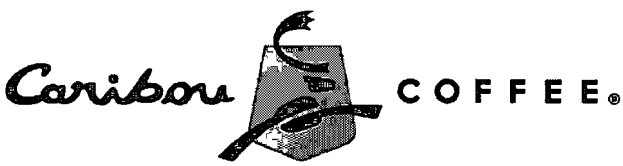
Our and your copies of the Franchise Disclosure Document Receipt are located at the last 2 pages of this disclosure document

EXHIBIT A

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

Caribou Coffee Development Company, Inc
As of January 1, 2017 and January 3, 2016, and for the Fiscal Years Ended January 1, 2017 and January 3, 2016
With Report of Independent Certified Public Accountants



Caribou Coffee Development Company, Inc

Financial Statements

As of January 1, 2017 and January 3, 2016, and for the Fiscal Years Ended January 1, 2017 and January 3, 2016

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Report of Independent Certified Public Accountants

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The Shareholder and Board of Directors
Caribou Coffee Development Company, Inc

We have audited the accompanying financial statements of Caribou Coffee Development Company Inc , which comprise the balance sheets as of January 1, 2017 and January 3, 2016, and the related statements of operations, changes in shareholder's equity, and cash flows for the years then ended, and the related notes to the financial statements

Management s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error

Auditor s responsibility

Our responsibility is to express an opinion on these financial statements based on our audits We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity s internal control Accordingly we express no such opinion An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Caribou Coffee Development Company Inc , as of January 1, 2017 and January 3 2016 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Grant Thornton LLP

Denver Colorado
May 1, 2017

Caribou Coffee Development Company, Inc

Balance Sheets

	January 1, 2017	January 3, 2016
Assets		
Cash and cash equivalents	**$ 1,644,383**	$ 404,866
Restricted cash	**413,787**	128,866
Accounts receivable	**2,181,703**	2,153,635
Total current assets	**4,239,873**	2,687,367
Property and equipment, net of accumulated depreciation and amortization	**5,482**	7,270
Deferred tax assets	**370,897**	148,955
Other assets	**196,596**	113,308
Total assets	**$ 4,812,848**	$ 2,956,900
Liabilities and shareholder's equity		
Payable due to parent company	**$ 1,532,447**	$ 212,483
Accrued compensation	**160,038**	191,143
Accrued expenses	**531,662**	225,048
Deferred revenue	**133,500**	139,667
Total current liabilities	**2,357,647**	768,341
Deferred revenue long term	**571,667**	392,000
Total long-term liabilities	**571,667**	392,000
Shareholder's equity		
Common stock, par value $0 01, 200,000 shares authorized, 25,000 shares issued and outstanding at both January 1, 2017 and January 3, 2016	**250**	250
Additional paid-in capital	**249,750**	249,750
Retained earnings	**1,633,534**	1,546,559
Total shareholder's equity	**1,883,534**	1,796,559
Total liabilities and shareholder's equity	**$ 4,812,848**	$ 2,956,900

See accompanying notes

Caribou Coffee Development Company, Inc

Statements of Operations

	Year Ended	
	January 1, 2017	**January 3, 2016**
Net revenues	**$ 16,455,128**	$ 15,325,248
Cost of sales	**9,750,972**	9,408,572
Operating expenses	**2,880,203**	2,548,339
Opening expenses	**12,903**	32,702
Depreciation and amortization	**1,788**	2,612
General and administrative expenses	**88,504**	75,713
Operating income	**3,720,758**	3,257,310
Provision for income taxes	**1,433,783**	1,261,073
Net income	**$ 2,286,975**	$ 1,996,237

See accompanying notes

Caribou Coffee Development Company, Inc

Statements of Changes in Shareholder's Equity

	Common Stock		Additional		
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Shareholder's Equity
Balance, December 28, 2014	25,000	250	249,750	1,550,322	1,800,322
Dividend	–	–	–	(2,000,000)	(2,000,000)
Net income	–	–	–	1,996,237	1,996,237
Balance, January 3, 2016	25,000	250	249,750	1,546,559	1,796,559
Dividend	**–**	**–**	**–**	**(2,200,000)**	**(2,200,000)**
Net income	**–**	**–**	**–**	**2,286,975**	**2,286,975**
Balance, January 1, 2017	**25,000**	**$ 250**	**$ 249,750**	**$ 1,633,534**	**$1,883,534**

See accompanying notes

Caribou Coffee Development Company, Inc

Statements of Cash Flows

	Year Ended	
	January 1, 2017	**January 3, 2016**
Operating activities		
Net income	**$ 2,286,975**	$ 1,996,237
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	**1,788**	2,612
Deferred income taxes	**(221,942)**	28,772
Changes in operating assets and liabilities		
Restricted cash	**(284,921)**	(128,866)
Accounts receivable	**(28,068)**	(171,445)
Accrued expenses and other liabilities	**275,509**	103,549
Deferred franchise fee revenue	**173,500**	418,359
Other assets	**(83,288)**	
Net cash provided by operating activities	**2,119,553**	2,249,218
Investing activities		
Payments for property and equipment	**–**	(6,187)
Net cash used in investing activities	**–**	(6,187)
Financing activities		
Due to parent company	**1,319,964**	(716,040)
Distribution to Parent	**(2,200,000)**	(2,000,000)
Net cash used in financing activities	**(880,036)**	(2,716,040)
Increase (decrease) in cash and cash equivalents	**1,239,517**	(473,009)
Cash and cash equivalents at beginning of year	**404,866**	877,875
Cash and cash equivalents at end of year	**$ 1,644,383**	$ 404,866
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Income taxes	**$ 59,043**	$ 82,137

See accompanying notes

Caribou Coffee Development Company, Inc

Notes to Financial Statements

January 1, 2017

1 Business and Summary of Significant Accounting Policies

This summary of significant accounting policies of Caribou Coffee Development Company, Inc (the Company) is presented to assist in understanding the Company's financial statements The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity The Company's accounting policies conform to generally accepted accounting principles in the United States (GAAP) and have been consistently applied in the preparation of the financial statements

Description of Business

The Company was incorporated in the state of Minnesota in October 2004 The Company files a Franchise Disclosure Document with the Federal Trade Commission and various states for the continuing right to grant franchises to third parties to operate coffeehouses under the "Caribou Coffee" trade name The Company offers for sale franchises to operate Caribou Coffee brand coffeehouses, under a sublicense agreement from Caribou Coffee Company, Inc (the Parent), throughout the United States of America and in various international locations The franchise agreements typically have a term of 10 years with an option to renew for an additional term of three years The Company is a 100% owned subsidiary of the Parent

Fiscal Year

The Company's fiscal year ends on the Sunday closest to December 31 Fiscal year 2016 ended on January 1, 2017, and included 52 weeks Fiscal year 2015 ended on January 3, 2016, and included 53 weeks

Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the dates of the financial statements Actual results could differ from those estimates

1 Business and Summary of Significant Accounting Policies (continued)

Revenue Recognition

Territory development fees and initial franchise fees are recognized upon substantial performance of services for a new territory or coffeehouse, which is generally upon the opening of a new coffeehouse Royalties based upon a percentage of reported franchised coffeehouse sales are recognized on a monthly basis when earned Revenue from product sales to franchised coffeehouses and the related costs are recognized when title and risk of ownership have passed to the customer, persuasive evidence of an arrangement exists, the price is fixed and determinable, and the collection of the resulting receivable is reasonably assured, which generally occurs at the time the product is shipped Revenue from product sales includes any applicable shipping and handling costs invoiced to the customer, and the expenses of such shipping and handling costs is included in cost of sales Sales tax collected from franchised coffeehouses is presented net of amounts expected to be remitted to various tax jurisdictions Accordingly, sales taxes have no effect on the Company's reported net sales in the accompanying statements of operations

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents The Company maintains cash in bank accounts which, at times, may exceed federally insured limits The Company has not experienced any losses in such accounts

Restricted Cash

The Company's restricted cash consists of funds paid by franchisees that are allocated as advertising fund contributions under the executed franchise agreements

Accounts Receivable

Accounts receivable consist of amounts due from franchisees for product sales, royalties, and initial franchise fees due upon execution of a franchise agreement and are recorded at net realizable value Accounts receivable are typically due in 30 days After 30 days the receivable is considered past due The Company reviews its aged receivable balances for collectability on a regular basis Historically, credit losses have been insignificant

1 Business and Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment, which primarily consist of personal computers, fixtures, and equipment, are stated at cost and are being depreciated on a straight-line basis over 36 to 60 months

Property and equipment for the years ended January 1, 2017 and January 3, 2016, consist of

	January 1, 2017	January 3, 2016
Furniture, fixtures, and equipment	**$ 9,073**	$ 9,073
Less accumulated depreciation and amortization	**3,591**	1,803
Net property and equipment	**$ 5,482**	$ 7,270

The Company reviews property and equipment assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future net cash flows expected to be generated by the asset If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair values of the assets Assets that meet the held-for-sale criteria are reported at the lower of the carrying amount or the fair value less cost to sell No impairments were incurred for fiscal years 2016 or 2015

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse Valuation allowances are recorded against deferred tax assets when it is determined that it is more likely than not that they will not be utilized in the future

The Company is included in the consolidated income tax return of its Parent At times, the Company is subject to foreign withholding taxes, which may be eligible for a foreign tax credit

1 Business and Summary of Significant Accounting Policies (continued)

Risks and Uncertainties

The Company's business is not diversified and consists of offering for sale franchises to operate Caribou Coffee brand coffeehouses throughout the United States of America and in various international locations Franchised coffeehouse products are purchased with consumers' discretionary income, and shifts in consumer preferences away from the gourmet coffee segment would have a material adverse effect on the Company's results of operations Delivery of the Company's products to franchised locations requires safe and reliable service through independent carriers

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued updated guidance to remove the effective dates on previously issued accounting standard updates related to alternative accounting for private companies The update also included transition provisions that enable a private company to forgo a preferability assessment the first time a private company accounting alternative is elected The standard became effective immediately The Company does not expect the adoption of this guidance to have a material impact on its financial statements

In November 2015, the Financial Accounting Standards Board (FASB) issued guidance requiring entities to present deferred tax assets and deferred tax liabilities as noncurrent in a classified balance sheet The standard will become effective for annual periods beginning after December 15, 2017 and for interim periods beginning after December 15, 2018 Early adoption is permitted The Company has adopted the provisions of this guidance effective January 3, 2016 on a prospective basis The adoption of this guidance resulted in a reclassification of our current deferred tax assets to non-current deferred tax assets No prior periods were retrospectively adjusted

1 Business and Summary of Significant Accounting Policies (continued)

In May 2014, the FASB issued guidance that converges the FASB's and the International Accounting Standards Board's current standards on revenue recognition The standard provides companies with a single model to use in accounting for revenue arising from contracts with customers and supersedes current revenue guidance The core principal of the new guidance is that an entity will recognize revenue to depict the transfer of promised goods to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services Additionally, the guidance requires disclosures related to the nature, amount, timing and uncertainty of revenue that is recognized The standard will become effective for annual and interim periods beginning after December 15, 2018 Early adoption is not permitted The standard permits companies to either apply the adoption to all periods presented, or apply the requirements in the year of adoption through a cumulative adjustment The Company is currently evaluating the impact of adopting this accounting standard update on its financial statements

2 Summary of Franchised Locations

Following is a summary of changes in the number of franchised locations during 2016

In operation at January 3, 2016	139
New franchise locations placed in operation during the year	18
Closed franchise locations during the year	(17)
In operation at January 1, 2017	140

3 Franchise Agreement

In January 2015, the Company entered into a new Master Franchise Agreement with a franchisee partner in Indonesia The agreement is for ten years and grants the exclusive right to the franchisee to open sixty Caribou Coffee branded coffeehouses in Indonesia over the term of the agreement

3 Franchise Agreement (continued)

In connection with the agreement, the franchisee is required to pay the Company a nonrefundable deposit aggregating $1 0 million for initial territory and license fees (Initial Deposit) The nonrefundable deposit is due in three installments of $490,000 in March 2015, $250,000 in January 2016 and $240,000 in January 2017 In addition to the Initial Deposit, the franchisee is obligated to pay the Company $10 thousand per franchised/subfranchised coffeehouse opened for the first 3 Caribou Coffee branded coffeehouses and $20 thousand for the remaining 57 franchised/subfranchised coffeehouse locations opened In the event the location is a franchised/subfranchised kiosk, the franchisee is obligated to pay the Company $10 thousand per kiosk opened (initial franchise fee) The agreement provides for $8 thousand of the Initial Deposit received by the Company to be applied against the initial franchise fee as discussed herein Monthly royalty payments ranging from 3% to 5% of gross sales are also due to the Company If mutually agreed, the agreement may be extended for an additional 10 year term

The Company deferred certain direct expenses in connection with the related to implementing the Master Franchise Agreement and has included $192,909 and $113,308 as other long-term assets as of January 1, 2017 and January 3, 2016, respectively These costs include the direct costs for training franchisees, establishing a logistics and distribution network to supply product to franchisees, marketing, related travel and legal costs These expenses will be deferred until the related revenue is recognized when the coffeehouse is opened

4 Deferred Franchise Fee Revenue

When the Company enters into a Master Franchise Agreement, Development Rights Agreement, or Franchise Agreement, it agrees to provide certain services to the franchisee Generally, these services include reserving the territory development area, assistance in site selection, training personnel, implementation of an accounting system, and design of a quality control program

Nonrefundable fees received by the Company upon execution of these agreements are deferred and recognized into income upon substantial performance of services for a new territory or coffeehouse, which is generally upon the opening of a new coffeehouse

In aggregate, for the periods ending January 1, 2017 and January 3, 2016 the Company deferred $705,167 and $531,667 of franchise fee revenue, included $133,500 and $139,667 in short-term deferred revenue and $571,667 and $392,000 in long-term deferred revenue, respectively

5 Related-Party Transactions

The Company has no employees and no operating facilities The operations of the Company are dependent on certain services provided by the Parent in connection with supporting the franchise business such as franchise development administrative services, franchisee training, legal, accounting and tax, purchasing, information technology, warehousing, and order fulfillment The Company incurred $2,314,143 and $2,236,345 for the years ended January 1, 2017 and January 3, 2016, respectively, for franchise development administrative, legal, and franchisee training services charged by the Parent

All of the assets of the Company have been pledged as collateral for the Parent's obligation under its credit agreement with a syndicate of commercial banks

A summary of activity due to Parent for fiscal years 2016 and 2015 is as follows

	January 1, 2017	**January 3, 2016**
Amount due to Parent at beginning of the year	**$ (212,483)**	$ (928,523)
Franchise development administrative, legal and franchisee training costs	**(2,314,143)**	(2,236,345)
Purchases of inventory and outbound freight charges	**(10,876,531)**	(10,936,542)
Income taxes	**(1,659,290)**	(1,261,073)
Franchisee cash remittances on account for sales and miscellaneous	**13,530,000**	15,150,000
Amount due to Parent at end of the year	**$ (1,532,447)**	$ (212,483)

6 Income Tax

The provision for income taxes for the years ended January 1, 2017, and January 3, 2016, consist of the following

	Year Ended	
	January 1, 2017	January 3, 2016
Current taxes		
U S Federal	$ 1,415,009	$ 1,029,202
State	180,631	131,981
International	44,743	71,118
Total current taxes	1,640,383	1,232,301
Deferred taxes		
U S Federal	(188,345)	17,873
State	(18,255)	10,899
Total deferred taxes	(206,600)	28,772
Total provision for income taxes	$ 1,433,783	$ 1,261,073

The following is a reconciliation of the provision for income taxes at statutory rates to the reported income tax provision-

	Year Ended	
	January 1, 2017	January 3, 2016
Income tax provision at the federal statutory rate of 34%	$ 1,266,327	$ 1,107,485
Foreign taxes	44,743	71,118
State income tax provision	161,717	140,932
Permanent difference	5,814	5,276
Foreign tax credit	(44,743)	(71,118)
Other, net	(75)	7,380
	$ 1,433,783	$ 1,261,073

6 Income Tax (continued)

The following summarizes the deferred tax assets and liabilities

	January 1, 2017	January 3, 2016
Deferred tax assets		
Accrued compensation	$ 95,277	$ 62,697
Deferred franchise revenue	97,675	-
Credit carryforwards	175,814	131,031
Legal reserve	5,457	-
Total deferred tax assets	374,223	193,728
Deferred tax liabilities		
Deferred franchise revenue	-	(43,465)
Property, plant, and equipment	(3,326)	(1,308)
Total deferred tax liabilities	(3,326)	(44,773)
Net deferred income taxes	$ 370,897	$ 148,955

As of January 1, 2017, the Company had no unrecognized tax benefits The Company's policy is to recognize interest and penalties as a component of income tax expense if incurred To date, no interest or penalties have been charged or accrued in relation to unrecognized tax benefits

As of January 1, 2017, the Company had foreign tax credit carryforwards of $175,814 If not utilized, the credits will start to expire in 2024

The Company files a consolidated tax return with JAB Beech, Inc and subsidiaries The income tax provision reflected in the financial statements has been prepared on a stand-alone basis $1,659,290 and $1,261,073 was due to Parent for current income taxes as of January 1, 2017, and January 3, 2016, respectively, which was recorded in payable due to parent company in the accompanying balance sheets

6 Income Tax (continued)

For federal purposes, tax years for the Company prior to 2013, are closed for assessment purposes Tax years in which a net operating loss was generated by the consolidated tax return filing group will remain open for examination until the statute of limitations closes on the tax years utilizing net operating loss carryforwards to reduce the tax due Generally, the statute of limitations will close on tax years utilizing net operating loss carryforwards three years subsequent to the utilization of net operating losses The Company expects the consolidated group net operating loss tax years 1998 through 2008 to close for tax assessment purposes in 2017 through 2021 For state purposes, the statute of limitations remains open in a similar manner for states where the Company generated net operating losses The Company's primary state jurisdiction is Minnesota

7 Dividend

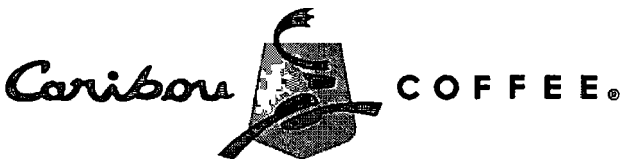
In December 2016 and December 2015 the board of directors of the Company declared and paid a $2,200,000 and $2,000,000 dividend to Caribou Coffee Company, Inc , respectively

8 Subsequent Events

The Company has evaluated all subsequent events through May 1, 2017, the date the financial statements were available to be issued

FINANCIAL STATEMENTS

Caribou Coffee Development Company, Inc
Years Ended January 3, 2016, and December 28, 2014
With Report of Certified Public Accountants



Caribou Coffee Development Company, Inc

Financial Statements

Years Ended January 3, 2016, and December 28, 2014

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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The Shareholder and Board of Directors
Caribou Coffee Development Company, Inc

We have audited the accompanying financial statements of Caribou Coffee Development Company, Inc which comprise the balance sheets as of January 3 2016 and December 28, 2014 and the related statements of operations, changes in shareholder's equity, and cash flows for the fiscal years then ended, and the related notes to the financial statements

Management s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

Auditor s responsibility

Our responsibility is to express an opinion on these financial statements based on our audits We did not audit the financial statements of Caribou Coffee Development Company, Inc as of and for the fiscal year ended December 28, 2014 Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Caribou Coffee Development Company, Inc , is based solely on the report of the other auditors We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity s internal control

Accordingly, we express no such opinion An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

In our opinion, based on our audits and the report of the other auditors the financial statements referred to above present fairly, in all material respects, the financial position of Caribou Coffee Development Company, Inc as of January 3, 2016 and December 28, 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Emphasis of matter

As discussed in Note 1 to the financial statements, the Company adopted new accounting guidance in 2015 related to the presentation of deferred income taxes Our opinion is not modified with respect to this matter

Grant Thornton LLP

Denver, Colorado
April 15, 2016

Caribou Coffee Development Company, Inc

Balance Sheets

	January 3, 2016	December 28, 2014
Assets		
Cash and cash equivalents	**$ 404,866**	$ 877,875
Restricted cash	**128,866**	-
Accounts receivable	**2,153,635**	1,982,190
Deferred tax assets	**-**	174,784
Total current assets	**2,687,367**	3,034,849
Property and equipment, net of accumulated depreciation and amortization	**7,270**	3,695
Deferred tax assets	**148,955**	2,943
Other assets	**113,308**	-
Total assets	**$ 2,956,900**	$ 3,041,487
Liabilities and shareholder's equity		
Payable due to parent company	**$ 212,483**	$ 928,523
Accrued compensation	**191,143**	306,904
Accrued expenses	**225,048**	5,738
Deferred revenue	**139,667**	-
Total current liabilities	**768,341**	1,241,165
Deferred revenue	**392,000**	-
Total long-term liabilities	**392,000**	-
Shareholder's equity		
Common stock, par value $0 01, 200,000 shares authorized, 25,000 shares issued and outstanding at both January 3, 2016, and December 28, 2014	**250**	250
Additional paid-in capital	**249,750**	249,750
Retained earnings	**1,546,559**	1,550,322
Total shareholder's equity	**1,796,559**	1,800,322
Total liabilities and shareholder's equity	**$ 2,956,900**	$ 3,041,487

See accompanying notes

Caribou Coffee Development Company, Inc

Statements of Operations

	Year Ended	
	January 3, 2016	**December 28, 2014**
Net revenues	**$ 15,325,248**	$ 13,472,723
Cost of sales	**9,408,572**	8,229,725
Operating expenses	**2,548,339**	2,428,327
Opening expenses	**32,702**	40,653
Depreciation and amortization	**2,612**	5,618
General and administrative expenses	**75,713**	13,829
Operating income	**3,257,310**	2,754,571
Provision for income taxes	**1,261,073**	1,060,921
Net income	**$ 1,996,237**	$ 1,693,650

See accompanying notes

Caribou Coffee Development Company, Inc

Statements of Changes in Shareholder's Equity

	Common Stock		Additional		
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Shareholder's Equity
Balance, December 29, 2013	25,000	$ 250	$ 249,750	$ 756,672	$ 1,006,672
Dividend	–	–	–	(900,000)	(900,000)
Net income	–	–	–	1,693,650	1,693,650
Balance, December 28, 2014	25,000	250	249,750	1,550,322	1,800,322
Dividend	–	–	–	**(2,000,000)**	**(2,000,000)**
Net income	–	–	–	**1,996,237**	**1,996,237**
Balance, January 3, 2016	**25,000**	**$ 250**	**$ 249,750**	**$ 1,546,559**	**$1,796,559**

See accompanying notes

Caribou Coffee Development Company, Inc

Statements of Cash Flows

	Year Ended	
	January 3, 2016	**December 28, 2014**
Operating activities		
Net income	**$ 1,996,237**	$ 1,693,650
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	**2,612**	5,618
Deferred income taxes	**28,772**	(53,414)
Changes in operating assets and liabilities		
Restricted cash	**(128,866)**	–
Accounts receivable	**(171,445)**	(388,640)
Accrued expenses and other liabilities	**103,549**	(129,624)
Deferred franchise fee revenue	**418,359**	(15,000)
Net cash provided by operating activities	**2,249,218**	1,112,590
Investing activities		
Payments for property and equipment	**(6,187)**	(2,886)
Net cash used in investing activities	**(6,187)**	(2,886)
Financing activities		
Due to parent company	**(716,040)**	(174,207)
Distribution to Parent	**(2,000,000)**	(900,000)
Net cash used in financing activities	**(2,716,040)**	(1,074,207)
(Decrease) increase in cash and cash equivalents	**(473,009)**	35,497
Cash and cash equivalents at beginning of year	**877,875**	842,378
Cash and cash equivalents at end of year	**$ 404,866**	$ 877,875
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Income taxes	**$ 82,137**	$ 169,105

See accompanying notes

Caribou Coffee Development Company, Inc

Notes to Financial Statements

January 3, 2016

1 Business and Summary of Significant Accounting Policies

This summary of significant accounting policies of Caribou Coffee Development Company, Inc (the Company) is presented to assist in understanding the Company's financial statements The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity The Company's accounting policies conform to generally accepted accounting principles in the United States (GAAP) and have been consistently applied in the preparation of the financial statements

Description of Business

The Company was incorporated in the state of Minnesota in October 2004 The Company files a Franchise Disclosure Document with the Federal Trade Commission and various states for the continuing right to grant franchises to third parties to operate coffeehouses under the "Caribou Coffee" trade name The Company offers for sale franchises to operate Caribou Coffee brand coffeehouses, under a sublicense agreement from Caribou Coffee Company, Inc (the Parent), throughout the United States of America and in various international locations The franchise agreements typically have a term of 10 years with an option to renew for an additional term of three years The Company is a 100% owned subsidiary of the Parent

Fiscal Year

The Company's fiscal year ends on the Sunday closest to December 31 Fiscal year 2015 ended on January 3, 2016, and included 53 weeks Fiscal year 2014 ended on December 28, 2014, and included 52 weeks

Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the dates of the financial statements Actual results could differ from those estimates

1 Business and Summary of Significant Accounting Policies (continued)

Revenue Recognition

Territory development fees and initial franchise fees are recognized upon substantial performance of services for a new territory or coffeehouse, which is generally upon the opening of a new coffeehouse Royalties based upon a percentage of reported franchised coffeehouse sales are recognized on a monthly basis when earned Revenue from product sales to franchised coffeehouses and the related costs are recognized when title and risk of ownership have passed to the customer, persuasive evidence of an arrangement exists, the price is fixed and determinable, and the collection of the resulting receivable is reasonably assured, which generally occurs at the time the product is shipped Revenue from product sales includes any applicable shipping and handling costs invoiced to the customer, and the expenses of such shipping and handling costs is included in cost of sales Sales tax collected from franchised coffeehouses is presented net of amounts expected to be remitted to various tax jurisdictions Accordingly, sales taxes have no effect on the Company's reported net sales in the accompanying statements of operations

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents The Company maintains cash in bank accounts which, at times, may exceed federally insured limits The Company has not experienced any losses in such accounts

Restricted Cash

The Company's restricted cash consists of funds paid by franchisees that are earmarked as advertising fund contributions

Accounts Receivable

Accounts receivable consist of amounts due from franchisees for product sales, royalties, and initial franchise fees due upon execution of a franchise agreement and are recorded at net realizable value Accounts receivable are typically due in 30 days After 30 days the receivable is considered past due The Company reviews its aged receivable balances for collectability on a regular basis Credit losses have been insignificant

1 Business and Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment, which primarily consist of personal computers, fixtures, and equipment, are stated at cost and are being depreciated on a straight-line basis over 36 to 60 months

Property and equipment for the years ended January 3, 2016, and December 28, 2014, consist of

	January 3, 2016	December 28, 2014
Furniture, fixtures, and equipment	**$ 9,073**	$ 97,614
Less accumulated depreciation and amortization	**1,803**	93,919
Net property and equipment	**$ 7,270**	$ 3,695

The Company reviews property and equipment assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future net cash flows expected to be generated by the asset If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair values of the assets Assets that meet the held-for-sale criteria are reported at the lower of the carrying amount or the fair value less cost to sell No impairments were incurred for fiscal years 2015 or 2014

1 Business and Summary of Significant Accounting Policies (continued)

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse Valuation allowances are recorded against deferred tax assets when it is determined that it is more likely than not that they will not be utilized in the future

The Company is included in the consolidated income tax return of its Parent At times, the Company is subject to foreign withholding taxes, which may be eligible for a foreign tax credit

Risks and Uncertainties

The Company's business is not diversified and consists of offering for sale franchises to operate Caribou Coffee brand coffeehouses throughout the United States of America and in various international locations Franchised coffeehouse products are purchased with consumers' discretionary income, and shifts in consumer preferences away from the gourmet coffee segment would have a material adverse effect on the Company's results of operations Delivery of the Company's products to franchised locations requires safe and reliable service through independent carriers

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued updated guidance to remove the effective dates on previously issued accounting standard updates related to alternative accounting for private companies The update also included transition provisions that enable a private company to forgo a preferability assessment the first time a private company accounting alternative is elected The standard became effective immediately The Company does not expect the adoption of this guidance to have a material impact on its financial statements

1 Business and Summary of Significant Accounting Policies (continued)

In November 2015, the Financial Accounting Standards Board (FASB) issued guidance requiring entities to present deferred tax assets and deferred tax liabilities as noncurrent in a classified balance sheet The standard will become effective for annual periods beginning after December 15, 2017 and for interim periods beginning after December 15, 2018 Early adoption is permitted The Company has adopted the provisions of this guidance effective January 3, 2016 on a prospective basis The adoption of this guidance resulted in a reclassification of our current deferred tax assets to non-current deferred tax assets No prior periods were retrospectively adjusted

In May 2014, the FASB issued guidance that converges the FASB's and the International Accounting Standards Board's current standards on revenue recognition The standard provides companies with a single model to use in accounting for revenue arising from contracts with customers and supersedes current revenue guidance The core principal of the new guidance is that an entity will recognize revenue to depict the transfer of promised goods to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services Additionally, the guidance requires disclosures related to the nature, amount, timing and uncertainty of revenue that is recognized The standard will become effective for annual and interim periods beginning after December 15, 2018 Early adoption is not permitted The standard permits companies to either apply the adoption to all periods presented, or apply the requirements in the year of adoption through a cumulative adjustment The Company is currently evaluating the impact of adopting this accounting standard update on its financial statements

2 Summary of Franchised Locations

Following is a summary of changes in the number of franchised locations during 2015

In operation at December 28, 2014	137
New franchise locations placed in operation during the year	10
Closed franchise locations during the year	(8)
In operation at January 3, 2016	139

3 Franchise Agreement

In January 2015, the Company entered into a new Master Franchise Agreement with a franchisee partner in Indonesia The agreement is for ten years and grants the exclusive right to the franchisee to open sixty Caribou Coffee branded coffeehouses in Indonesia over the term of the agreement

3 Franchise Agreement (continued)

In connection with the agreement, the franchisee is required to pay the Company a nonrefundable deposit aggregating $1 0 million for initial territory and license fees (Initial Deposit) The nonrefundable deposit is due in three installments of $490,000 in March 2015, $250,000 in January 2016 and $240,000 in January 2017 In addition to the Initial Deposit, the franchisee is obligated to pay the Company $10 thousand per franchised/subfranchised coffeehouse opened for the first 3 Caribou Coffee branded coffeehouses and $20 thousand for the remaining 57 franchised/subfranchised coffeehouse locations opened In the event the location is a franchised/subfranchised kiosk, the franchisee is obligated to pay the Company $10 thousand per kiosk opened (initial franchise fee) The agreement provides for $8 thousand of the Initial Deposit received by the Company to be applied against the initial franchise fee as discussed herein Monthly royalty payments ranging from 3% to 5% of gross sales are also due to the Company The agreement may be extended for an additional 10 year term

The Company deferred certain direct expenses in connection with the related to implementing the Master Franchise Agreement and has included $113,308 as other long-term assets as of January 3, 2016 There were no deferred direct expenses as of December 28, 2014 These costs include the direct costs for training franchisees, establishing a logistics and distribution network to supply product to franchisees, marketing, related travel and legal costs These expenses will be deferred until the related revenue is recognized when the coffeehouse is opened

4 Deferred Franchise Fee Revenue

When the Company enters into a Master Franchise Agreement, Development Rights Agreement, or Franchise Agreement, it agrees to provide certain services to the franchisee Generally, these services include reserving the territory development area, assistance in site selection, training personnel, implementation of an accounting system, and design of a quality control program

Nonrefundable fees received by the Company upon execution of these agreements are deferred and recognized into income upon substantial performance of services for a new territory or coffeehouse, which is generally upon the opening of a new coffeehouse

In aggregate, the Company deferred $531,667 of franchise fee revenue at January 3, 2016 and has included $139,667 in short-term deferred revenue and $392,000 in long-term deferred revenue There was no deferred franchise fee revenue at December 28, 2014 See Note 1

5 Related-Party Transactions

The Company has no employees and no operating facilities The operations of the Company are dependent on certain services provided by the Parent in connection with supporting the franchise business such as franchise development administrative services, franchisee training, legal, accounting and tax, purchasing, information technology, warehousing, and order fulfillment The Company incurred $2,236,345 and $2,985,147 for the years ended January 3, 2016 and December 28, 2014, respectively, for franchise development administrative, legal, and franchisee training services charged by the Parent

All of the assets of the Company have been pledged as collateral for the Parent's obligation under its credit agreement with a syndicate of commercial banks

A summary of activity due to Parent for 2015 and 2014 is as follows

	January 3, 2016	**December 28, 2014**
Amount due to Parent at beginning of the year	**$ (928,523)**	$ (1,102,730)
Franchise development administrative, legal and franchisee training costs	**(2,236,345)**	(2,985,147)
Purchases of inventory and outbound freight charges	**(10,936,542)**	(8,229,725)
Income taxes	**(1,261,073)**	(1,060,921)
Franchisee cash remittances on account for sales and miscellaneous	**15,150,000**	12,450,000
Amount due to Parent at end of the year	**$ (212,483)**	$ (928,523)

6 Income Tax

The provision for income taxes for the years ended January 3, 2016, and December 28, 2014, consist of the following

	Year Ended	
	January 3, 2016	**December 28, 2014**
Current taxes		
U S Federal	**$ 1,029,202**	$ 945,235
State	**131,981**	137,938
International	**71,118**	31,162
Total current taxes	**1,232,301**	1,114,335
Deferred taxes		
U S Federal	**17,873**	(52,755)
State	**10,899**	(659)
Total deferred taxes	**28,772**	(53,414)
Total provision for income taxes	**$ 1,261,073**	$ 1,060,921

The following is a reconciliation of the provision for income taxes at statutory rates to the reported income tax provision

	Year Ended	
	January 3, 2016	**December 28, 2014**
Income tax provision at the federal statutory rate of 34%	**$ 1,107,485**	$ 936,554
Foreign taxes	**71,118**	31,162
State income tax provision	**140,932**	127,184
Permanent difference	**5,276**	5,403
Foreign tax credit	**(71,118)**	(31,162)
Other, net	**7,380**	(8,220)
	$ 1,261,073	$ 1,060,921

6 Income Tax (continued)

The following summarizes the deferred tax assets and liabilities

	January 3, 2016	December 28, 2014
Deferred tax assets		
Accrued compensation	**$ 62,657**	$ 112,454
Deferred franchise revenue	**-**	-
Credit carryforwards	**131,071**	60,071
Legal reserve	**-**	2,259
Property, plant, and equipment	**-**	2,943
Total deferred tax assets	**193,728**	177,727
Deferred tax liabilities		
Deferred franchise revenue	**(43,465)**	
Property, plant, and equipment	**(1,308)**	-
Total deferred tax liabilities	**(44,773)**	-
Net deferred income taxes	**$ 148,955**	$ 177,727

As of January 3, 2016, the Company had no unrecognized tax benefits The Company's policy is to recognize interest and penalties as a component of income tax expense if incurred To date, no interest or penalties have been charged or accrued in relation to unrecognized tax benefits

As of January 3, 2016, the Company had foreign tax credit carryforwards of $131,071 If not utilized, the credits will start to expire in 2014

The Company files a consolidated tax return with JAB The income tax provision reflected in the financial statements has been prepared on a stand-alone basis Approximately $1,261,073 and $1,060,921 was due to Parent for current income taxes as of January 3, 2016, and December 28, 2014, respectively, which was recorded in payable due to parent company in the accompanying balance sheets

6 Income Tax (continued)

For federal purposes, tax years prior to 2012, are closed for assessment purposes, however, the tax years 2008 through 2011 remain open to examination as a result of net operating losses being generated and carried forward into future years Tax years in which a net operating loss was generated by the consolidated tax return filing group will remain open for examination until the statute of limitations closes on the tax years utilizing net operating loss carryforwards to reduce the tax due Generally, the statute of limitations will close on tax years utilizing net operating loss carryforwards three years subsequent to the utilization of net operating losses The Company expects the net operating tax losses generated from years 2008 forward to close for tax assessment purposes in 2016 through 2019 For state purposes, the statute of limitations remains open in a similar manner for states where the Company generated net operating losses The Company's primary state jurisdiction is Minnesota

7 Dividend

In December 2015 and December 2014 the board of directors of the Company declared and paid a $2,000,000 and $900,000 dividend to Caribou Coffee Company, Inc , respectively

8 Subsequent Events

The Company has evaluated all subsequent events through April 15, 2016, the date the financial statements were available to be issued

Caribou Coffee Development Company, Inc

Unaudited Balance Sheet as of April 2, 2017
and
Unaudited Statement of Operations
for the 13 week period ended April 2, 2017

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM

Caribou Coffee Development Company, Inc

Balance Sheet
Unaudited

	April 2, 2017
Assets	
Cash and cash equivalents	$ 538,528
Restricted cash	502,767
Accounts receivable	1,466,057
Due from parent company	958,667
Total current assets	3,466,019
Property and equipment, net of accumulated depreciation and amortization	5,032
Deferred tax assets - non-current	405,902
Other assets	189,464
Total assets	$ 4,066,417
Liabilities and shareholder's equity	
Accrued compensation	$ 7,381
Accrued expenses	571,473
Deferred revenue	149,833
Total current liabilities	728,687
Deferred revenue long-term	784,000
Shareholder's equity	
Common stock, par value $0 01, 200,000 shares authorized, 25,000 shares issued and outstanding at April 2, 2017	250
Additional paid-in capital	249,750
Retained earnings	2,303,730
Total shareholder's equity	2,553,730
Total liabilities and shareholder's equity	$ 4,066,417

Caribou Coffee Development Company, Inc

Statement of Operations
Unaudited

	13 Weeks Ended April 2, 2017
Net revenues	$ 3,964,274
Cost of sales	2,320,239
Operating expenses	529,040
Opening expenses	1,409
Depreciation and amortization	450
General and administrative expenses	25,155
Operating income	1,087,981
Provision for income taxes	417,785
Net income	$ 670,196

EXHIBIT B

LICENSE AGREEMENT
(AND EXHIBITS)

CARIBOU COFFEE DEVELOPMENT COMPANY, INC
LICENSE AGREEMENT

_____
NAME OF LICENSEE

_____
DATE OF AGREEMENT

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EXHIBITS AND ATTACHMENTS

EXHIBIT A - GUARANTY AND ASSUMPTION OF OBLIGATIONS
EXHIBIT B – ELECTRONIC FUND TRANSFER WITHDRAWAL FORM

CARIBOU COFFEE DEVELOPMENT COMPANY, INC
LICENSE AGREEMENT

This License Agreement (**the "Agreement"**) is made and entered into as of _____, 20__ (**the "Effective Date"**) (regardless of the dates of the parties' signatures) by and between **CARIBOU COFFEE DEVELOPMENT COMPANY, INC** , a Minnesota corporation with its principal business address at 3900 Lakebreeze Avenue, Minneapolis, Minnesota 55429 (**"we," "us," or "our"**), and _____, a _____ whose principal business address is _____ (**"you" or "your"**)

INTRODUCTION

A Our parent company, Caribou Coffee Company, Inc (**"CCC"**), has developed (and continues to develop and modify) policies and procedures, Confidential Information (defined in Section 6 below), and a distinctive and comprehensive system, which includes business formats, methods, designs, layouts, signage, standards, and specifications (**the "System"**), for the promotion, operation, and identification of coffeehouses under the CARIBOU COFFEE® trademark and other trademarks, service marks, and commercial symbols (**the "Marks"**) that sell coffees, teas, baked goods, sandwiches, and other beverage and food products (**collectively, "Products"**) for on-premises and off-premises consumption

B Certain Products are prepared according to specified recipes, standards, and procedures and use high quality ingredients, including proprietary coffee beans, mixes, and syrups (**collectively, "Caribou Trade Secret Products"**) and other ingredients (not constituting Caribou Trade Secret Products) that are branded and/or packaged exclusively for CARIBOU COFFEE® Coffeehouses (**collectively, "Caribou Branded Products"**) (Caribou Branded Products also are defined to include non-food products that are branded and/or packaged exclusively for CARIBOU COFFEE® Coffeehouses)

C Coffeehouses that sell Products, that operate pursuant to the System, and that use the Marks as their primary trade identity are referred to in this Agreement as **"CARIBOU COFFEE® Coffeehouses "** A "CARIBOU COFFEE® Coffeehouse" includes any retail sales outlet or other point of distribution using the Marks as its primary trade identity and devoted exclusively to the preparation and sale of ' CARIBOU COFFEE®" Products using the System A "CARIBOU COFFEE® Coffeehouse" does not, however, include any point of distribution that sells Products but does not operate pursuant to the System or use the Marks as its primary trade identity

D CCC and/or Arabica Funding, Inc , CCC's wholly owned subsidiary, own the rights to use the Marks, Confidential Information, and System (**collectively, the "Intellectual Property"**) CCC has received an exclusive license from Arabica Funding, Inc to use the Intellectual Property which CCC does not own directly In turn, CCC licenses us the right to use and sublicense the Intellectual Property in connection with developing and operating CARIBOU COFFEE® Coffeehouses For purposes of this Agreement, references to us and CCC in connection with the ownership of and rights in the Intellectual Property will be deemed to include Arabica Funding, Inc to the extent of its rights in the Intellectual Property You acknowledge that our right to sublicense the Intellectual Property to you is subject to our license agreement with CCC and, with respect to some of the Intellectual Property, to CCC's license agreement with Arabica Funding, Inc As a licensee, you must comply with this Agreement, together with all mandatory specifications, standards, operating procedures, and rules that we periodically prescribe for CARIBOU COFFEE® Coffeehouses (**collectively, "System Standards"**)

AGREEMENTS

1 **Grant of License**

A **Grant of License** Subject to the terms and conditions of this Agreement, we grant you a license (**the "License"**) to develop and operate a CARIBOU COFFEE® Coffeehouse (**the "Coffeehouse"**) at a site that we must approve (**the "Location"**), and to use the System in its operation, for a term (**the "Term"**) beginning on the Effective Date and expiring five (5) years from that date (unless sooner terminated as provided in this Agreement) If, however your Coffeehouse's Host Facility is an airport, your Term will expire at the earlier of ten (10) years from the Effective Date or upon termination of your concessions agreement with the airport Host Facility (unless sooner terminated as provided in this Agreement) You may operate the Coffeehouse only at the approved Location, may use the Location for the sole purpose of operating the Coffeehouse, and may not relocate the Coffeehouse without our prior written approval You agree to use reasonable best efforts to promote the Coffeehouse Except for the Coffeehouse's retail sale of CARIBOU COFFEE® brand whole coffee beans and/or non-brewed ground coffee from a separate gourmet/specialty coffee area (if applicable) and limited off-premises catering services for which you must obtain our prior written approval, you cannot (1) sell any Products to customers other than at the Location of the Coffeehouse, (2) sell any Products for delivery away from the Location, including through catalogs, mail order, the Internet (as defined in Section 5(E) below), or any other distribution channel, or (3) operate directly or indirectly (*e g* , through an affiliate) as a wholesaler or distributor of Caribou Trade Secret Products or Caribou Branded Products)

B **Location within Host Facility** Your Location must be located within a host facility that we approve (**the "Host Facility"**), and we must approve the specific site of you Coffeehouse Location within the Host Facility If the placement and operation of your Coffeehouse in the Host Facility requires the consent of the owner, lessor and/or licensor of the Host Facility, you agree to obtain such consent in writing (and provide a copy of the consent to us) You acknowledge and agree that such consent is a condition precedent to the grant by us of your right to establish and operate the Coffeehouse at the Location If during the Term the Host Facility is rebranded or converted to a business other than a retail business, we have the right to require you to cease operation at the Location and at our option to terminate your License Agreement as provided in Section 13 C or to allow you to relocate to a new location with our prior written approval within a reasonable time period we specify

C **Rights We Reserve** Your rights under this Agreement are non-exclusive and you receive no protected territory or similar rights We (and any affiliates that we have from time to time) retain the right during the Term to engage in any and all activities that we (and they) desire, at any time or place, and whether or not these activities compete with your Coffeehouse, including, without limitation, the right (1) to establish and operate, and grant to others the right to establish and operate, CARIBOU COFFEE® Coffeehouses at any locations and in any areas, even if within close proximately to your Coffeehouse, (2) to establish and operate, and grant to others the right to establish and operate, related or unrelated businesses (including, but not limited to, CARIBOU COFFEE & EINSTEIN BROS BAGELS™ stores) and distribution channels (including, but not limited to, the Internet, wholesale businesses, and catalogs), wherever located or operating and regardless of the nature or location of the customers with whom such other businesses and distribution channels do business (including, but not limited to, independent coffee retailers, department stores, food marts, Coffeehouses, grocery stores, and airlines), that operate under the Marks, the CARIBOU COFFEE & EINSTEIN BROS BAGELS™ trademark, or any other trademarks or service marks, that are the same as or different from CARIBOU COFFEE® Coffeehouses, and that sell products and/or services that are identical or similar to, and/or competitive with, those that CARIBOU COFFEE® Coffeehouses customarily sell (for example, the CARIBOU COFFEE® "We Proudly Brew" program), and (3) to engage in all other activities not expressly prohibited by this Agreement

D **Guaranty** We may require a guaranty of your obligations under this Agreement from your parent, affiliate and/or "**Principal Owner(s)**" as a condition to entering into this Agreement If we require such a guaranty, they must each sign the Guaranty and Assumption of Obligations Agreement in the form attached hereto as Exhibit A (**the "Guaranty"**), and such entity or person who executes the Guaranty is deemed a **"Guarantor"** The term **"Principal Owner"** means any person or entity who directly or indirectly owns a ten percent (10%) or greater interest in you If any corporation or other entity other than a partnership is a Principal Owner, a "Principal Owner" also will mean each shareholder or owner of a ten percent (10%) or greater interest in such corporation or other entity If a partnership is a Principal Owner, a "Principal Owner" also will mean each general partner of such partnership and, if such general partner is an entity, each owner of a ten percent (10%) or greater interest in such general partner

E **System Changes** You acknowledge and agree that we have the right to vary the System, and any of the components of the System, including our standards and specifications applicable to CARIBOU COFFEE® Coffeehouses located in the United States and other countries to take into account country-specific conditions, such as the economy, culture, customs and sourcing

2 **Site Acceptance and Development of Coffeehouse**

A **Site Report** You will deliver to us a complete site report (containing demographic, commercial, and other information and photographs as we reasonably require) for the site at which you propose to establish and operate the Coffeehouse and which you reasonably believe complies with site selection criteria established by us The proposed site is subject to our prior written acceptance In accepting or rejecting the proposed site as an approved Location, we will consider demographic characteristics of the proposed site, traffic patterns, the predominant character of the property, the proximity to other food and beverage businesses, other commercial characteristics, and the size, appearance, and other physical characteristics of the site Our review of the proposed site may (or may not) involve an onsite visit You must select a site that is acceptable to us within six (6) months of the Effective Date Our acceptance of a proposed site as an approved Location does not represent a warranty or representation of any kind as to the suitability of the proposed location or the Host Facility for a CARIBOU COFFEE® Coffeehouse

B **Coffeehouse Development** You agree to develop the Coffeehouse in compliance with our mandatory specifications for dimensions, design, image, layout, decor, fixtures, equipment, signs, and color scheme These specifications might not reflect the requirements of any federal, state, or local law, code, or regulation, including those rules and regulations governing public accommodations for disabled persons You are responsible for ensuring that the Location's site plans and specifications comply with our requirements, the Americans With Disabilities Act, any other public accommodation rules and similar rules, and all other applicable federal, state and local laws, ordinances, building codes and permit requirements and (if applicable)lease requirements and restrictions other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions You agree to send us for review your construction plans and specifications before you begin constructing the Coffeehouse at the Location and all revised or as built" plans and specifications during construction Because our review is limited to ensuring your compliance with our design and layout requirements, our review might not assess compliance with federal, state, or local laws and regulations, including the public accommodation rules, compliance with these laws is your responsibility We may inspect the Location while you are developing the Coffeehouse

You agree to do the following at your own expense (1) obtain any additional permits and licenses required for the Coffeehouse, (2) construct all required improvements to the Location, (3) purchase or lease, and install, all required fixtures, furniture, signs, and equipment for the Coffeehouse (**collectively, "Operating Assets"**), and (4) purchase an opening inventory of required, authorized, and approved

Caribou Trade Secret Products and Caribou Branded Products from us, our affiliates, or other designated sources and other products, materials, and supplies from approved and designated sources

C **Point-of-Sale System and Other Operating Assets Used at Coffeehouse** You agree to use in operating the Coffeehouse only those Operating Assets that we designate or approve for CARIBOU COFFEE® Coffeehouses as meeting our standards and specifications for quality, design, appearance, function, and performance You agree to display at the Location (and, if applicable, on the Coffeehouse's exterior) only the signs, emblems, lettering, logos, and display materials that we approve For Operating Assets that are proprietary to us and the System, you agree to purchase or lease approved brands, types, and models of Operating Assets only from suppliers we designate or approve (which may include and/or be limited to us and/or our affiliates) As for non-proprietary Operating Assets, you agree to purchase only those brands, types, and models that we designate from suppliers that reasonably meet our standards and specifications

You must purchase a point-of-sale computer system and may use any point-of-sale computer system that is standard in the industry, provided that such system meets the minimum specifications we periodically may establish You must obtain and use computer hardware and/or software enabling you to access any Website, extranet, or intranet system we maintain for CARIBOU COFFEE® Coffeehouses and have a functioning e-mail address Your point-of-sale system must have the systems or components necessary for you to accept and process our gift and loyalty cards and participate in our gift card, customer loyalty, and similar programs, unless you are restricted from doing so by your lease or other third party contract related to the Host Facility We have no obligation to reimburse you for any costs related to your point-of-sale computer system, or service and support costs related to it If we designate a point-of-sale computer system in the future, however, for CARIBOU COFFEE® Coffeehouses licensees in our System, you must purchase the system from us or our designated supplier at your expense and use it (including any updates to that system) Our designated system may include one or more proprietary software programs developed by or for us (the "**Proprietary Software**"), and you must use and pay for the Proprietary Software, including any license or maintenance service amounts for it The Proprietary Software will remain the confidential property of us or our third party supplier You are solely responsible for protecting yourself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against us as the direct or indirect result of such disruptions, failures, or attacks

We may access financial information and customer data produced by or otherwise located on your POS System (collectively the '**Customer Data**"), although you will be responsible for obtaining all customer consents necessary to allow us to use the Customer Data for various purposes as we may identify During the Term, we and you each will have joint ownership of the Customer Data that is stored on the POS System We will periodically establish policies respecting the use of the Customer Data

D **Opening Criteria** You may not open the Coffeehouse for business to the public until (1) the Coffeehouse meets our standards and specifications (although our acceptance of the Coffeehouse's condition at any time is not a representation or warranty, express or implied, that the Coffeehouse complies with any engineering, licensing, environmental, labor, health, building, fire, sanitation, occupational, landlord's, insurance, safety, tax, governmental, or other statutes, rules, regulations, requirements, or recommendations nor a waiver of our right to require continuing compliance with our requirements, standards and policies), (2) all required training has been successfully (in our sole discretion) completed, and (3) you pay the initial license fee and other amounts then due to us under this Agreement

E **Opening Time Period** You must open and operated the Coffeehouse for business at the approved location within nine (9) months of the Effective Date of this Agreement If you are converting

an existing retail food and/or beverage business at an approved Location, you must open the Coffeehouse for operation within thirty (30) days of the closure of the existing business

3 **Fees**

A **Initial License Fee** You agree to pay us a one-time, nonrefundable initial license fee of Twelve Thousand Five Hundred Dollars ($12,500) (the **'Initial License Fee"**) This fee must be paid, and is fully earned by us, when you sign this Agreement

B **Royalty Fee** You agree to pay us, on or before the fifteenth (15th) day following the end of each calendar month, a royalty fee (**the "Royalty Fee"**) equal to six and one-half percent (6 50%) of the Coffeehouse's Gross Sales during that month If, however, your Host Facility is an airport, your Royalty Fee will equal four percent (4%) of the Coffeehouse's Gross Sales during that month You agree to report to us the Coffeehouse's Gross Sales on a weekly as well as on a monthly basis in the form that we may periodically specify The term **"Gross Sales"** means all revenue that you derive from operating the Coffeehouse, whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions, but (1) excludes all federal, state or municipal sales, use, value added or service taxes actually collected from customers and paid to the appropriate taxing authority, (2) excludes revenue you derive from selling or issuing CARIBOU COFFEE® gift or loyalty cards (although revenue you derive from selling Products to customers who use such cards for payment will be included in Gross Sales), and (3) is reduced by the amount of any documented refunds and credits the Coffeehouse in good faith gives to customers (if those amounts originally were included in calculating Gross Sales)

C **Late Fees** You agree to pay us a late fee for each required payment not made on or before its original due date (and for each payment not honored by your financial institution) This late fee will equal fifteen percent (15%) of the original amount due but not paid on time (plus any bank charges) The late fee is not interest or a penalty but is in lieu of interest and compensates us for increased administrative and management costs due to your late payment

D **Method of Payment** You must sign the Electronic Fund Transfer Withdrawal Form attached hereto as Exhibit B and other documents as we periodically designate to authorize your bank to transfer, either electronically or through some other method of payment designated by us, directly to our account and to charge your account for all amounts due to us or our affiliates from you, including without limitation all Royalty Fee payments, Marketing Fund contributions, interest charges and services charges Your authorization will permit us to designate the amount to be transferred from your account You will maintain a balance in your accounts sufficient to allow us to collect the amounts owed to us or affiliates when due You will be responsible for any penalties, fines or similar expenses associated with the transfer of funds described herein You will be required to sign all documents we designate in accordance with this Section no later than ten (10) days after providing them to you All calculations will be based on figures you provide to us and/or we acquire electronically or otherwise You will be required to certify the computation of the amounts in the manner and form we specify, and to supply to us any supporting or supplementary materials we require to verify the accuracy of amounts we collect from your account If you do not provide us with required Gross Sales reports as required, we will have the right to estimate the Coffeehouse's Gross Sales for the missing period and collect from your account an amount equal to the Royalty Fees and Marketing Fund contributions that would be due based on such estimation In making our estimate, we may consider prior Gross Sales reports that we received from you, any system-wide averages and other pertinent information available to us We have the right to change the method of payment of the Royalty Fees and Marketing Fund contributions, and any other fees due to us and our affiliates under this Agreement at any time upon thirty (30) days' written notice to you Further, if you are delinquent in the payment of any amounts owed to us, we have the right, without prejudice to any

other rights or remedies we may have under this Agreement or any other agreements between us, to require you to prepay estimated Royalty Fees and Marketing Fund contributions, if applicable

E **Taxes and Tax Indemnification** You are responsible for paying directly or by reimbursing us for all taxes (including withholding or similar taxes) imposed on the Initial License Fee, all Royalty Fees and any other fees, contributions or other amounts that you pay to us or our affiliates without deducting the taxes from any payments made to us or our affiliates You will provide to us receipts and other evidence of payment of such taxes within seven (7) days following your payment of such taxes If you are required to make any deduction from any payment due for applicable taxes, the sum you pay will be increased to the amount necessary so that after paying the tax or deduction we or our affiliate receive the amount that we or our affiliate would have received if the deduction had not been required to be made You will pay the full amount of the deduction to the relevant authority or party in accordance with applicable law and will provide to us receipts and other evidence of payment of such taxes within seven days after your payment and will not reduce the amount otherwise due us or our affiliates under this Agreement You will indemnify us and reimburse us for all income, capital, gross receipts, sales, and other taxes that the state in which the Coffeehouse is located imposes as a result of your operation of the Coffeehouse or the license of any of our intangible property in the jurisdiction in which the Coffeehouse is located If more than one CARIBOU COFFEE® Coffeehouse licensee is located in such jurisdiction, they will share the liability in proportion to their Gross Sales from the licensed business, except in the case of sales taxes and gross receipts taxes, which will be divided in proportion to taxable sales to the licensees If applicable, this payment is in addition to the Royalty Fee payments described above

4 Training and Assistance

A **Operating Principal** "**Operating Principal**" means the designated individual responsible for the oversight of the operation of the Coffeehouse, including the management of the Certified Managers We must approve the Operating Principal The Operating Principal must be a Principal Owner

B **Initial Training** We will provide our "Certified Manager" training program to you free of charge for up to two (2) individuals The two (2) individuals are required to be either you, your Operating Principal, your full-time general manager responsible for the day to day operations of the Coffeehouse (the 'Store Manager") or another manager, and we must approve the specific two (2) individuals you intend to send to the training program from within this group Each of the individuals you send to training must successfully complete the training program (including passing operations and proficiency tests) to our satisfaction, and upon successful completion, will be designated as a "**Certified Manager**' The Certified Manager training program runs for 7 days The training program focuses on our System Standards and the material aspects of operating a CARIBOU COFFEE® Coffeehouse All training will take place at our World Headquarters Training Center in Lakewood, Colorado or at a certified training store which we designate The Coffeehouse must at all times be under the active management of a Certified Manager The Certified Managers must devote the time necessary to operate the Coffeehouse properly and to train and supervise other Coffeehouse personnel In addition, the Certified Managers must attend and successfully complete such additional ongoing training programs as described in Section 4 E below You may request that we train up to three (3) additional of your managers or supervisors as Certified Managers for the operation of your Coffeehouse, and pay us our then current fee at the time of the request We currently charge $850 per additional or replacement individual you send to the Certified Manager training program You will pay all travel, hotel and living expenses for those individuals attending, and for their wages and workers' compensation insurance during training

C **Opening Assistance** If the Coffeehouse you open is the first Coffeehouse that you or one of your affiliates opens, when the Coffeehouse is ready to open for business, we will send an "opening team" of up to two (2) people (we determine the specific number) to the Coffeehouse for one (1) week to assist with the grand opening process We will pay our opening team's wages, although you must pay for the opening team's reasonable travel, hotel, and living expenses during this period and make all travel, hotel, and similar arrangements for them In addition, for your second and any additional Coffeehouse, you will pay our then applicable charges for each trainer per day, plus each trainer's reasonable travel, hotel, and living expenses

D **Additional Assistance** If you request, and we agree to provide, additional or special guidance, assistance, or training at your Coffeehouse or at another CARIBOU COFFEE® Coffeehouse location, you agree to pay our then applicable charges for each assistant per day, plus the assistant's reasonable travel, hotel, and living expenses

E **Ongoing Training and Replacement Training** If we determine that any Certified Manager is not qualified to serve as a "Certified Manager" or does not otherwise satisfy the duties of his or her position, we will notify you and you must select and enroll, and pay us our then-current training fee respecting, a substitute individual who must successfully complete our Certified Manager training program In addition, we may require you, at your expense, to send your Certified Managers to other training courses we conduct and deem necessary for the maintenance of the Certified Manager designation, including for re-certification, at the reasonable times and locations that we designate If your Certified Manager departs his or her management position with you, and the departure leaves you with only one Certified Manager, you must provide a replacement manager or supervisor who attends and successfully completes our Certified Manager training program within thirty (30) days following the departure You will pay our then applicable charges for the training and for all travel, hotel and living expenses for those individuals attending training, and for their wages and workers' compensation insurance during training You understand and agree that any specific ongoing training or advice we provide does not create an obligation to continue to provide that specific training or advice, all of which we may discontinue and modify from time to time

F **Periodic Site Visit** In addition to our rights under Section 10 below, we may at our discretion periodically visit the Coffeehouse (or, if you or your affiliates operate more than one CARIBOU COFFEE® Coffeehouse, at least one such CARIBOU COFFEE® Coffeehouse) to review operations of the Coffeehouse with you

G **Annual Meeting** Besides attending these courses, you agree to have a representative we approve attend an annual meeting of all CARIBOU COFFEE® Coffeehouse licensees at a location we designate You will pay our then applicable fee (currently none) and agree to pay all other costs to attend

H **General Guidance** We may advise you periodically regarding the Coffeehouse's operation based on your reports or our evaluations and inspections and may guide you with respect to (1) standards, specifications, and operating procedures and methods that CARIBOU COFFEE® Coffeehouses use, (2) purchasing required and authorized Operating Assets, Caribou Trade Secret Products, Caribou Branded Products, and other items and arranging for their distribution to you, (3) advertising and marketing materials and programs, and (4) recommended employee training We may guide you in our operations manual (**"Operations Manual"**), in bulletins or other written materials, by electronic media (including a Website, intranet, or extranet), by telephone consultation, and/or at our office or the Coffeehouse

I **Operations Manual** We will provide you with access during the Term to one (1) copy of our Operations Manual, which may include audio, video, DVDs, compact disks, computer software,

other electronic media and/or written materials The Operations Manual contains our System Standards, recommendations, and your other obligations under this Agreement Any required specifications, standards, and operating procedures exist to protect our interest in the System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you We may modify the Operations Manual periodically to reflect changes in System Standards and will give you a copy of the modified Operations Manual We have the right to develop, operate, and change the System in any manner not specifically prohibited by this Agreement You must keep your copy of the Operations Manual current and in a secure area at the Location or in the Coffeehouse Our master copy controls if there is a dispute over the Operations Manual's contents If there is any direct conflict between the terms of the Operations Manual or other instructions from us and this Agreement, this Agreement will control The Operations Manual is confidential You may not disclose any portion of the Operations Manual to any person other than Coffeehouse employees who need to know those portions to perform their duties You may not copy, duplicate, record, or otherwise reproduce any part of the Operations Manual except for employee training purposes If your copy of the Operations Manual is lost, destroyed, or significantly damaged, you agree to obtain a replacement copy at our then applicable charge

We may post some or all of the Operations Manual on a restricted Website, intranet, or extranet to which you will have access (For purposes of this Agreement, **"Website"** means an interactive electronic document contained in a network of computers linked by communications software, including, without limitation, the Internet and World Wide Web home pages) In that case, you agree to monitor and access the Website, intranet, or extranet for any updates to the Operations Manual or System Standards Any passwords or other digital identifications necessary to access the Operations Manual on a Website, intranet, or extranet will be part of Confidential Information (defined below) We may require you to return a portion or the entire copy of the Operations Manual given to you in paper or other tangible form after we post some or all of the Operations Manual on a restricted Website, intranet, or extranet

J **Delegation of Performance** You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our affiliates, agents, or independent contractors with whom we contract to perform these obligations If we do so, the third-party designees are obligated to perform the delegated functions for you in compliance with this Agreement We remain responsible for those obligations if the third-party designees fail to perform the delegated functions

5 Marks

A **Ownership and Goodwill of Marks** Your right to use the Marks is derived only from this Agreement and is limited to your operating the Coffeehouse according to this Agreement and all System Standards we prescribe during the Term Your unauthorized use of the Marks is a breach of this Agreement and infringes our and CCC's rights in the Marks Your use of the Marks and any goodwill established by that use are exclusively for our and CCC's benefit, and this Agreement does not confer any goodwill or other interests in the Marks You may not at any time during or after the Term contest or assist any other person in contesting the validity, or our and CCC's ownership, of the Marks

B **Limitations on Your Use of Marks** You agree to identify yourself as the Coffeehouse's independent owner and operator in the manner we prescribe You may not use any Mark in any manner that we have not expressly authorized in writing, and we may require you to destroy (with no reimbursement from us) all offending items reflecting unauthorized use You agree to display the Marks prominently as we prescribe at the Coffeehouse and on materials we designate You cannot use any Mark in any business or activity other than the business you conduct pursuant to this Agreement You agree to give the notices of trade and service mark registrations we specify

C **Notification of Infringements and Claims** You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us, CCC, and our attorneys (and your attorneys) regarding any infringement, challenge, or claim We and CCC may take the action we deem appropriate (including no action) and control exclusively any litigation, trade mark office proceeding, or other proceeding concerning any Mark You agree to cooperate in any action, and we or CCC will reimburse your costs for doing so

D **Discontinuance of Use of Marks** If it becomes advisable for us, CCC and/or you to modify, discontinue using and/or replace any Mark and/or to use one or more additional, substitute, or replacement trade or service marks together with or in lieu of any previously designated Mark, you agree to comply with our directions, at your own cost, within a reasonable time after delivery of notice You acknowledge that we and CCC are not responsible for reimbursement of your direct or indirect expenses of changing the Coffeehouse's signs (or other items bearing such modified or discontinued Mark), your loss of revenue due to any modified or discontinued Mark, or your expenses of promoting a modified or substitute trademark or service mark These rights apply to any and all of the Marks this Agreement authorizes you to use We may exercise these rights at any time and for any reason, business or otherwise You acknowledge both our right to take this action and your obligation to comply with our directions Nonetheless, you will have the right during the Term to use the primary trademark and service mark "CARIBOU COFFEE" in connection with the Coffeehouse If we require you to modify that primary trademark and service mark, you may terminate this Agreement, effective upon delivery to us of prior written notice Termination of this Agreement is your only remedy in those circumstances

E **Restrictions on Internet and Website Use** We retain the sole right to advertise the System on the internet (and other existing and future forms of electronic communication) (**the "Internet"**) and to create, operate, maintain and modify, or discontinue the use of a Website using the Marks You have the right to access our Website Except as we may authorize in writing, however, you will not (1) link or frame our Website, (2) conduct any business or offer to sell or advertise any products or services on the Internet (or any other existing or future form of electronic communication) including e-mail marketing or other digital marketing, (3) create or register any Internet domain name in connection with your business, (4) use any e-mail address which we have not authorized for use in operating the Coffeehouse, and (5) conduct any activity on 'social media" or related social networking websites other than as we have expressly authorized in writing You will not register, as Internet domain names, any of the Marks now or hereafter owned by us or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar You also may be required to subscribe to a separate Internet Website or page we establish for CARIBOU COFFEE® Coffeehouses In such case, you will be solely responsible for the cost associated with the required subscription

F **Indemnification for Use of Marks** We agree to indemnify, hold harmless, and reimburse you and your affiliates, and your respective officers, directors, and employees, for and against all damages, claims, losses, liabilities, and expenses arising from a challenge to your right to use any Mark or other Intellectual Property under this Agreement, provided your use has been materially consistent with this Agreement, the Operations Manual, and System Standards communicated to you You agree promptly to notify us of, and to cooperate with us in responding to, the proceeding We and CCC may defend and control the defense of any proceeding arising from your use of any Mark or other Intellectual Property under this Agreement

6 Confidential Information

We and CCC possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (**the "Confidential Information"**), relating to developing and operating CARIBOU COFFEE® Coffeehouses, including (without limitation) (1) specifications for Caribou Trade Secret Products and Caribou Branded Products, (2) training and operations materials and manuals, (3) methods, formats, specifications, standards, systems, procedures, Product preparation techniques, sales and marketing techniques, knowledge, and experience used in developing and operating CARIBOU COFFEE® Coffeehouses, (4) marketing and advertising programs for CARIBOU COFFEE® Coffeehouses, (5) knowledge of specifications for and suppliers, Caribou Trade Secret Products, Caribou Branded Products, any designated point-of-sale system, and other products and supplies, (6) graphic designs and related intellectual property, and (7) Customer Data (subject to your limited joint ownership rights described in Section 2 C above) You will not acquire any interest in Confidential Information, other than the right to use it as we specify while operating the Coffeehouse during the Term Confidential Information is proprietary, includes our and CCC's trade secrets, and is disclosed to you only on the condition that you agree, and you hereby do agree, that you (a) will not use Confidential Information in any other business or capacity, (b) will keep confidential each item deemed to be part of Confidential Information, both during and after the Term (afterward for as long as the item is not generally known in the specialty coffee industry), (c) will not make unauthorized copies of Confidential Information disclosed in tangible form, and (d) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to Coffeehouse personnel and others, and (e) will require the Operating Principal, and the Principal Owners, other managers, employees and agents with access to Confidential Information, to sign non-disclosure agreements (under which we will be a third-party) in a form we approve

Confidential Information does not include information you can demonstrate lawfully came to your attention before we provided it to you, that, at the time we disclosed it to you, already had lawfully become generally known in the specialty coffee industry through publication or communication by others (without violating an obligation to us or CCC), that, after we disclose it to you, lawfully becomes generally known in the specialty coffee industry through publication or communication by others (without violating an obligation to us or CCC), or that you independently develop without access to or reliance on our Confidential Information If we include any matter in Confidential Information, however, anyone who claims that it is not Confidential Information must prove that one of these exclusions is satisfied

All ideas, concepts, techniques, or materials relating specifically and solely to a CARIBOU COFFEE® Coffeehouse, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our and CCC's sole and exclusive property, part of the System, and works made-for-hire for us and CCC To the extent any item does not qualify as a "work made-for-hire" for us and CCC, you hereby assign ownership of and all related rights to that item to us and CCC and agree to take whatever reasonable action we request to evidence our and CCC's ownership or to help us and CCC obtain intellectual property rights in the item

7 Coffeehouse Operations and System Standards

A **Coffeehouse Supervision and Personnel** You must comply with our requirements regarding Certified Managers as described in Section 4 B and 4 E above You shall not permit any individual to manage the Coffeehouse who is not a Certified Manager You will maintain at all times a staff of trained employees sufficient to operate the Coffeehouse in compliance with our standards You will be exclusively responsible for the hiring and firing of all employees of the Coffeehouse, for the terms

of their employment, scheduling, benefits, disciplining, compensation, and for all personnel decisions respecting Coffeehouse employees without any influence or advice from us, and such decisions and actions shall not be, nor be deemed to be, our decisions or actions None of your employees will be deemed to be an employee of ours for any purpose, and you will notify each of your employees of this fact You will comply with all applicable laws and regulations regarding the hiring and firing of employees and related to their employment You, your Operating Principal or your Certified Managers will implement a training program for Coffeehouse employees in compliance with our requirements

B **Insurance** As a System Standard, you agree to purchase and maintain in force, at your expense, insurance as necessary to meet federal, state or local law requirements, together with comprehensive general liability insurance, including products liability, property damage, and personal injury coverage with a combined single limit of at least Two Million Dollars ($2,000,000) per occurrence and Three Million Dollars ($3,000,000) annual aggregate, and such other insurance coverage as we periodically require All insurance policies will (1) be issued by an insurance carrier(s) acceptable to us and that have an A M Best rating of A or higher or comparable industry rating, (2) will name us and our affiliates and their respective officers, directors, and employees as an additional insured, (3) contain a waiver of the insurance company's right of subrogation against us, (4) contain the above-mentioned insurance coverage for each CARIBOU COFFEE® Coffeehouse that you operate, and (5) provide that we will receive thirty (30) days' prior written notice of a material change in or termination, expiration or cancellation of any policy (or such shorter period as the insurance carrier may require and approved by us) We periodically may, with prior written notice to you, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability If at any time you fail to maintain in effect any insurance coverage we require, or to furnish satisfactory evidence thereof, we, at our option, may obtain insurance coverage for you You agree to promptly sign any applications or other forms or instruments required to obtain any insurance and pay to us, on demand, any costs and premiums we incur, together with an administrative fee equal to five percent (5%) of the insurance premium You will provide us with evidence of your compliance with the insurance requirement, including a copy of the policy and any required endorsements, the certificate of insurance, and other documentation we request, within two (2) weeks before you take possession and commence development of the premises and annually prior to renewal or extension of each insurance policy Your obligation to obtain and maintain these insurance policies in the amounts specified will not be limited in any way by reason of any insurance that we may maintain, nor does your procurement of required insurance relieve you of liability under the indemnity obligations described in Section 15 Your insurance procurement obligations under this Section are separate and independent of your indemnity obligations We do not represent or warrant that any insurance that you are required to purchase will provide you with adequate coverage The insurance requirements specified in this Agreement are for our protection You should consult with your own insurance agents, attorneys and other insurance advisors to determine the level of insurance protection you need and desire, in addition to the coverage and limits we require

C **Health and Sanitation** You must comply with all applicable governmental health and sanitary standards in operating and maintaining the Coffeehouse You also must comply with any higher standards that we prescribe through our System Standards In addition to complying with such standards, if the Coffeehouse will be subject to any governmental sanitary or health inspection under which it may be rated in one or more than one classification, the Coffeehouse will be maintained and operated so as to be rated in the highest available health and sanitary classification respecting each such inspection If you fail to be rated in the highest classification or receive any notice that you are not in compliance with all applicable health and sanitary standards, you will immediately notify us in writing of such failure or noncompliance

D **Off-Site Storage** You must make adequate arrangements with the owner, lessor and/or licensor of the Host Facility for the convenient storage, within the Host Facility but outside of the Coffeehouse, of equipment, products and supplies for the Coffeehouse, including for the storage of ambient, refrigerated and frozen products related to the Coffeehouse

E **PCI Compliance** You must review, understand and comply with the Payment Card Industry (PCI) Data Security Standards and comply with all other applicable data security standards We may in the future establish a PCI compliance program, and you must comply with and pay us a monthly fee for the program upon its establishment You are solely responsible for protecting yourself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and, you waive any and all claims you may have against us as the direct or indirect result of such disruptions, failures, or attacks

F **System Standards** Because operating and maintaining the Coffeehouse in compliance with System Standards are essential to preserve the goodwill of the Marks and all CARIBOU COFFEE® Coffeehouses, you agree at all times to operate and maintain the Coffeehouse in compliance with all System Standards, as we periodically issue, modify, and supplement them Although we retain the right to establish and periodically modify System Standards that you must follow, you retain the right to control, and responsibility for, the Coffeehouse's day-to-day management and operation and implementing and maintaining System Standards at the Coffeehouse System Standards may regulate any one or more of the following

(1) design, layout, decor, appearance, and lighting of the Coffeehouse, maintenance, cleaning, and sanitation, periodic remodeling and painting, replacing obsolete or worn-out Operating Assets, and using signs, emblems, lettering, and logos,

(2) types, models, and brands of required Operating Assets, Caribou Trade Secret Products, Caribou Branded Products, Approved Products (as defined in Section 7 F(5) below) and other food and beverage products and supplies and minimum standards and specifications that you must satisfy,

(3) required and/or approved Caribou Trade Secret Products, Caribou Branded Products and Approved Products, unauthorized and prohibited food and beverage products and services, and purchase, storage, preparation, handling, and packaging procedures and techniques, as well as inventory requirements, for Products We always have the right to approve (and withdraw our approval) or disapprove in advance all items to be sold by the Coffeehouse,

(4) designated and approved suppliers of Operating Assets, Caribou Trade Secret Products, Caribou Branded Products, Approved Products and other items and services, which suppliers may include us, our affiliates and/or other specified exclusive sources WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, RESPECTING PRODUCTS, EQUIPMENT (INCLUDING ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS, OTHER OPERATING ASSETS OR OTHER ITEMS THAT ARE MANUFACTURED OR DISTRIBUTED BY THIRD PARTIES AND THAT WE APPROVE FOR USE IN THE SYSTEM

In the case of Operating Assets that are not proprietary to us or the System, items other than Caribou Trade Secret Products and Caribou Branded Products, and services other than gift and loyalty card processing services (because you must use our designated supplier for such processing services), you may purchase from suppliers of your choice as long as the vendors and their products and services satisfy our quality standards and specifications and are not disapproved by us We may withdraw our approval of

any vendors and their Approved Products upon thirty (30) days' prior written notice to you if the products, in our reasonable opinion, no longer are consistent with our then-current strategy for CARIBOU COFFEE® Coffeehouses operated within retail establishments such as the Coffeehouse (in the sense that we no longer wish to allow such CARIBOU COFFEE® Coffeehouses to sell those products),

(5) supply and supplier criteria for items and services that you need to operate your Coffeehouse and that you may obtain from sources other than us, our affiliates and/or other specified exclusive sources If you propose to offer for sale or use at the Coffeehouse any product (including food products), product brand, ingredient, supply, or service we have not then approved as meeting our minimum specifications and standards, or to purchase any item or service from a supplier we have not then approved or designated, such brand, ingredient, supply, service, or supplier must reasonably meet our standards and specifications and will only upon our approval be deemed to be "**Approved Products**" We have the right to disapprove any brand, ingredient, supply, service, or supplier, including proposed food products and supplies that are not Caribou Trade Secret Products or Caribou Branded Products, if the vendors and their products do not reasonably satisfy our quality standards and specifications We have the right to re-inspect any supplier's products, services, and facilities and to revoke our approval of any item, service, or supplier We may withdraw our approval of previously Approved Products,

(6) terms and conditions of the sale and delivery of, and terms and methods of payment for, Caribou Trade Secret Products, Caribou Branded Products, and other products and services that you obtain from us and affiliated and unaffiliated suppliers, and our and our affiliates' right not to sell you any Caribou Trade Secret Products, Caribou Branded Products, or other products or not to provide you with services, or to do so only on a 'cash-on-delivery" or other basis, if you are in default (and have been notified of but have failed to correct that default) We may take this action even if you are forced to suspend Coffeehouse operations due to an inadequate inventory of Caribou Trade Secret Products, Caribou Branded Products, or other products You may not use any unapproved products as replacements,

(7) our and our affiliates' right to receive payments from suppliers on account of their actual or prospective dealings with you and other licensees and to use all amounts so received without restriction for any purposes we and our affiliates deem appropriate (unless we and our affiliates agree otherwise with the supplier),

(8) sales, marketing, advertising, and promotional programs and materials and media used in these programs,

(9) use and display of the Marks at the Coffeehouse and on various materials and supplies,

(10) issuing and honoring gift certificates, coupons, and gift and loyalty cards and administering customer loyalty and similar programs You must participate in, and comply with the requirements of, our gift card and other customer loyalty programs We will hold all monies paid by customers for gift and loyalty cards until the gift and loyalty cards are used by customers for purchases (at which time we will reimburse the honoring CARIBOU COFFEE® Coffeehouse our then standard reimbursement amount in compliance with our then-current gift and loyalty card policies and procedures) We may keep any monies not used by customers to the extent allowed by applicable law,

(11) standards related to the qualifications, training, dress, and appearance of your employees,

(12) participation in market research and testing and product and service development programs, complying with our customer complaint resolution procedures and our commitment to a 100%

customer satisfaction policy and reimbursing us promptly if we choose to resolve a customer complaint because you fail to do so as or when we require,

(13) accepting credit and debit cards, other payment systems, and check verification services (you may choose your own vendors for credit cards such as MasterCard and Visa),

(14) formats, content, and frequency of reports to us of the Coffeehouse's Gross Sales, discounts, transaction count, check average, and product mix sold,

(15) adhering to good business practices, observing high standards of honesty, integrity, fair dealing, and ethical business conduct in all dealings with customers, suppliers, and us, and notifying us if any action, suit, or proceeding is commenced against you relating to the Coffeehouse or if you receive any report, citation, or notice regarding the Coffeehouse's failure to comply with any licensing, health, cleanliness, or safety standard, and

(16) any other aspects of operating and maintaining the Coffeehouse that we determine to be reasonable and useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and CARIBOU COFFEE® Coffeehouses

You agree to implement any changes in System Standards within the reasonable time period we request Standards and specifications for the System that we prescribe in the Operations Manual are considered System Standards, and you are required to comply with them to the fullest extent permitted by law You have the obligation to request modifications to the Operations Manual so that no standards or specifications in it violate or could result in a violation of or noncompliance with any applicable federal, state and local governmental laws, ordinances and regulations

8 Marketing

A **Marketing Fund** Recognizing the value of advertising and marketing to the goodwill and public image of CARIBOU COFFEE® Coffeehouses, during the Term of this Agreement, we have established a marketing fund (**the "Marketing Fund"**) for the advertising, marketing, customer relationship management (**"CRM"**), and public relations programs and materials for the benefit of CARIBOU COFFEE® Coffeehouses You agree to contribute to the Marketing Fund an amount equal to two percent (2%) of the Coffeehouse's Gross Sales during each calendar month, payable at the same time and in the same manner as the Royalty Fee CARIBOU COFFEE® Coffeehouses that we or our affiliates own have no obligation to contribute to the Marketing Fund

We will direct all activities that the Marketing Fund finances, with sole control over the creative concepts, graphics, materials, communication media, and endorsements used and their geographic, market, and media placement and allocation The Marketing Fund may pay for preparing, producing and maintaining video, audio, and written advertising and marketing materials and electronic media, including payment of talent and usage fees, developing, implementing, and maintaining a CARIBOU COFFEE® Website and/or related strategies, administering national, regional, multi-regional, and local marketing and advertising programs, including, without limitation, purchasing media advertising, conducting direct mail and other direct marketing campaigns, developing interactive and digital strategies including preparing on-line advertising and marketing, conducting research and other marketing tactics, and using advertising, promotion, CRM, marketing, and research agencies and other advisors to provide assistance, and supporting public relations, market research, customer satisfaction surveys, and other advertising, promotion, CRM, marketing, and research activities

We will account for the Marketing Fund separately from our other monies and funds and not use the Marketing Fund for any of our general operating expenses We may use the Marketing Fund, however, to pay the reasonable salaries and benefits of personnel who manage and administer the Marketing Fund, the Marketing Fund's other administrative costs, travel expenses of personnel while they are on Marketing Fund business, meeting costs, overhead relating to Marketing Fund business, and other expenses we incur in activities reasonably related to administering or directing the Marketing Fund and its programs, including, without limitation, conducting market research, public relations, preparing advertising, promotion, CRM, and marketing materials, and collecting and accounting for Marketing Fund contributions

The Marketing Fund will not be our asset and is not a trust or escrow account We do not owe any fiduciary obligation to you for administering the Marketing Fund or any other reason We may spend in any fiscal year more or less than the total Marketing Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use We will prepare an annual, unaudited statement of Marketing Fund collections and expenses and give you a copy of the statement upon written request We may have the Marketing Fund audited annually, at the Marketing Fund's expense, by an independent certified public accountant We may incorporate the Marketing Fund or operate it through a separate entity whenever we deem appropriate The successor entity will have all of the rights and duties specified in this Section

We may use the Marketing Fund only for the benefit of CARIBOU COFFEE® Coffeehouses We intend the Marketing Fund to maximize recognition of the Marks and patronage of CARIBOU COFFEE® Coffeehouses generally You acknowledge that we undertake no obligation in administering the Marketing Fund to ensure that Marketing Fund expenditures affect or benefit you or the region or geographic area in which your Coffeehouse is located directly, equivalently, or in proportion to your Marketing Fund contributions

B **Opening Campaign** During the ninety (90) day period commencing thirty (30) days prior to the opening of the Coffeehouse and ending sixty (60) days following such opening, you agree to conduct a Coffeehouse opening campaign, and will spend a minimum of Two Thousand Five Hundred Dollars ($2,500) for advertising and marketing activities in connection with the Coffeehouse opening campaign In certain metropolitan areas, we may require that you spend a greater minimum amount on the Coffeehouse opening campaign You will use our designated media vendor (if any) and must implement our recommended media plan (if any) in conducting the Coffeehouse opening campaign We reserve the right to collect the opening campaign expenditure amount directly from you and spend it on your behalf in connection with the Coffeehouse opening campaign On or before the last day of each month during the first year of Coffeehouse operations, you must provide us with an accurate accounting of Coffeehouse opening campaign (advertising and marketing) expenses

C **Local Advertising and Coffeehouse Promotion** In addition to the Coffeehouse opening campaign described in Section 8 B, you agree to spend an amount equal to at least two percent (2%) of Gross Sales during each calendar year on ' approved" Coffeehouse advertising and promotional activities in your local area On or before February 15 of each year, you will provide us with an accounting of the funds that you have spent for local advertising for the preceding calendar year If you fail to spend the minimum amount required under this Section 8 C during the calendar year for approved local advertising, you will deposit with us the difference between what you should have spent for approved advertising during the calendar year and what you actually spent for approved advertising during the calendar year We will spend it in your local area or use it to develop advertising for Caribous Coffee® Coffeehouses in the System For purposes of this Section 8 C, Coffeehouse advertising and promotional activities are 'approved ' if they comply with Section 8 D below

D **Approved Advertising and Coffeehouse Promotion Materials** Any local advertising and promotion you conduct for the Coffeehouse must follow our guidelines, and all advertising and promotional materials you develop must contain notices of our Website's domain name in the manner we designate Before you use them, you must send us or our designated agency for approval samples of all advertising, promotional, and marketing materials that we have not prepared or approved within the previous one (1) year period If you do not receive written disapproval within twenty (20) days after we or our designated agency receives the materials, they are deemed to be approved You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved

E **Gift Card and Loyalty Program** You must participate in gift card, customer loyalty, and similar programs designated by us for use by our CARIBOU COFFEE® Coffeehouses, unless you are restricted from doing so by your lease or other third party contract related to the Host Facility

9 Records, Reports, and Financial Statements

A **Records** You agree to establish and maintain at your own expense an accounting and recordkeeping system enabling you to generate complete and accurate books, records, accounts using such methods and systems of bookkeeping and accounting as we may require relating the Coffeehouse (the "**Records**") in the format and manner we direct in the Operations Manual or otherwise in writing The Records will include the following (i) a report on the Coffeehouse's Gross Sales, discounts, transaction count, check average, and product mix sold for the daily, weekly, monthly and/or other periods we specify, (ii) cash receipts journal and general ledger, (iii) cash disbursements journal and weekly payroll register, (iv) monthly bank statements and daily deposit slips and canceled checks, (v) all tax returns relating to the Coffeehouse, (vi) suppliers' invoices (paid and unpaid), (vii) dated cash registered tapes (detailed and summary), (viii) semi-annual balance sheets and monthly profit and loss statements, (ix) weekly inventories, (x) records of promotion and coupon redemption, and (xi) such other records and information as we periodically may request We may publicly disclose data derived from these reports Subject to compliance with applicable law, we may use information received from customers who use our gift and loyalty cards for any business purposes relating to promoting the CARIBOU COFFEE® brand and will be deemed to own such information You agree to preserve all Records relating to the Coffeehouse prepared each year during the Term in a secure location at the Coffeehouse for three (3) years following the end of such year

B **Reports And Tax Returns** You will deliver or provide access to us to examine the following (1) daily statements relating to Gross Sales accompanying your payment of monthly Royalty Fees, (2) within forty-five (45) days after the end of each calendar quarter, a quarterly profit and loss statement for the Coffeehouse for the immediately preceding calendar quarter and a year-to-date profit and loss statement, (3) within ninety (90) days after the end of each fiscal year, an annual profit and loss statement and source and use of funds statement for the Coffeehouse for the year and a balance sheet for the Coffeehouse as of the end of the year, reviewed by an independent certified public accountant, and (4) at our request, all tax returns relating to the Coffeehouse and each of the Principal Owners You also will provide to us copies of all Records and other information and supporting documents as we designate All financial statements, reports and information must be on forms approved by us and signed and verified by you

10 Inspections and Audits

A **Inspections** To determine whether you and the Coffeehouse are complying with this Agreement and all System Standards, we and our designated agents or representatives (including 'mystery" or "secret" shoppers) may during your normal business hours (a) inspect the Coffeehouse, (b) photograph the Coffeehouse and observe and videotape its operation for consecutive or intermittent

periods, (c) remove reasonable samples of any Products and supplies (including Caribou Trade Secret Products and Caribou Branded Products), (d) interview the Coffeehouse's personnel and customers, and (e) upon two (2) days' prior written notice to you, inspect and copy any books, records, and documents relating to the Coffeehouse's Gross Sales, discounts, transaction count, check average, and product mix sold You agree reasonably to cooperate with us and our agents and representatives in these activities, including permitting our representatives to take photographs or videotapes of the Coffeehouse and to interview employees and customers of the Coffeehouse We will not interfere unreasonably with the Coffeehouse's operation You agree to participate and/or request your customers to participate in any surveys performed by or for us If we (or our agents or representatives) inspect the Coffeehouse and determine that it is not operating in compliance with this Agreement and all System Standards, and we then must re-inspect the Coffeehouse to determine whether you have corrected the operating deficiencies, we may require you to pay us an amount not to exceed One Thousand Five Hundred Dollars ($1,500) for each re-inspection of the Coffeehouse You will make necessary arrangements with the owner, lessor and/or licensor of the Host Facility to the extent reasonably prescribed by us (i) to allow us access to your Records and point-of-sale cash register system, (ii) to give us the ability to retrieve Gross Sales and other required information relating to your Coffeehouse, and (iii) to ensure that we and our affiliates and designees will have the right to conduct the inspections and audits described in this Section 10

B **Result of Audit, Unreported Gross Sales** We may during your business hours, and with two (2) days' prior written notice to you, examine the Coffeehouse's business and sales records You agree reasonably to cooperate with our representatives and independent accountants in any examination If the examination discloses an understatement of the Coffeehouse's Gross Sales, you agree to pay us, within fifteen (15) days after receiving the examination report, the Royalty Fees and Marketing Fund contributions due on the amount of the understatement, plus our late fee Furthermore, you must reimburse us for the reasonable costs of the examination, including, without limitation, the reasonable charges of attorneys and independent accountants and the reasonable travel expenses, room and board, and compensation of our employees if (1) our examination reveals a Royalty Fee or Marketing Fund contribution understatement exceeding two percent (2%) of the amount that you actually reported to us for the period examined, (2) an examination or audit is necessary because you failed to timely provide the required information, or (3) you fail to spend the minimum amount required for local Coffeehouse promotion under Section 8 C These remedies are in addition to our other remedies and rights under this Agreement and applicable law

11 Transfer

A **Assignment by Us** You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as employees come and go You represent that you have not signed this Agreement in reliance on any particular owner, director, officer, or employee remaining with us in that capacity We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction as long as the assignee is reasonably able to satisfy our obligations under this Agreement After our assignment of this Agreement to a third party who expressly assumes the obligations under and would be the new owner of this Agreement, we no longer will have any performance or other obligations under this Agreement Such an assignment will constitute a release and novation with respect to this Agreement as it relates to post-transfer obligations, and the new owner-assignee will be liable to you as if it had been an original party to this Agreement

B **Your Assignment or Sale of Substantially all of Your Assets** You understand that we have granted the License under this Agreement in reliance upon the individual or collective character, aptitude, attitude, business ability and financial capacity of your Principal Owners You (and your Principal Owners) will not transfer (whether voluntary or involuntary), assign or otherwise dispose of, in one or more transactions, your business, the Coffeehouse, substantially all or all of the assets of the

Coffeehouse, this Agreement or any controlling interest in you ("controlling interest" to include a proposed transfer of fifty percent (50%) or more of the common (voting) stock in a corporation or of the ownership interest in a limited liability company or partnership) unless you obtain our prior written consent We will not unreasonably withhold our consent to an assignment of this Agreement, provided you comply with any or all of the following conditions which we may, in our discretion, deem necessary

(1) All of your accrued monetary obligations to us and our affiliates have been satisfied, and you otherwise are in good standing under this Agreement and any other agreement between you and us,

(2) The transferee (or the Principal Owners, if applicable) is approved by us and demonstrates to our satisfaction that he/she meets our managerial, financial and business standards for operating new CARIBOU COFFEE® Coffeehouses, possesses a good business reputation and credit rating, and has the aptitude and ability to conduct the Coffeehouse business You understand that we may communicate directly with the transferee during the transfer process to respond to inquiries, as well as to ensure that the transferee meets our qualifications,

(3) The transferee enters into a written agreement, in form satisfactory to us, assuming and agreeing to discharge all of your obligations and covenants under this Agreement for the remainder of your term or, at our option, signs our then-current standard form of license agreement (which will provide for the same Royalty Fee, Marketing Fund contributions and local marketing expenditures required by this Agreement for a term equal to the remaining term of this Agreement, although such agreement may provide other rights and obligations from those provided in this Agreement),

(4) Two individuals (as we approve) comprised of either the transferee, the transferee's Operating Principal, the transferee's full-time general manager responsible for the day to day operations of the Coffeehouse or another manager of the transferee must successfully complete the initial Certified Manager training program required of new licensed CARIBOU COFFEE® Coffeehouses,

(5) If required, the lessor of the Coffeehouse premises consents to your assignment or sublease of the premises to the transferee,

(6) You pay us a transfer fee equal to fifty percent (50%) of our then-current standard initial license fee applicable to new licensed CARIBOU COFFEE® Coffeehouses,

(7) You (and each Principal Owner, if applicable) sign a general release, in a form and substance satisfactory to us, of any and all claims against us and our affiliates, officers, directors, employees and agents,

(8) We approve the material provisions of the assignment or sale of assets which assignment or sale cannot permit you to retain a security interest in this Agreement or any other asset of the licensed business or allows payments to you from the transferee or transferee's owners that are not subordinated to our first right to satisfaction by the transferee of all payment obligations to us or our affiliates under this Agreement or any related agreements, and

(9) You (and each Principal Owners, if applicable) sign an agreement, in form satisfactory to us in which you and each Principal Owner covenant to observe the post-termination covenant not to compete and all other applicable post-termination covenants and obligations

We may expand upon, and provide more details related to, the conditions for transfer and our consent as described in this Section 11 B, and may do so in the Operations Manual or otherwise in writing

C **Death or Disability** If any Principal Owner dies or is permanently disabled, his/her executor, administrator, or other personal representative must transfer his/her interest within a reasonable time, not to exceed twelve (12) months from the date of death or permanent disability, to a person we approve Such transfers, including transfers by devise or inheritance, will be subject to conditions contained in Section 11 B above If the Operating Principal dies or is permanently disabled, the remaining Principal Owners must appoint (if necessary) a competent Operating Principal acceptable to us within a reasonable time, not to exceed thirty (30) days, from the date of death or permanent disability The appointed Operating Principal must successfully complete our designated training program If an approved Operating Principal is not appointed within thirty (30) days after the Operating Principal's death or permanent disability, we may, but are not required to, immediately appoint an Operating Principal to maintain Coffeehouse operations on your behalf until an approved assignee can assume the management and operation of the Coffeehouse Our appointment of an Operating Principal does not relieve you of your obligations, and we will not be liable for any debts, losses, costs or expenses you incur in operating the Coffeehouse or to any creditor of yours for any Products, materials, supplies or services purchased by the Coffeehouse while it is managed by our appointed manager We may charge a reasonable fee for management services and may cease to provide management services at any time

D **Public or Private Offerings** Subject to Section 11 B above, if you (or any of your Principal Owners) desire to raise or secure funds by the sale of securities (including common or preferred stock, bonds, debentures or general or limited partnership interests) in you or any affiliate of you, you agree to submit any written information to us before your inclusion of that information in any registration statement, prospectus or similar offering circular or memorandum and must obtain our written consent to the method of financing before any offering or sale of securities Our written consent will not imply or represent our approval respecting the method of financing, the offering literature submitted to us or any other aspect of the offering No information respecting us or any of our affiliates will be included in any securities disclosure document, unless we furnish the information in writing in response to your written request, which request will state the specific purpose for which the information is to be used Should we, in our discretion, object to any reference to us or any of our affiliates in the offering literature or prospectus, the literature or prospectus will not be used unless and until our objections are withdrawn We assume no responsibility for the offering

The prospectus or other literature used in any offering must contain the following language in boldface type on the first textual page

> "NEITHER CARIBOU COFFEE DEVELOPMENT COMPANY, INC NOR ANY OF ITS AFFILIATES (A) IS DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED, (B) ASSUMES ANY RESPONSIBILITY RESPECTING THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED HEREIN, OR (C) ENDORSES OR MAKES ANY RECOMMENDATION RESPECTING THE INVESTMENT CONTEMPLATED BY THIS OFFERING "

E **Our Right of First Refusal** If you or your Principal Owners at any time desire to sell or assign for consideration the Coffeehouse business, the Coffeehouse, an ownership interest representing (in the aggregate) fifty percent (50%) or more of the ownership in you or all or substantially all of your assets, you or your Principal Owners must obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and must deliver a copy of the offer to us We have the right, exercisable by written notice delivered to you or your Principal Owners within thirty (30) days following receipt of the

proposed offer, to purchase the interest in the Coffeehouse or ownership interest in you for the price and on terms contained in the offer We may substitute cash for any non-cash form of payment proposed in the offer and will have a minimum of sixty (60) days to prepare for closing If we do not exercise our right of first refusal, you or your Principal Owners may complete the sale to the proposed purchaser under the terms of the offer, provided you and the Principal Owners otherwise comply with this Section 11 If the sale to the proposed purchaser is not completed within one hundred twenty (120) days after delivery of the offer to us, or if there is a material change in the terms of the sale, we again will have the right of first refusal

F **Additional Guaranty** Any person or entity that at any time after the date of this Agreement becomes a Principal Owner of yours under the provisions of this Section 11 or otherwise will, as a condition of becoming a Principal Owner, sign the Guaranty, if requested by us

12 **Expiration of This Agreement/Renewal Rights**

A **Renewal Terms, First Renewal** When this Agreement expires, you will have the right to enter into a successor agreement for the License for two five (5) year renewal terms If the Coffeehouse is located in an airport, however, you will have the right to enter into a successor agreement for one ten (10) year renewal term You will have the right to enter into a successor agreement for the License for the first renewal term if

(1) You have complied with all of the material provisions of this Agreement and all other agreements between you and us or any of our respective affiliates, including the payment of all monetary obligations you owe to us or our affiliates, and have complied with our material operating and quality standards and procedures,

(2) You have given us written notice of your intention to enter into a successor agreement at least one hundred eighty (180) days but no more than three hundred sixty (360) days before the end of the initial term of this Agreement,

(3) You provide documentation satisfactory to us that you have the right to maintain possession of the Coffeehouse premises during the renewal term,

(4) At your expense, you have made the reasonable capital expenditures necessary to refurbish the Coffeehouse by installing new signage, replacing worn out or obsolete fixtures, furniture and equipment, and repairing, repainting or resurfacing (as applicable) the interior and exterior of the Coffeehouse, all as we deem necessary or appropriate to ensure continued public acceptance and patronage of your Coffeehouse and to avoid deterioration or obsolescence in connection with the operation of the Coffeehouse,

(5) Your Certified Managers complete, to our satisfaction, any new training and refresher programs as we may reasonably require You are responsible for travel, hotel, living and compensation costs of attendees,

(6) You have paid to us at least thirty (30) days before the initial term of this Agreement expires a "**Renewal Fee**" equal to the greater of ten percent (10%) of our then-current initial license fee for new kiosk style CARIBOU COFFEE® Coffeehouses or One Thousand Two Hundred Fifty Dollars ($1,250),

(7) You sign our then-current standard form of license agreement which may differ materially from the provisions of this Agreement, provided that you will be

required to pay the Renewal Fee in lieu of the Initial License Fee stated in the then-current unit license agreement, and

(8) You and each Principal Owner sign a general release, in form acceptable to us, of all claims against us and our affiliates, officers, directors, employees, and agents

B **Second Renewal** Unless the Coffeehouse is located in an airport, you will have the right to enter into a successor agreement for the License for the second renewal term provided you satisfy each of the following conditions

(1) You have complied with all of the material provisions of this Agreement and all other agreements between you and us or any of our respective affiliates, including the payment of all monetary obligations you owe to us or our affiliates, and have complied with our material operating and quality standards and procedures,

(2) You have given us written notice of your intention to enter into a successor agreement at least one hundred eighty (180) days but no more than three hundred and sixty (360) days before the end of the then-existing term of this Agreement,

(3) You provide documentation satisfactory to us that you have the right to maintain possession of the Coffeehouse premises during the renewal term, or are able to secure a new location to which we have consented (such consent not to be unreasonably withheld) and agree to make all required improvements to the Coffeehouse premises and install all required fixtures and equipment in compliance with our then-current standards and specifications for new CARIBOU COFFEE® Coffeehouses,

(4) At your expense and in order to assure the continued success of the Coffeehouse, you have made the reasonable capital expenditures necessary to remodel, modernize and redecorate the Coffeehouse premises and to replace and modernize the fixtures, furniture, signs and equipment used in the Coffeehouse, so that the Coffeehouse reflects the then-current physical appearance of new CARIBOU COFFEE® Coffeehouses,

(5) Your Certified Managers complete, to our satisfaction, any new training and refresher programs as we may reasonably require You are responsible for travel, hotel, living and compensation costs of attendees,

(6) You have paid to us at least thirty (30) days before the first renewal term of this Agreement expires a "**Renewal Fee**" equal to the greater of ten percent (10%) of our then-current initial license fee for new kiosk style CARIBOU COFFEE® Coffeehouses or One Thousand Two Hundred Fifty Dollars ($1,250),

(7) You sign our then-current standard form of license agreement which may differ materially from the provisions of this Agreement, provided that you will be required to pay the Renewal Fee in lieu of the Initial License Fee stated in the then-current license agreement, and

(8) You and each Principal Owner sign a general release, in form acceptable to us, of all claims against us and our affiliates, officers, directors, employees, and agents

13 **Termination of Agreement**

A **Your Termination** Provided you are in substantial compliance with this Agreement, you may terminate this Agreement in either of the following events

(1) if we violate any material obligation of us to you and fail to cure such violation within sixty (60) days after our receipt of written notice from you Your written notice will identify the violation and demand that it be cured, or

(2) upon sixty (60) days prior written notice to us, in the event of termination, expiration, or non-renewal of the lease or concession agreement with the Host Facility for the Coffeehouse, or as otherwise required in writing by the Host Facility

Your termination of this Agreement other than as provide in this Section 13 A will be deemed a termination by you without cause

B **Our Termination of Agreement - Grounds** You will be in default, and we may, at our option, terminate this Agreement, as provided in Section 13 C below, if

(1) either of the individuals attending the Certified Manager training program fails to successfully complete the initial Certified Manager program and you do not find a replacement who successfully completes the initial Certified Manager program within a reasonable time period, you fail to select a site that is acceptable to us within the required time period, or you fail to open and commence full operations of the Coffeehouse within the required time period,

(2) you violate any material provision or obligation of this Agreement,

(3) you or any of your managers, directors, officers or any Principal Owner makes a material misrepresentation or omission in the application for the License,

(4) you or any of your Certified Managers, directors, officers or Principal Owners is convicted of, or pleads guilty to or no contest to a felony, a crime involving moral turpitude, or any other crime or offense that we believe will injure the System, the Marks or the goodwill associated therewith, or if we have proof that such person has committed such a crime or offense,

(5) you fail to conform to the material requirements of the System or the material standards of uniformity and quality for the Products and services as established by this Agreement, as described in the Operations Manual or as we otherwise have established under the System,

(6) you fail to timely pay the Royalty Fee or Marketing Fund contributions or any other obligations or liabilities due and owing to us or our affiliates, or suppliers we approve as a source for required items, or fail to timely make any advertising obligations,

(7) you are insolvent within the meaning of any applicable federal or state law,

(8) you make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of your assets for the benefit of creditors,

(9) you voluntarily or otherwise "abandon" (as defined below) the Coffeehouse,

(10) you are involved in any act or conduct which materially impairs or otherwise is prejudicial to the goodwill associated with any of the Marks or the System,

(11) you or a Principal Owner makes an unauthorized assignment or transfer of this Agreement, the Coffeehouse or an ownership interest in you,

(12) the operation, maintenance or construction of the Coffeehouse results in a threat or danger to the public health or safety,

(13) you violate any federal, state or local government health code in connection with the operation of the Coffeehouse,

(14) your lease for the Coffeehouse premises expires or is terminated for any reason (unless, through no fault of you, the lessor of the premises in which the Coffeehouse is located refuses to renew your lease and you relocate to a site we approve within ninety (90) days thereafter),

(15) the result of an audit discloses an understatement of Gross Sales of three percent (3%) or more,

(16) we terminate any other license agreement or franchise agreement with you (or an affiliate) for the operation of a CARIBOU COFFEE® Coffeehouse,

(17) you lose your right for whatever reason to operate your Coffeehouse within the Host Facility or the Host Facility is rebranded or converted to a business other than a retail business, or

(18) you willfully and materially falsify any report, statement, or other written data furnished to us either during the license application or approval process or after you are awarded a License

Any report submitted under Section 13 B(18) above will be conclusively deemed to be materially false if it understates Gross Sales by more than four percent (4%) The term "**abandon**" means your failure to operate the Coffeehouse during regular business hours for a period of three (3) consecutive days or ten (10) or more days in a twelve-month period without our prior written consent unless such failure is due to an event or cause as described in Section 17 B(2)-(4) below

C **Procedure Upon Your Notice of Termination** Except as described below, you will have thirty (30) days after your receipt from us of a written Notice of Termination within which to remedy any default hereunder, and to provide evidence thereof to us If you fail to correct the alleged default within that time, this Agreement will terminate without further notice to you effective immediately when the thirty (30) day period expires You will have ten (10) days after your receipt from us of a written Notice of Termination to remedy any default under item (6) in Section 13 B above and to provide evidence thereof to us If you fail to correct the alleged default within that time, this Agreement will terminate without further notice to you, effective immediately when the ten (10) day period expires You will have seventy two (72) hours after you receive from us a written Notice of Termination to remedy any default under item (13) in Section 13 B above and to provide evidence thereof to us If you fail to correct the alleged default within that time, this Agreement will terminate without further notice to you, effective immediately when the seventy-two (72) hour period expires We may terminate this Agreement immediately upon delivery of written notice to you, with no opportunity to cure, if the termination results from any of the following (1) you fail to comply with one or more material

requirements of this Agreement on three (3) separate occasions within any twelve (12) month period, (2) the nature of your breach makes it not curable, (3) you willfully and repeatedly deceive customers relative to the source, nature or quality of goods sold, or (4) any default under items (3), (4), (7), (8), (9), (10), (11), (12), (14), (15), (16), (17), or (18) in Section 13 B above

D **Management of Coffeehouse While You are in Default** In addition to our termination rights described in Sections 13 B and 13 C above, while you are in default of this Agreement, we may, but are not required to, manage, or designate a third party to manage, the Coffeehouse on your behalf Our, or our designee's, management of the Coffeehouse does not relieve you of your obligations and neither we nor our designee will be liable for any debts, losses, costs or expenses incurred in operating the Coffeehouse or to any of your creditors for any materials supplies or services purchased by the Coffeehouse while we, or our designee, manage it We, or our designee, may charge you a fee for management services and may cease providing management services at any time

E **Applicable Law** If the provisions of this Section 13 violate applicable law or require a longer notice or cure period, the applicable law or the longer notice or cure period will apply

14 Our and Your Rights and Obligations Upon Termination or Expiration of This Agreement

A **Payment of Amounts Owed** You agree to pay us within fifteen (15) days after this Agreement expires or is terminated, or on any later date we determine all amounts due to us, the Royalties and Marketing Fund contributions accrued to the date of expiration or termination, late fees and other amounts (including for product purchases) owed to us (and our affiliates) that then are unpaid

B **Other Obligations** Once this Agreement expires or is terminated, you must (1) immediately cease operation of the Coffeehouse and all identification and association with the CARIBOU COFFEE® brand, (2) immediately cease using any of our Confidential Information (including all Customer Data) in any format it may appear and return to us (or, at our option, destroy or electronically delete) all electronic or hard-copy documents in your possession that contain Confidential Information, (3) at your own cost and without any payment from us, destroy or deliver to us within fifteen (15) days all signs, marketing materials, forms, and other materials we request containing any Mark, (4) within the timeframe we specify and at your own expense, make the alterations to the Coffeehouse we specify in our Operations Manual (or otherwise) to cease further association with the CARIBOU COFFEE® brand, and (5) comply with all other applicable provisions of this Agreement, including the covenants described in Section 16

C **Our Option to Purchase Coffeehouse** If this Agreement expires or is terminated for any reason (other than due to our fault), we have the option, upon thirty (30) days written notice from the date of expiration or termination, to purchase from you all the tangible and intangible assets relating to the Coffeehouse (excluding any unsalable inventory, cash, short-term investments and accounts receivable) (collectively, the "**Purchased Assets**") and to an assignment of your lease for (1) the Coffeehouse premises (or, if an assignment is prohibited, a sublease for the full remaining term under the same provisions as your lease) and (2) any other tangible leased assets used in operating the Coffeehouse We may assign this option to purchase and assignment of leases separate and apart from the remainder of this Agreement

The purchase price for the Coffeehouse will be the "Book Value" (as defined below) of the Purchased Assets **"Book Value"** means the net book value of the Purchased Assets, as disclosed in the last quarterly statement of the Coffeehouse provided to us under Section 9 B before termination or expiration, provided, however, that (1) each depreciable asset will be valued on a "straight-line" basis without provision for salvage value, (2) we may exclude from the Purchased Assets any products or other

items that were not acquired in compliance with this Agreement, and (3) we may exclude from Book Value any provision for goodwill or similar value attributable to intangible property If we are not satisfied with the accuracy or fairness of any financial statements, or none has been submitted, our regularly employed firm of certified public accountants will determine (by audit) the Book Value Both parties will equally bear the cost of the audit The results of the audit will be final and binding on both parties

The purchase price, as determined above, will be paid in cash at the closing of the purchase, which will occur no later than sixty (60) days after we deliver notice of our election to purchase the Coffeehouse, unless Book Value is determined by audit, in which case the closing will occur within a reasonable time, not to exceed sixty (60) days, after the results of the audit are made available At the closing, you will deliver documents transferring good and merchantable title to the assets purchased, free and clear of all liens, encumbrances and liabilities to us or our designee and such other documents we may reasonably request to permit it to operate the Coffeehouse without interruption We may set off against and reduce the purchase price by all amounts you owe to us or any of our affiliates If we exercise our option to purchase the Coffeehouse, we may, pending the closing, appoint a manager to maintain Coffeehouse operations

D **Continuing Obligations** All obligations of us and you which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect following its expiration or termination and until they are satisfied or expire

15 **Relationship of The Parties/Indemnification**

A **Independent Contractors** This Agreement does not create a fiduciary relationship between you and us, you and we are and will be independent contractors, and nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose You agree to identify yourself conspicuously as the Coffeehouse's independent owner and operator under a license we have granted and to place notices of independent ownership on the materials we periodically require Notwithstanding any other provision in this Agreement, you will control and be solely responsible for the day-to-day operation of the Coffeehouse and the terms and conditions and employment of your personnel, including the soliciting, hiring, firing, disciplining, paying, scheduling, and managing of your employees

B **No Liability for Acts of Other Party** We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our relationship is other than licensor and licensee We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, or similar taxes, whether levied upon you or the Coffeehouse, due to the business you conduct (except for our income taxes) You are responsible for paying these taxes and must reimburse us for any taxes we must pay to any taxing authority on account of either your operation or payments you make to us (except for our income taxes)

C **Indemnification**

(1) You agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective owners, directors, officers, employees, agents, successors, and assignees (**the "Indemnified Parties"**) against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the Coffeehouse's operation or your breach of this Agreement, including, without limitation, those alleged to be caused by the Indemnified Party's negligence or willful misconduct, unless (and then only to the extent that) the claims, obligations, or damages are determined to have been caused by the Indemnified Party's

negligence or willful misconduct in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction For purposes of this indemnification, **"claims"** include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other reasonable remedial, corrective, or other actions This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination if the claims relate to your actions before this Agreement's termination or expiration

(2) We agree to indemnify, defend, and hold harmless you, your affiliates, and your and their respective owners, directors, officers, employees, agents, and successors (**the "Licensee Indemnified Parties"**) against, and to reimburse any one or more of the Licensee Indemnified Parties for, all claims (as defined in subparagraph (1) above) incurred in an action or proceeding asserted by a third party as a result of our negligence or contract defaults with or intentional misconduct toward that third party This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination if the claims relate to our actions before this Agreement's expiration or termination

16 **Covenants**

A In addition to your other obligations under this Agreement, you must comply with each covenant described below

(1) During the Term, you (including each Principal Owner) will not directly or as an employee, agent, investor, consultant, partner, officer, director, manager, member or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, having any interest in, or assist any person or entity engaged in any Competing Business (as defined in Section 16 B below), except for CARIBOU COFFEE® Coffeehouses or CARIBOU COFFEE & EINSTEIN BROS BAGELS™ stores operated under franchise or license agreements granted by us and the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities

(2) For a period of two (2) years after expiration or termination of this Agreement, you (including each Principal Owner) will not directly or as an employee, agent, investor, consultant, partner, officer, director, manager, member or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, having any interest in, or assist any person or entity engaged in any Competing Business, except for CARIBOU COFFEE® Coffeehouses or CARIBOU COFFEE & EINSTEIN BROS BAGELS™ stores operated under franchise or license agreements granted by us and the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities, located or operating

(a) at the Coffeehouse Location,

(b) within 1 mile of the Coffeehouse Location, or

(c) within 1 mile of any other CARIBOU COFFEE® Coffeehouse or CARIBOU COFFEE & EINSTEIN BROS BAGELS™ store in operation or under construction on the date of expiration or termination

(3) During the Term and for a period of two (2) years after its expiration or termination, you will not directly or indirectly divert or attempt to divert any business of or any customers of any Coffeehouse to any Competing Business, by direct or indirect inducement or otherwise

(4) During the Term, and for a period of two (2) years thereafter, you must not employ or seek to employ any person employed by us, or any other person who is at that time operating or employed by or at any other CARIBOU COFFEE® Coffeehouse or CARIBOU COFFEE & EINSTEIN BROS BAGELS™ store or otherwise directly or indirectly induce persons to leave their employment

B The term **Competing Business**" means any business that distributes, sells or otherwise deals in, at retail, coffees, teas, baked goods and other beverage and food products, or any other related business that is competitive with, or similar to, a CARIBOU COFFEE® Coffeehouse or a CARIBOU COFFEE & EINSTEIN BROS BAGELS™ store

C You (including each Principal Owner) expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills Consequently, our enforcing the covenants made in this Section 16 will not deprive you of your personal goodwill or ability to earn a living

17 **Enforcement**

A **Severability** Each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties If any applicable and binding law or rule of any jurisdiction requires any action that this Agreement does not require, or if any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety You agree to be bound by any promise or covenant imposing the maximum duty the law permits that is subsumed within any provision of this Agreement

B **Waiver Of Obligations** We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the waiver notice Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten (10) days prior written notice We and you will not waive or impair any right, power, or option this Agreement reserves because of any custom or practice that varies from this Agreement's terms, our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other CARIBOU COFFEE® Coffeehouses, the existence of license agreements for other

CARIBOU COFFEE® Coffeehouses that contain provisions differing from those contained in this Agreement, or our acceptance of any payments due from you after any breach of this Agreement

We and you will not be liable for loss or damage or be in breach of this Agreement if our or your failure to perform obligations results from (1) compliance with the orders, requests, regulations, or recommendations of any federal, state, or municipal government, (2) acts of God, (3) fires, strikes, embargoes, war, acts of terrorism or similar events, or riot, or (4) any other similar event or cause outside our or your reasonable control Any delay resulting from any of these causes will extend performance accordingly or excuse performance as may be reasonable, except that these causes will not excuse payments of amounts owed at the time of the occurrence or payment of Royalties or other amounts due afterward

C **Costs And Attorneys' Fees** In the event of any legal proceeding regarding a breach or default under this Agreement, the prevailing party in that proceeding (as determined by the trier-of-fact) is entitled to receive from the other party all damages, costs, expenses, and interest, including reasonable legal fees incurred by the prevailing party in connection with obtaining any remedy available to the prevailing party for any violation of this Agreement and in obtaining injunctive or other relief to enforce any provisions of this Agreement

D **Governing Law** Subject to our rights under federal trademark laws, this Agreement will be governed by and construed under the laws of the state where the Coffeehouse is located, without regard to any conflict of laws principles of such state You waive, to the fullest extent permitted by law, the rights and protections that might be provided through any state license, franchise or business opportunity laws, other than those of the state where the Coffeehouse is located

E **Mediation** Except as otherwise stated in this Section 17 E, the parties agree to submit any claim, controversy or dispute arising out of or relating to this Agreement (and attachments) or the relationship created by this Agreement to non-binding mediation before bringing such claim, controversy or dispute ("**Dispute**") to a court The mediation will be conducted either through an individual mediator or a mediator appointed by a mediation services organization, experienced in the mediation of disputes between you and us, agreed upon by the parties If the parties do not agree upon a mediator or mediation services organization within fifteen (15) days after either party has notified the other of its desire to seek mediation, the dispute will be mediated by the American Arbitration Association pursuant to its rules governing mediation, in the city in which our corporate headquarters is located at the time the mediation is commenced The costs and expenses of mediation, including compensation of the mediator, will be borne equally by the parties If the parties cannot resolve the Dispute within sixty (60) days after conferring with the mediator, either party may submit such claim, controversy or dispute to the appropriate court as described in Section 17 G below We may bring an action under the applicable provisions of this Section 17 without first submitting the action to mediation under this Section 17 E (1) for injunctive relief, or (2) for monies you owe us

F **Injunctive Relief** Notwithstanding Section 17 E above, you recognize that a single licensee's failure to comply with the terms of its agreement could cause irreparable damage to us and/or to some or all other CARIBOU COFFEE® Coffeehouses Therefore, if you breach or threaten to breach any of the terms of this Agreement, we will be entitled to an injunction relief restraining such breach and/or a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining such equitable relief, until such time as the Dispute giving rise to the relief is mediated, adjudicated or settled

G **Venue and Jurisdiction** Subject to the requirements of applicable law and Section 17 E and 17 F above, any Dispute not resolved by mediation or negotiation will be brought exclusively in

Hennepin County, Minnesota Any such Dispute shall be conducted on an individual basis, and not as part of a consolidated, common, or class action, and you and your Principal Owners waive any and all rights to proceed on a consolidated, common, or class basis We also have the right to file any such suit against you in the federal or state court where the Coffeehouse is located, or where our corporate headquarters are located We and you irrevocably consent to the jurisdiction of such courts and waive all rights to challenge personal jurisdiction and venue You acknowledge and agree that this Section shall survive the termination or expiration of this Agreement

H **WAIVER OF EXEMPLARY DAMAGES AND JURY TRIAL/LIMITATIONS OF CLAIMS** **EXCEPT FOR OUR AND YOUR INDEMNIFICATION OBLIGATIONS ABOVE, WE AND YOU AND EACH OF OUR AFFILIATES WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, OR TREBLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU OR US AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING** Except for the parties' indemnification obligations and except for claims arising from your non-payment or underpayment of amounts you owe us, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a judicial proceeding is commenced within eighteen (18) months from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claims

I **No Modification** Subject to our right to modify the Operations Manual and System Standards, this Agreement may not be modified except by a written agreement signed by both our and your duly-authorized officers

J **Construction** The "Introduction" section, the exhibit(s) to this Agreement, and that certain Disclosure Acknowledgment Agreement signed contemporaneously by you are a part of this Agreement, which represents the entire agreement of the parties, and there are no other oral or written understandings or agreements between you and us relating to the subject matter of this Agreement Nothing in the Agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you relating to the subject matter of this Agreement, the License relationship, or the Coffeehouse Any understandings or agreements reached, or any representations made (except, as applicable, for those in our franchise disclosure document provided to you), before this Agreement are superseded by this Agreement Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us Except as expressly provided in this Agreement, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated, or completed actions that require our approval The headings of sections and paragraphs are for convenience only and do not define, limit, or construe the contents of those sections or paragraphs

References in this Agreement to ' we,' "us," and "our," with respect to all of our rights and all of your obligations to us under this Agreement, include any of our affiliates with whom you deal The term "affiliate" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us Control" means the power to direct or cause the direction of management and policies "Person" means any natural person, corporation, limited liability

company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity Unless otherwise specified, all references to a number of days means calendar days and not business days This Agreement may be executed in multiple copies, each of which will be deemed an original

18 **Notices and Payments**

All written notices or reports, and all payments, permitted or required to be delivered by this Agreement or the Operations Manual will be deemed to be delivered (a) at the time delivered by hand, (b) one (1) business day after transmission by facsimile if the sender has confirmation of successful transmission, or (c) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery Any notice to us or you must be sent to the addresses specified on the first page of this Agreement, although either party may change this address for notice by giving the other fifteen (15) days' prior notice by any of the means specified in subparagraphs (a) through (c) above Any required payment or report that we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before then) will be deemed delinquent

19 **Compliance with Laws and Good Business Practices**

A **Generally** You must comply with all applicable laws, ordinances and regulations in operating your Coffeehouse You must obtain all licenses, registrations, authorizations or other permissions as required under federal, state and local governmental laws, ordinances and regulations necessary to operate your Coffeehouse in addition to complying with laws, ordinances and regulations that apply to businesses generally You will also be required to conform to any taxation requirements relating to the Coffeehouse business Further, state and local governmental laws and regulations will likely require you to have licenses necessary to deliver the services contemplated herein You must abide by all federal, state and local governmental laws and regulations regarding labor, employment or independent contractor status of staff you hire You must comply with all laws, ordinances and regulations relating to site location and building construction, waste management, health, sanitation and safety, including without limitation occupational safety laws, and the environment, including without limitation environmental laws relating to the collection and disposal of hazardous waste You must comply with all laws and regulation relating to privacy and data protection You also must comply with any privacy policies, data protection policies and breach response policies we periodically may establish You must notify us immediately of any suspected data breach at or in connection with the Coffeehouse You also must notify us in writing within five (5) days of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, writ, injunction, award of decree, by any court, agency, or other governmental instrumentality which may adversely affect the operation or financial condition of you or the Coffeehouse business You will not conduct any business or advertising practice which injures our business, the System or the goodwill associated with the Marks

B **Anti-Terrorism Laws** Both parties agree to comply, and to assist each other to the fullest extent possible in their efforts to comply, with Anti-Terrorism Laws Each party certifies, represents, and warrants that none of its property or interests is subject to being blocked under, and that neither party nor any party with a controlling interest in it is in violation of, any of the Anti-Terrorism Laws '**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists and other requirements of any governmental authority, addressing or in any way relating to terrorist acts and acts of war Any violation of the Anti-Terrorism Laws, or any blocking of assets under the Anti-Terrorism Laws, constitutes good cause for immediate termination of this Agreement by the other party

20 **Additional Representations**

A **Success of Licensed Business** The success of the business venture you intend to undertake under this Agreement is speculative and depends, to a large extent, upon your (or your Principal Owner's) ability as an independent businessman, and your active participation in the daily affairs of the Coffeehouse as well as other factors We do not make any representation or warranty, express or implied, as to the potential success of the business venture

B **Independent Investigation** You acknowledge that you have entered into this Agreement after making an independent investigation of our operations and not upon any representation as to gross revenues, volume, potential earnings or profits which you might be expected to realize, nor has anyone made any other representation, which is not expressly stated herein, to induce you to accept this License and sign this Agreement

C **Receipt of Documents** Except for filling in the blank provisions and changes made as a result of negotiations that you initiated, you acknowledge that you received a copy of the complete License Agreement, and exhibits attached hereto, at least seven (7) calendar days prior to the date on which this Agreement was executed You further acknowledge that you received the disclosure document required by the trade regulation rule of the Federal Trade Commission entitled ' Franchise Disclosure Document" at least fourteen (14) calendar days prior to the date on which this Agreement was executed You represents that you or your Principal Owner have read this Agreement in its entirety and that you or your Principal Owner have been given the opportunity to clarify any provisions that you did not understand and to consult with any attorney or other professional advisor You further represent that you and your Principal Owner understand the provisions of this Agreement and agree to be bound

D **Other Licenses** You acknowledge that other licensees of CARIBOU COFFEE® Coffeehouses have or will be granted licenses at different times and in different situations, and further acknowledge that the provisions of such licenses may vary substantially from those contained in this Agreement

The parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date

WE	**YOU**
CARIBOU COFFEE DEVELOPMENT COMPANY, INC	_____
By _____ [Signature]	By _____ [Signature]
_____ [Print Name]	_____ [Print Name]
Title _____	Title _____
Date _____	Date _____

EXHIBIT A
TO LICENSE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

EXHIBIT A

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of the execution of that certain License Agreement of even date (the 'Agreement") by Caribou Coffee Development Company, Inc (the Licensor"), each of the undersigned (a "Guarantor") personally and unconditionally guarantees to Licensor, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement that _____ (the "Licensee") will timely pay and perform each and every undertaking, agreement and covenant stated in the Agreement, and agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement

Each Guarantor waives (1) acceptance and notice of acceptance by Licensor of the foregoing undertaking, (2) notice of demand for payment of any indebtedness, (3) protest and notice of default to any party respecting the indebtedness, (4) any right Guarantor may have to require that an action be brought against Licensee or any other person as a condition of liability

Each Guarantor consents and agrees that

(1) Guarantor's liability under this undertaking will be direct and independent of the liability of, and will be joint and several with, Licensee and the other Guarantors of Licensee,

(2) Guarantor will make any payment or perform any obligation required under the License Agreement upon demand if Licensee fails to do so,

(3) Guarantor's liability hereunder will not be diminished or relieved by bankruptcy, insolvency or reorganization of Licensee or any assignee or successor,

(4) Guarantor's liability will not be diminished, relieved or otherwise affected by any extension of time or credit which Licensor may grant to Licensee, including the acceptance of any partial payment or performance, or the compromise or release of any claims,

(5) Licensor may proceed against Guarantor and Licensee jointly and severally, or Licensor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Licensee or any other Guarantor, and

(6) Guarantor will pay all reasonable attorneys' fees and all costs and other expenses Licensor incurs in enforcing this Guaranty and Assumption of Obligations against Guarantor or any negotiations relative to the obligations hereby guaranteed

Each of the undersigned has signed this Guaranty as of the same day and year as the Agreement was executed

GUARANTOR(S)	PERCENTAGE OWNERSHIP IN LICENSEE
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

EXHIBIT B
TO LICENSE AGREEMENT

ELECTRONIC FUND TRANSFER WITHDRAWAL FORM
(DIRECT DEBITS FOR ROYALTY, MARKETING
FUND CONTRIBUTIONS AND OTHER FEES)

_____ (Name of Person or Legal Entity)

_____ (ID Number)

The undersigned depositor ("Depositor" or "Licensee") hereby authorizes Caribou Coffee Development Company, Inc ("Licensor") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or saving account(s) indicated below and the depository designed below ('Depository" or "Bank") to debit or credit such account(s) pursuant to Licensor's instructions

_____	_____
Depository	Branch

_____	_____	_____
City	State	Zip Code

_____	_____
Bank Transit/ABA Number	Account Number

_____

This authorization is to remain in full force and effect until sixty (60) days after Franchisor has received written notification from Franchisee of its termination

Email address for receipt _____

Printed Name
of Depositor _____

Signed By _____

Printed Name _____

Title _____

Date _____

EXHIBIT B-1
STAND-ALONE COFFEEHOUSE ADDENDUM
TO
LICENSE AGREEMENT

STAND-ALONE COFFEEHOUSE ADDENDUM
TO
CARIBOU COFFEE DEVELOPMENT COMPANY, INC
LICENSE AGREEMENT

This License Agreement Addendum (**the "Addendum"**) is made and entered into as of _____, 20_____ by and between **CARIBOU COFFEE DEVELOPMENT COMPANY, INC** (**"we," "us," or "our"**) and _____ (**"you" or "your"**)

INTRODUCTION

A On this day, we and you are entering into a Caribou Coffee Development Company, Inc License Agreement (**the "License Agreement"**) under which you will operate a CARIBOU COFFEE® Coffeehouse

B Instead of operating the CARIBOU COFFEE® Coffeehouse under the License Agreement as a typical kiosk style retail store, you desire to operate it as a stand-alone coffeehouse (**the "Coffeehouse"**) which meets certain criteria and which is not located within a Host Facility where it depends upon the facility for customer traffic

C Due to the unique nature of your stand-alone Coffeehouse location, you and we desire to modify our standard License Agreement as described in this Addendum

AGREEMENTS

In consideration of the foregoing, the parties hereto agree as follows

1 **References** Capitalized terms not otherwise defined in this Addendum shall have the meaning given to them in the License Agreement

2 **Location** Section 1 of the License Agreement is amended to delete in its entirety Section1 B

3 **Nature of Your Limited Protected Territory, Rights We Reserve** Section 1 C of the of the License Agreement will be replaced in its entirety with the following paragraph

> If you are in compliance with this Agreement, during the Term neither we nor our affiliates will directly operate or license or franchise other persons to operate any other Caribou Coffee Coffeehouse within a one quarter (1/4) mile radius of your Coffeehouse (**the "Protected Territory"**) You understand and agree that the foregoing Protected Territory restriction does not apply to or include any kiosk style Caribou Coffee Coffeehouse in a Host Facility or any Caribou Coffee Coffeehouse in a Captive Market Location, which is located fully or partially within the geographic boundaries of the Protected Territory "Captive Market Locations" includes airports, railroad stations, bus terminals, highway plazas, convention centers, amusement parks, sporting events, festivals, ball parks, stadiums, concert venues, hospitals, military facilities, schools, colleges or hotels and other similar facilities Except as provided in this Section 1 C, your rights under this Agreement are non-exclusive and you receive no other protected territory or similar rights We (and any affiliates that we have from time to time) retain the right during the Term to engage in any and all activities that we (and they) desire, at any time or place, and whether or not these activities compete with your Coffeehouse, including, without limitation, the right (1) to establish and operate, and grant to others the right to establish and operate,

CARIBOU COFFEE® Coffeehouses at any locations and in any areas, (2) to establish and operate, and grant to others the right to establish and operate, related or unrelated businesses (including, but not limited to, CARIBOU COFFEE & EINSTEIN BROS BAGELS™ stores) and distribution channels (including, but not limited to, the Internet, wholesale businesses, and catalogs), wherever located or operating and regardless of the nature or location of the customers with whom such other businesses and distribution channels do business (including, but not limited to, independent coffee retailers, department stores, food marts, coffeehouses, grocery stores, and airlines), that operate under the Marks or any other trademarks or service marks, that are the same as or different from CARIBOU COFFEE® Coffeehouses, and that sell products and/or services that are identical or similar to, and/or competitive with, those that CARIBOU COFFEE® Coffeehouses customarily sell (for example, the CARIBOU COFFEE® We Proudly Brew" program), and (3) to engage in all other activities not expressly prohibited by this Agreement

4 **Initial License Fee** Section 3 A of the License Agreement is amended to increase the Initial License Fee to Twenty Five Thousand Dollars ($25,000)

5 **Royalty Fee** Section 3 A of the License Agreement is amended to provide that you agree to pay us weekly (by electronic funds transfer on the day we specify) a royalty fee (**the "Royalty Fee"**) equal to six percent and one/half (6 50%) of the Coffeehouse's Gross Sales for the previous week

6 **Training Fees for Certified Managers** Section 4 B and 4 E of the License Agreement are amended to provide that we currently charge $1,600 per additional, substitute, or replacement individual you send to the Certified Manager training program, although you acknowledge that you will pay our then applicable fee for the program at the time it occurs Your training for your Coffeehouse will take place at our training center in Lakewood, Colorado or at a certified training store we designate

7 **Off-Site Storage** Section 7 of the License Agreement is amended to delete in its entirety Section 7 D

8 **Opening Campaign** Section 8 B of the License Agreement is amended to increase the minimum amount you must spend on your Coffeehouse opening campaign to Eighteen Thousand Dollars ($18,000) for advertising and marketing activities

9 **Standards and Specifications** You acknowledge and agree that we have the right to require kiosk style Coffeehouse licensees and stand-alone Coffeehouse licensees to comply with different standards and specifications, and to offer different products and services, as periodically described by us in the Operations Manual or otherwise

10 **Access to Books and Records, Inspections, Audits** The last sentence of Section 10 A of the License Agreement will be replaced in its entirety with the following sentence

You acknowledge and agree that you have made or will make arrangements with the lessor of the Coffeehouse, if applicable and necessary, to the extent reasonably prescribed by us (a) to allow us access to your books, records and point-of-sale cash register system, (b) to give us the ability to retrieve Gross Sales and other required information relating to your Coffeehouse, and (c) to ensure that we and our affiliates and designees will have the right to conduct the inspections and audits described in the License Agreement

11 **Renewal Fee** Sections 12 A(6) and 12 B(6) of the License Agreement are each amended to increase the Renewal Fee you must pay to an amount that is the greater of twenty-five percent

(25%) of our then-current initial license fee for new stand-alone style CARIBOU COFFEE® Coffeehouses or Ten Thousand Dollars ($10,000)

12 **Construction** In all other respects, the License Agreement will be construed and enforced in accordance with its terms and provisions

{Signatures on next page }

The parties have signed this Addendum to be effective as of the Effective Date

CARIBOU COFFEE DEVELOPMENT COMPANY, INC

By _____
[Signature]

_____
[Print Name]

Title _____

_____

By _____
[Signature]

_____
[Print Name]

Title _____

EXHIBIT C
LIST OF LICENSEES

Name, business address and telephone number of the CARIBOU COFFEE® Coffeehouse licensees in the United States as of December 31, 2016

Store #	Store Name	Address	City	State	Zip	Owners Phone Number	Owner Name
8089	Auburn University Library Caribou 18486	R B Draughon Library 231 Mell Street	Auburn University	AL	36849	(573) 445 0815	Nicole Hatfield
8045	Denver International Airport Main	8400 Pena Blvd, Main Terminal Level 6 West	Denver	CO	80249 6364	(303) 342 9000	David Mosteller
8046	Denver International Airport B Concourse	8900 Pena Boulevard Mezzanine Bridge	Denver	CO	80249 6363	(303) 342 9000	David Mosteller
8047	Denver International Airport C Concourse West	9100 Pena Boulevard Concourse Level	Denver	CO	80249 6364	(303) 342 9000	David Mosteller
8048	Denver International Airport A Concourse Center	8700 Pena Boulevard A Concourse Center Food Court	Denver	CO	80249 6364	(303) 342 9000	David Mosteller
8300	Woody Creek Bakery + Cafe 16th St	1001 16th Street	Denver	CO	80265	(303) 342 9000	David Mosteller
8031	Hartsfield Jackson Atlanta International Airport E Concourse	127005 Spine Road Concourse E Space #EF 1	Atlanta	GA	30320	(770) 774 8730	Wassim Hojeij
8254	Hartsfield Jackson Atlanta International Airport A Concourse	6000 NorthTerminal Parkway Space A F17	Atlanta	GA	30320	(770) 850 8332	Vida Ghahremani
8110	Hy Vee #1011 Altoona	100 8th Street SW	Altoona	IA	50009	(515) 559 5764	Jay Wilson
8061	Iowa State University The Hub	The Hub 401 Morrill Road	Ames	IA	50012	(515) 294 7578	Nancy Levandowski
8259	Hy Vee #1061 Cedar Rapids IA	3235 Oakland Road NE	Cedar Rapids	IA	52403	(515) 559 5764	Jay Wilson
8323	Hy Vee PCI Medical Pavillion	202 10th St SE Suite 105	Cedar Rapids	IA	52402	(515) 559 5764	Jay Wilson
8165	Hy Vee #1092 Council Bluffs	2323 West Broadway	Council Bluffs	IA	51501	(515) 559 5764	Jay Wilson
8073	Hy Vee #1148 Des Moines	4605 Fleur Drive	Des Moines	IA	50321	(515) 559 5764	Jay Wilson
8292	Hy Vee C Store Fairfield IA	1300 W Burlington Ave	Fairfield	IA	52556	(515) 559 5764	Jay Wilson
8318	Sapp Bros	2496 210th Avenue	Percival	IA	51648	(402) 895 7038	Don Quinn
8355	Hy Vee C Store Pleasant Hill #1530	4910 Maple Dr	Pleasantville	IA	50237	(515) 559 5764	Jay Wilson
8182	Iowa 80 Truckstop	515 Sterling Drive	Walcott	IA	52773	(563) 468 5230	Delia Moon Meier
8350	Hy Vee C Store 4 Waterloo #1869	3700 University Avenue	Waterloo	IA	50701	(515) 559 5764	Jay Wilson
8293	Hy Vee C Store Waukee IA	1025 E Hickman Road	Waukee	IA	50263	(515) 559 5764	Jay Wilson
8232	Hy Vee #1872 Waverly IA	1314th Street SW	Waverly	IA	50677	(515) 559 5764	Jay Wilson
8253	State Farm Insurance Headquarters	1 State Farm Plaza	Bloomington	IL	61710	(573) 445 0815	Nicole Hatfield
8070	County Market Champaign (Kirby #518)	2901 Kirby	Champaign	IL	61821	(217) 221 5600	Chris Niemann
8120	County Market Champaign (Stoughton #515)	331 Stoughton Street	Champaign	IL	61820	(217) 221 5600	Chris Niemann
8121	Hy Vee #1418 Moline	750 – 42nd Avenue Drive	Moline	IL	61265	(515) 559 5764	Jay Wilson
8317	Sapp Bros	3130 May Road	Peru	IL	61357	(402) 895 7038	Don Quinn
8083	County Market Quincy (Broadway #244)	4830 Broadway	Quincy	IL	62305	(217) 221 5600	Chris Niemann
8071	County Market Springfield (Veterans #083)	3001 Veterans Drive	Springfield	IL	62703	(217) 221 5600	Chris Niemann
8301	County Market Springfield	210 East Carpenter Street	Springfield	IL	62702	(217) 221 5600	Chris Niemann
8393	Hy Vee C Store Springfield #1640	1025 Outer Park Drive	Springfield	IL	62704	(515) 559 5764	Jay Wilson
8185	Hy Vee # 1642 Sycamore	2700 Dekalb Avenue	Sycamore	IL	60178	(515) 559 5764	Jay Wilson
8069	IUPUI Campus Center	420 University Blvd Room 120	Indianapolis	IN	46202	(573) 445 0815	Nicole Hatfield
8162	Martins #4 Mishawaka	314 North Ironwood	Mishawaka	IN	46544	(574) 993 0862	Jane Case
8394	Fresh City Market	720 Northwestern Ave	West Lafayette	IN	47906	(616) 878 8640	Gary Cole
8205	Hy Vee #1377 Lawrence #1	3504 Clinton Parkway	Lawrence	KS	66047	(515) 559 5764	Jay Wilson
8134	Hy Vee #1398 Manhattan	601 Third Place	Manhattan	KS	66502	(515) 559 5764	Jay Wilson
8129	Hy Vee #1422 Mission	6655 Martway Street	Mission	KS	66202	(515) 559 5764	Jay Wilson
8280	Hy Vee C Store Overland Park #2	9050 135th St	Overland Park	KS	66221	(515) 559 5764	Jay Wilson
8324	Hy Vee Overland Park #1	11552 West 95th Street	Overland Park	KS	66214	(515) 559 5764	Jay Wilson
8080	Hy Vee #1658 Topeka	2951 SW Wanamaker Road	Topeka	KS	66614	(515) 559 5764	Jay Wilson
8074	Detroit Metropolitan Airport-#2 3A Relay #4352	New North Terminal #2 3A	Detroit	MI	48242	(416) 863 6400 x3355	George Fewster
8075	Detroit Metropolitan Airport #5 2A USA Today #4362	New North Terminal #5 2A	Detroit	MI	48242	(416) 863 6400 x3355	George Fewster
8282	DTW The Economist	Detroit International Airport The Economist Space L 13A 2543 World Gateway Place	Detroit	MI	48242	(416) 863 6400 x3355	George Fewster
8172	Martins #23 Stevensville	5637 Cleveland Avenue	Stevensville	MI	49127	(574) 993 0862	Jane Case
8185	Hy Vee #1091 Albert Lea	2708 Bridge Avenue	Albert Lea	MN	56007	(515) 559 5764	Jay Wilson
8279	Hy Vee C Store Albert Lea #1019	2717 Northbridge Ave	Albert Lea	MN	56007	(515) 559 5764	Jay Wilson
8177	Hy Vee C Store Austin	1001 18th Avenue NW	Austin	MN	55912	(515) 559 5764	Jay Wilson

Store #	Store Name	Address	City	State	Zip	Owners Phone Number	Owner Name
8016	Nickelodeon Universe at Mall of America	5000 Center Court	Bloomington	MN	55425	(952) 883 8501	Darla Shaffer
8449	Hugo s Family Marketplace #4 – Crookston	1310 University Ave	Crookston	MN	56716	(218) 766 9765	Leon Merck
8476	Hugo s East Grand Forks	306 14th St NE	East Grand Forks	MN	56721	(218) 766 9765	Leon Merck
8554	UnitedHealth Group Optum Building	11000 Optum Circle	Eden Prairie	MN	55344	(507) 517-4628	Fred Schembri
8235	Hy Vee #1183 Fairmont MN	907 South State Street	Fairmont	MN	56031	(515) 559 5764	Jay Wilson
8233	Hy Vee #1177 Faribault MN	1920 Grant Street NW	Faribault	MN	55021	(515) 559 5764	Jay Wilson
8575	Palubicki s	107 N Kaiser Ave	Fosston	MN	56542	(218) 435 1454	Leah Palubicki
8500	Cashwise Hutchinson	1020 MN 15	Hutchinson	MN	55350	(320) 252-4222	Dave Meyer
8560	Coborn s Isanti	209 – 6th Avenue Northeast	Isanti	MN	55040	(320) 252 4222	Dave Meyer
8443	Cub Madison Ave	1800 Madison Ave	Mankato	MN	86001	(701) 293 3566	Matt Leiseth
8316	University of Minnesota Moos Tower	515 Delaware St SE	Minneapolis	MN	55455	(612) 625 8946	Karen DeVet
8582	US Bank Stadium	401 Chicago Ave	Minneapolis	MN	55415	(612) 777 8810	Jamie Hodgson
8361	Hornbacher s Moorhead	101 11th St S Ste 3	Moorhead	MN	56560	(701) 293 3566	Matt Leiseth
8432	Family Fare Moorhead	2605 8th St South	Moorhead	MN	56560	(616) 878 8640	Gary Cole
8469	Hornbacher s Azool Moorhead	950 40th Ave South	Moorhead	MN	56560	(616) 878 8640	Gary Cole
8269	Jackpot Junction	39375 County Highway 24	Morton	MN	56270	(507) 697 8000	Brian Pendleton
8409	Hugo s Family Marketplace #11 Park Rapids	101 East 4th Street	Park Rapids	MN	56470	(218) 766 9765	Leon Merck
8400	Mystic Lake	2400 Mystic Lake Blvd	Prior Lake	MN	55372	(952) 403 5501	Tom Polusny
8118	Hy Vee #1555 Rochester	1315 6th Street NW	Rochester	MN	55901	(515) 559 5764	Jay Wilson
8296	Coborn s Sartell	1725 Pine Cone Road South	Sartell	MN	56377	(320) 252-4222	Dave Meyer
8100	Coborn s Sauk Rapids	110 First Street South	Sauk Rapids	MN	56379	(320) 252 4222	Dave Meyer
8239	Cedar Fair Valleyfair Shakopee MN	1 Valleyfair Drive	Shakopee	MN	55379	(419) 627 2138	Craig Freeman
8342	Family Fresh St Peter MN	612 South Minnesota Ave	St Peter	MN	56082	(616) 878 8640	Gary Cole
8410	Hugo s Family Marketplace #7 – Thief River Falls	215 Pennington Ave	Thief River Falls	MN	56701	(218) 766 9765	Leon Merck
8353	Doug s Supermarket Warroad MN	310 Main Ave NE	Warroad	MN	56763	(218) 386 1246 X 222	Chuck Lindner
8169	Hy Vee#1897 Worthington	1235 Oxford Street	Worthington	MN	56187	(515) 559 5764	Jay Wilson
8201	Hy Vee #1033 Blue Springs	625 West Highway 40	Blue Springs	MO	64014	(515) 559 5764	Jay Wilson
8146	Hy Vee #1081 Columbia	405 East Nifong Blvd	Columbia	MO	65201	(515) 559 5764	Jay Wilson
8153	Hy Vee #1082 Columbia	25 Conley Road	Columbia	MO	65201	(515) 559 5764	Jay Wilson
8237	Joplin 44 Petro	I 44 & Highway 43 4240 Highway 43	Joplin	MO	64804	(563) 468 5230	Delia Moon Meier
8131	Hy Vee #1320 Kansas City	8301 North St Clair Av	Kansas City	MO	64151	(515) 559 5764	Jay Wilson
8294	Hy Vee C Store Kansas City MO	8371 N Saint Clair Ave	Kansas City	MO	64151	(515) 559 5764	Jay Wilson
8240	Cedar Fair Worlds of Fun Kansas City MO	4545 NE Worlds of Fun Drive	Kansas City	MO	64161	(419) 627 2138	Craig Freeman
8450	Hy Vee C Store Lee s Summit #1380	920 NE Langsford Rd	Lee s Summit	MO	64086	(515) 559 5764	Jay Wilson
8166	Hy Vee #1384 Liberty	109 North Blue Jay Drive	Liberty	MO	64068	(515) 559 5764	Jay Wilson
8295	Hy Vee C Store Liberty MO	300 N 291 Hwy	Liberty	MO	64068	(515) 559 5764	Jay Wilson
8167	Hy Vee #1552 St Joseph	201 North Belt Highway	St Joseph	MO	64506	(515) 559 5764	Jay Wilson
8354	Hy Vee C Store St Joseph MO	205 North Belt Highway	St Joseph	MO	64506	(515) 559 5764	Jay Wilson
8562	CMC Levine Cancer Institute	1021 Morehead Medical Drive	Charlotte	NC	28204	(573) 445 0815	Nicole Hatfield
8238	Kenly Truckstop	923 Johnston Parkway	Kenly	NC	27542	(563) 468 5230	Delia Moon Meier
8499	Cashwise Dickinson	1761 3rd Ave West	Dickinson	ND	58601	(320) 252-4222	Dave Meyer
8076	Hornbacher s Osgood	4151 45th Street S	Fargo	ND	58104	(701) 293 3566	Matt Leiseth
8077	Hornbacher s Village West	4101 13th Avenue S	Fargo	ND	58103	(701) 293 3566	Matt Leiseth
8078	Hornbacher s Southgate	1532 32nd Avenue S	Fargo	ND	58103	(701) 293 3566	Matt Leiseth
8359	Hornbacher's Express (SV 005024)	1433 S University Drive	Fargo	ND	58103	(701) 293 3566	Matt Leiseth
8360	Hornbacher s Northport	2510 Broadway North	Fargo	ND	58102	(701) 293 3566	Matt Leiseth
8433	Family Fare Fargo	3175 25th Street South	Fargo	ND	58103	(616) 878 8640	Gary Cole
8446	Hugo s Family Marketplace #10 Grafton	155 E 12th Street	Grafton	ND	58237	(218) 766 9765	Leon Merck
8514	Hornbacher s 32 d Ave	2771 32 d Ave	Grand Forks	ND	58201	(701) 293 3566	Matt Leiseth
8513	Hugo s 32 d Ave	1750 32nd Ave South	Grand Forks	ND	58201	(218) 766 9765	Leon Merck
8448	Hugo s Family Marketplace #9 Jamestown	310 1st Ave S	Jamestown	ND	58401	(218) 766 9765	Leon Merck
8570	KJ s Fresh Market	1024 24 h Ave SW	Minot	ND	58701	(218) 444 8508	John Meyers
8427	Coffee Cup Fuel Stop Steele	620 Mitchell Ave N	Steele	ND	58482	(605) 232 6031	Tom Heinz
8425	Family Fare West Fargo	1100 13th Ave East	West Fargo	ND	58078	(616) 878 8640	Gary Cole
8498	Cashwise West Fargo	755 – 33rd Ave E	West Fargo	ND	58078	(320) 252 4222	Dave Meyer
8072	Hy Vee #1221 Grand Island	115 Wilmar Avenue	Grand Island	NE	68803	(515) 559 5764	Jay Wilson
8375	Hy Vee C Store Kearney NE	5204 2nd Ave	Kearney	NE	68845	(515) 559 5764	Jay Wilson
8377	Family Fresh Kearney	3920 2nd Avenue	Kearney	NE	68847	(616) 878 8640	Gary Cole
8092	Pump & Pantry Kearney	1616 2nd Avenue	Kearney	NE	68847	(308) 381 2800	Charlie Bosselman
8079	Hy Vee #1386 Lincoln #2	1601 North 84th Street	Lincoln	NE	68505	(515) 559 5764	Jay Wilson
8081	Hy Vee #1385 Lincoln #1	5010 O Street	Lincoln	NE	68510	(515) 559 5764	Jay Wilson
8147	Hy Vee #1388 Lincoln #4	6001 Village Drive	Lincoln	NE	68516	(515) 559 5764	Jay Wilson

Store #	Store Name	Address	City	State	Zip	Owners Phone Number	Owner Name
8202	Hy Vee #1478 Omaha #11	1000 South 178th Street	Omaha	NE	68118	(515) 559 5764	Jay Wilson
8315	Fresh Enounters	2021 Broad Ave	Findlay	OH	45840	(419) 422 8090	Mike Needler
8171	Oklahoma State University Student Union	470 Student Union	Stillwater	OK	74078	(405) 744 4424	Terry Baker
8605	Coffee Cup Fuel Stop Hartford	1001 S Western Ave	Hartford	SD	57033	(605) 695 5013	Jason Harms
8214	County Fair Foods	1305 West Havens	Mitchell	SD	57301	(605) 996 8393	John Clarke
8556	Coborn s Mitchell	1800 North Main	Mitchell	SD	57301	(320) 252-4222	Dave Meyer
8173	Hy Vee #1638 Sioux Falls #6	1231 E 57th Street	Sioux Falls	SD	57108	(515) 559 5764	Jay Wilson
8299	Coffee Cup Fuel Stop #2	45789 US Highway 12	Summit	SD	57266	(605) 232 6031	Tom Heinz
8204	Coffee Cup Fuel Stop Vermillion SD	47051 Highway 50	Vermillion	SD	57069	(605) 232 6031	Tom Heinz
8136	Hy Vee #1871 Watertown	1320 9th Avenue SE	Watertown	SD	57201	(515) 559 5764	Jay Wilson
8492	White s Travel Center	2440 Raphine Road	Raphine	VA	24472	(540) 377 2111	Bobby Berkstresser
8014	Richmond Airport Concourse A	1 Richard E Byrd Terminal Drive	Richmond	VA	23250	(678) 592 5515	Laura Alphran
8015	Richmond Airport Atrium	1 Richard E Byrd Terminal Drive	Richmond	VA	23250	(678) 592 5515	Laura Alphran
8093	Richmond Airport Concourse B	1 Richard E Byrd Terminal Drive	Richmond	VA	23250	(678) 592 5515	Laura Alphran
8528	Nilssen s Cedar St	980 Cedar Street	Baldwin	WI	54002	(715) 684 3307	Jason Nilssen
8561	Gordy s Clairmont Ave	2615 N Clairemont Ave	Eau Claire	WI	54703	(715) 561 7181	David Schafer
8557	Market Place Foods Hayward	10514 S Main Street	Hayward	WI	54843	(320) 252-4222	Dave Meyer
8098	Family Fresh Market Hudson	2351 Coulee Road	Hudson	WI	54016	(616) 878 8640	Gary Cole
8135	Hy Vee #1391 Madison	3801 East Washington Av	Madison	WI	53704	(515) 559 5764	Jay Wilson
8548	Dick s Fresh Market Menomonie	1408 9th St East	Menomonie	WI	54751	(612) 419 8100	Doug Rinehart
8119	Family Fresh Market New Richmond	110 West 4th Street	New Richmond	WI	54017	(616) 878 8640	Gary Cole
8535*	Dick s Fresh Market Osceola	112 Chieftain St	Osceola	WI	54020	(612) 419 8100	Doug Rinehart
8451	Ptacek s IGA	1005 Eagle Ridge Drive	Prescott	WI	54021	(715) 262 5636	Patrick Ptacek
8558	Market Place Foods Rice Lake	330 S Main Street	Rice Lake	WI	54868	(320) 252-4222	Dave Meyer
8371	Nash Finch Family Fresh River Falls	303 S Main Street	River Falls	WI	54022	(616) 878 8640	Gary Cole
8565	Mega Tomah	701 E Clifton	Tomah	WI	54660	(715) 836 8710 ext. 1308	Mike Buck

Note None of the above Licensees operate a Stand-Alone Coffeehouse

LIST OF FORMER LICENSEES

Location Street Address	City	State	Zip Code	Owner Phone Number	Owners Name
1207 Pearl St	Boulder	CO	80302	(303) 342 9000	David Mosteller
5073 S Syracuse Street	Denver	CO	80237	(303) 342 9000	David Mosteller
1720 Waterfront Drive	Iowa City	IA	52240	(515) 559 5764	Jay Wilson
11000 Optum Circle	Eden Prairie	MN	55344	(215) 238 3790	Ann Marie Solomon
Atwood Memorial Center 720 4th Avenue South	St Cloud	MN	56301	(320) 308 2139	Stephen Miller
5350 NW 64th Street	Kansas City	MO	64151	(515) 559 5764	Jay Wilson
1720 West Battlefield Road	Springfield	MO	65807	(515) 559 5764	Jay Wilson
747 North 132nd Street	Omaha	NE	68154	(515) 559 5764	Jay Wilson
1021 Morehead Medical Drive	Charlotte	NC	28204	(573) 445 0815	Nicole Hatfield
333 S Mason Rd	Katy	TX	77450	(713) 866 8341	Ed Ambrose
1201 South Hastings Way	Eau Claire	WI	54701	(715) 836 8710 ext 1308	Mike Buck
2615 N Clairemont Ave	Eau Claire	WI	54703	(715) 836 8710 ext 1308	Mike Buck
701 E Clifton	Tomah	WI	54660	(715) 561 7181	David Schafer

EXHIBIT D
LIST OF STATE ADMINISTRATORS, AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Business Oversight California Department of Business Oversight	320 West 4th Street Suite 750 Los Angeles CA 90013 2344 1 866 275 2677
Illinois	Illinois Attorney General	500 South Second Street Springfield IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street Room E018 Indianapolis IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St Paul Place Baltimore MD 21202 2020
Maryland (Agent)	Maryland Securities Commissioner	200 St Paul Place Baltimore MD 21202 2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G Mennen Williams Building, 1st Floor 525 West Ottawa Street Lansing MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7th Place East Suite 280 St Paul, MN 55101-2198
New York (State Administrator)	Office of the New York State Attorney General Investor Protection Bureau Franchise Section	120 Broadway 23rd Floor New York, NY 10271 0332 212-416 8236 Phone 212 416-6042 Fax
New York (Agent)	New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231 0001 518 473 2492
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, Fifth Floor, Dept 414 Bismarck ND 58505 0510
Rhode Island	Director Department of Business Regulation Securities Division	1511 Pontiac Avenue John O Pastore Complex – Building 69 1 Cranston RI 02920
South Dakota	Department of Labor and Regulation Division of Securities	124 S Euclid, Suite 104 Pierre SD 57501
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9th Floor Richmond VA 23219 804 371 9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street 1st Floor Richmond VA 23219 3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902 8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 201 W Washington Ave Suite 300 Madison WI 53703

EXHIBIT E
STATE ADDENDA

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the California Franchise Investment Law, Cal Corp Code §§ 31000-31516 or the California Franchise Relations Act, Cal Bus & Prof Code §§20000-20043 applies, the terms of this Addendum apply

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT WWW DBO CA GOV

Item 3, Additional Disclosure

Neither we nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U S C A 78a et seq suspending or expelling such persons from membership in such association or exchange

Item 17, Additional Disclosures

The license agreement requires franchisee to execute a general release of claims upon renewal or transfer of the license agreement California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043)

The license agreement requires application of the laws of the state where the Coffeehouse is located This provision may not be enforceable under California law

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise If the license agreement contains a provision that is inconsistent with the law, the law will control

The license agreement provides for termination upon bankruptcy This provision may not be enforceable under federal bankruptcy law (11 U S C A §101 et seq)

The license agreement contains a covenant not to compete which extends beyond the termination of the franchise This provision may not be enforceable under California law

CALIFORNIA ADDENDUM TO LICENSE AGREEMENT

To the extent the California Franchise Investment Law, Cal Corp Code §§ 31000-31516 or the California Franchise Relations Act, Cal Bus & Prof Code §§20000-20043 applies, the terms of this Addendum apply

1 Notwithstanding anything to the contrary contained in the License Agreement, to the extent that the License Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended

The License Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the License Agreement California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043)

The License Agreement requires application of the laws of the state where the Coffeehouse is located This provision may not be enforceable under California law

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the License Agreement upon certain bankruptcy-related events If the License Agreement is inconsistent with the law, the law will control

The License Agreement contains a covenant not to compete which extends beyond the termination of the franchise This provision may not be enforceable under California law

2 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the License Agreement

3 Except as expressly modified by this Addendum, the License Agreement remains unmodified and in full force and effect

This Addendum is being entered into in connection with the License Agreement In the event of any conflict between this Addendum and the License Agreement, the terms and conditions of this Addendum shall apply

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Licensor signs below

LICENSOR	**LICENSEE**
_____	_____
By _____	By _____
Its	Its
Date _____	Date _____

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Illinois Franchise Disclosure Act, Ill Comp Stat §§705/1 – 705/44 applies, the terms of this Addendum apply

Item 17, Additional Disclosures The following statements are added to Item 17

The conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void" To the extent that any provision in the License Agreement is inconsistent with Illinois law, Illinois law will control

Illinois law shall govern the License Agreement

Item 17(w) in the Summary column is amended to read as follows "Apply state law of the state in which the Coffeehouse is located (subject to Illinois state law)" The choice of law may be different as provided by the Illinois Franchise Disclosure Act (815 ILCS 705/4) In these cases Illinois law shall control

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the License Agreement which designates jurisdiction or venue in a forum outside of Illinois is void, provided that the License Agreement may provide for arbitration in a forum outside of Illinois

Any release of claims or acknowledgments of fact contained in the License Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Illinois Franchise Disclosure Act, or a rule or order under the Illinois Franchise Disclosure Act will be void and are deleted with respect to claims under the Illinois Franchise Disclosure Act

ILLINOIS ADDENDUM TO LICENSE AGREEMENT

To the extent the Illinois Franchise Disclosure Act, Ill Comp Stat §§705/1 – 705/44 applies, the terms of this Addendum apply

1 Notwithstanding anything to the contrary contained in the License Agreement, to the extent that the License Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended

Illinois law shall govern the License Agreement

Any claims Licensee may have under the Illinois Franchise Disclosure Act shall be governed by the Illinois Franchise Disclosure Act

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the License Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, provided that the License Agreement may provide for arbitration in a forum outside of Illinois

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void" To the extent that any provision in the License Agreement is inconsistent with Illinois law, Illinois law will control

Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to Licensee concerning nonrenewal and termination of this Agreement If the License Agreement contains a provision that is inconsistent with the Act, the Act shall control

Any release of claims or acknowledgments of fact contained in the License Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Illinois Franchise Disclosure Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act

2 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the License Agreement

3 Except as expressly modified by this Addendum, the License Agreement remains unmodified and in full force and effect

This Addendum is being entered into in connection with the License Agreement In the event of any conflict between this Addendum and the License Agreement, the terms and conditions of this Addendum shall apply

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Licensor signs below

LICENSOR	**LICENSEE**
_____	_____
By _____	By _____
Its	Its
Date _____	Date _____

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md Code Bus Reg §§14-201 – 14-233 applies, the terms of this Addendum apply

Notwithstanding the use of the terms "License Agreement", "License", "Licensee", and "Licensor" in the License Agreement instead of the terms "Franchise Agreement", 'Franchise", 'Franchisee', and "Franchisor", respectively, the Maryland Franchise Registration and Disclosure Law, Md Code Bus Reg §§14-201 – 14-233 will apply to the License Agreement to the extent applicable

Item 17, Additional Disclosures

Our termination of the License Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U S C A 101 et seq)

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise

The general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law

Franchisee Disclosure Acknowledgment Agreement

The representations under this Franchise Disclosure Acknowledgment Agreement are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

MARYLAND ADDENDUM TO LICENSE AGREEMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md Code Bus Reg §§14-201 – 14-233 applies, the terms of this Addendum apply

Notwithstanding the use of the terms "License Agreement", "License", "Licensee", and "Licensor" in the License Agreement instead of the terms 'Franchise Agreement", Franchise", "Franchisee", and "Franchisor", respectively, the Maryland Franchise Registration and Disclosure Law, Md Code Bus Reg §§14-201 – 14-233 will apply to the License Agreement to the extent applicable

1 Notwithstanding anything to the contrary contained in the License Agreement, to the extent that the License Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended

The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

Nothing in the License Agreement prevents the franchisee from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

Nothing in the License Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise

The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee

2 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the License Agreement

3 Except as expressly modified by this Addendum, the License Agreement remains unmodified and in full force and effect

This Addendum is being entered into in connection with the License Agreement In the event of any conflict between this Addendum and the License Agreement, the terms and conditions of this Addendum shall apply

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Licensor signs below

LICENSOR	**LICENSEE**
_____	_____
By _____	By _____
Its	Its
Date _____	Date _____

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn Stat §§80C 01 – 80C 22 applies, the terms of this Addendum apply

State Cover Page and Item 17, Additional Disclosures

Minn Stat Sec 80C 21 and Minn Rule 2860 4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the Licensee to consent to liquidated damages, termination penalties or judgment notes In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn Stat Sec 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction

Licensee cannot consent to the Licensor obtaining injunctive relief The Licensor may seek injunctive relief A court will determine if a bond is required

Item 13, Additional Disclosures

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party The Licensor does not indemnify against the consequences of Licensee's use of a Licensor's trademark except in accordance with the requirements of the License Agreement, and as the condition to an indemnification, the Licensee must provide notice to the Licensor of any such claim immediately and tender the defense of the claim to the Licensor If the Licensor accepts tender of defense, the Licensor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim

Item 17, Additional Disclosures

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void

We will comply with Minn Stat Sec 80C 14, subds 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure), 180 days' notice for nonrenewal of the franchise agreement, and that consent to the transfer of the franchise will not be unreasonably withheld

Minnesota Rule 2860 4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C 01 – 80C 22

The limitations of claims section must comply with Minn Stat Sec 80C 17, subd 5

MINNESOTA ADDENDUM TO LICENSE AGREEMENT

To the extent the Minnesota Franchise Act, Minn Stat §§80C 01 – 80C 22 applies, the terms of this Addendum apply

1 Notwithstanding anything to the contrary contained in the License Agreement, to the extent that the License Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended

With respect to franchises governed by Minnesota Franchise Law, Licensor shall comply with Minn Stat Sec 80C 14, subd 4 which requires that except for certain specified cases, that Licensee be given 180 days' notice for non-renewal of this License Agreement

The Minnesota Department of Commerce requires that a franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party Licensor does not indemnify against the consequences of a Licensee's use of Licensor's trademark but Licensor shall indemnify Licensee for claims against Licensee solely as it relates to Licensee's use of the Marks in accordance with the requirements of the License Agreement and Licensor's standards As a further condition to indemnification, the Licensee must provide notice to Licensor of any such claim immediately and tender the defense of the claim to Licensor If Licensor accepts tender of defense, Licensor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim

Licensee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C 01 – 80C 22

With respect to franchises governed by Minnesota Franchise Law, Licensor shall comply with Minn Stat Sec 80C 14, subd 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure) Termination of the franchise by the Licensor shall be effective immediately upon receipt by Licensee of the notice of termination where its grounds for termination or cancellation are (1) voluntary abandonment of the franchise relationship by the Licensee, (2) the conviction of the Licensee of an offense directly related to the business conducted according to the License Agreement, or (3) failure of the Licensee to cure a default under the License Agreement which materially impairs the goodwill associated with the Licensor's trade name, trademark, service mark, logo type or other commercial symbol after the Licensee has received written notice to cure of at least twenty-four (24) hours in advance thereof

According to Minn Stat Sec 80C 21 in Minnesota Rules or 2860 4400J, the terms of the License Agreement shall not in any way abrogate or reduce your rights as provided for in Minn Stat 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota In addition, nothing in this License Agreement shall abrogate or reduce any of Licensee's rights as provided for in Minn Stat Sec 80C,

or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota

Any claims Licensee may have against the Licensor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law

The License Agreement contains a waiver of jury trial provision This provision may not be enforceable under Minnesota law

Licensee consents to the Licensor seeking injunctive relief without the necessity of showing actual or threatened harm A court shall determine if a bond or other security is required

If the License Agreement contains a liquidated damages provision, this provision may not be enforceable under Minnesota law

Any action pursuant to Minnesota Statutes, Section 80C 17, Subd 5 must be commenced no more than 3 years after the cause of action accrues

2 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the License Agreement

3 Except as expressly modified by this Addendum, the License Agreement remains unmodified and in full force and effect

This Addendum is being entered into in connection with the License Agreement In the event of any conflict between this Addendum and the License Agreement, the terms and conditions of this Addendum shall apply

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Licensor signs below

LICENSOR	**LICENSEE**
_____	_____
By _____	By _____
Its	Its
Date _____	Date _____

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply

Item 3, Additional Disclosure The last sentence in Item 3 is deleted and replaced with the following

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange, or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent

Item 4, Additional Disclosure Item 4 is deleted and replaced with the following

Neither we nor any of our predecessors, affiliates, or officers, during the 10-year period immediately before the date of the Disclosure Document (a) filed as debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code, (b) obtained a discharge of its debts under the Bankruptcy Code, or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code or that obtained a discharge of its debts under the U S Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership

Item 17, Additional Disclosures The following statements are added to Item 17

The New York Franchises Law requires that New York law govern any cause of action which arises under the New York Franchises Law

The New York General Business Law, Article 33, Sections 680 through 695 may supersede any provision of the License Agreement inconsistent with that law

Any provision in the License Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695

NEW YORK ADDENDUM TO LICENSE AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply

1 Notwithstanding anything to the contrary contained in the License Agreement, to the extent that the License Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended

Any provision in the License Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable

Any provision in the License Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695

The New York Franchise Law shall govern any claim arising under that law

2 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the License Agreement

3 Except as expressly modified by this Addendum, the License Agreement remains unmodified and in full force and effect

This Addendum is being entered into in connection with the License Agreement In the event of any conflict between this Addendum and the License Agreement, the terms and conditions of this Addendum shall apply

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Licensor signs below

LICENSOR	**LICENSEE**
_____	_____
By _____	By _____
Its	Its
Date _____	Date _____

NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the North Dakota Franchise Investment Law, N D Cent Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply

Item 17, Additional Disclosures The following statements are added to Item 17

Any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota may be unenforceable under North Dakota law Any mediation will be held at a site agreeable to all parties If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control

Any general release the Licensee is required to assent to as a condition of renewal is not intended to nor shall it act as a release, estoppel or waiver of any liability Licensor may have incurred under the North Dakota Franchise Investment Law

Covenants not to compete during the term of and upon termination or expiration of a franchise agreement are enforceable only under certain conditions according to North Dakota law If the License Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable

The License Agreement includes a waiver of exemplary and punitive damages This waiver may not be enforceable under North Dakota law

For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys fees in enforcing the License Agreement

The License Agreement requires the Licensee to consent to a waiver of trial by jury This waiver may not be enforceable under North Dakota law

The Franchise Disclosure Document and License Agreement state that, subject to the requirements of applicable law and the mediation and injunctive relief provisions, any dispute not resolved by mediation or negotiation may be submitted for resolution to a court of competent jurisdiction in Hennepin County, Minnesota That requirement may not be fully enforceable under North Dakota law

The Franchise Disclosure Document and License Agreement may require Licensee to consent to termination or liquidated damages This requirement may not be enforceable under North Dakota law

The License Agreement requires the Licensee to consent to a limitation of claims within eighteen (18) months To the extent this requirement conflicts with North Dakota law, North Dakota law will apply

NORTH DAKOTA ADDENDUM TO LICENSE AGREEMENT

To the extent the North Dakota Franchise Investment Law, N D Cent Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply

1 Notwithstanding anything to the contrary contained in the License Agreement, to the extent that the License Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended

Any release executed in connection with a renewal shall not apply to any claims that may arise under the North Dakota Franchise Investment Law

Covenants not to compete during the term of and upon termination or expiration of a franchise agreement are enforceable only under certain conditions according to North Dakota law If the License Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable

The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control

The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law

The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law

The requirement that mediation be held outside the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law Any mediation will be held at a site agreeable to all parties

The requirement that a franchisee consent to termination or liquidated damages has been determined by the Commissioner to be unfair, unjust and inequitable within the intent of the North Dakota Franchise Investment Law Any such requirement in the License Agreement may not be enforceable under North Dakota law

The License Agreement states that Licensee must consent to the jurisdiction of courts located outside the State of North Dakota This requirement may not be enforceable under North Dakota law

The License Agreement requires the Licensee to consent to a limitation of claims within eighteen (18) months To the extent this requirement conflicts with North Dakota law, North Dakota law will apply

For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees in enforcing the License Agreement

2 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the License Agreement

3 Except as expressly modified by this Addendum, the License Agreement remains unmodified and in full force and effect

This Addendum is being entered into in connection with the License Agreement In the event of any conflict between this Addendum and the License Agreement, the terms and conditions of this Addendum shall apply

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Licensor signs below

LICENSOR	**LICENSEE**
_____	_____
By _____	By _____
Its	Its
Date _____	Date _____

RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Rhode Island Franchise Investment Act, R I Gen Law ch 395 §§19-28 1-1 – 19-28 1-34 applies, the terms of this Addendum apply

Item 17, Additional Disclosure The following statement is added to Item 17

Section 19-28 1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act"

RHODE ISLAND ADDENDUM TO LICENSE AGREEMENT

To the extent the Rhode Island Franchise Investment Act R I Gen Law ch 395 §§19-28 1-1 – 19-28 1-34 applies, the terms of this Addendum apply

1 Notwithstanding anything to the contrary contained in the License Agreement, to the extent that the License Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended

> Section 19-28 1-14 of the Rhode Island Franchise Investment Act provides that 'A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act"

2 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the License Agreement

3 Except as expressly modified by this Addendum, the License Agreement remains unmodified and in full force and effect

This Addendum is being entered into in connection with the License Agreement In the event of any conflict between this Addendum and the License Agreement, the terms and conditions of this Addendum shall apply

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Licensor signs below

LICENSOR	**LICENSEE**
_____	_____
By _____	By _____
Its	Its
Date _____	Date _____

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va Code §§13 1-557 – 13 1-574 applies, the terms of this Addendum apply

Item 17, Additional Disclosures

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the Licensee may not be enforceable under federal bankruptcy law (11 U S C 101 et seq)

"According to Section 13 1 – 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable "

VIRGINIA ADDENDUM TO LICENSE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va Code §§13 1-557 – 13 1-574 applies, the terms of this Addendum apply

1 Notwithstanding anything to the contrary contained in the License Agreement, to the extent that the License Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended

> "According to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable "

2 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the License Agreement

3 Except as expressly modified by this Addendum, the License Agreement remains unmodified and in full force and effect

This Addendum is being entered into in connection with the License Agreement In the event of any conflict between this Addendum and the License Agreement, the terms and conditions of this Addendum shall apply

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Licensor signs below

LICENSOR	**LICENSEE**
_____	_____
By _____	By _____
Its	Its
Date _____	Date _____

WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Washington Franchise Investment Protection Act, Wash Rev Code §§19 100 010 – 19 100 940 applies, the terms of this Addendum apply

Item 17, Additional Disclosure

The state of Washington has a statute, RCW 19 100 180 which may supersede the License Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the License Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel

Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer

WASHINGTON ADDENDUM TO LICENSE AGREEMENT

To the extent the Washington Franchise Investment Protection Act, Wash Rev Code §§19 100 010 – 19 100 940 applies, the terms of this Addendum apply

1 Notwithstanding anything to the contrary contained in the License Agreement, to the extent that the License Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended

The state of Washington has a statute, RCW 19 100 180 which may supersede the License Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the License Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer

2 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the License Agreement

3 Except as expressly modified by this Addendum, the License Agreement remains unmodified and in full force and effect

This Addendum is being entered into in connection with the License Agreement In the event of any conflict between this Addendum and the License Agreement, the terms and conditions of this Addendum shall apply

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Licensor signs below

LICENSOR	**LICENSEE**
_____	_____
By _____	By _____
Its	Its
Date _____	Date _____

EXHIBIT F
GENERAL RELEASE FORM

THIS IS A CURRENT RELEASE FORM THAT GENERALLY WILL BE USED WITH OR INCORPORATED INTO A SEPARATE AGREEMENT THIS FORM IS SUBJECT TO CHANGE OVER TIME

For and in consideration of the Agreements and covenants described below, Caribou Coffee Development Company, Inc ("CCDC", "we" or "us"), _____ ("you") and _____ ("Guarantors") enter into this Release of Claims ("Agreement")

RECITALS

A We and you entered into a CARIBOU COFFEE® License Agreement dated _____, ____ (the "License Agreement")

B [NOTE Describe the circumstances relating to the release]

AGREEMENTS

1 **Consideration** [NOTE Describe the consideration paid]

2-3 [NOTE Detail other terms and conditions of the release]

4 **Release of Claims**

A Definitions

1 CCDC Parties We and each of our current and past subsidiaries, corporate parents and affiliates, and their respective current and past officers, directors, owners, stockholders, members, employees, insurers, attorneys, agents, successors, predecessors, assigns, heirs and personal representatives

2 Licensee Parties You and each of the Guarantors and all persons or entities acting on their behalf or claiming under them including each of their respective past and present corporate parents, subsidiaries, affiliates, owners, heirs, executors, administrators, managers, directors, officers, employees, trustees, agents, partners, business entities, attorneys, insurers, successors and assigns

B The Licensee Parties irrevocably and unconditionally waive, release and forever discharge, and covenant not to sue, the CCDC Parties of and from any and all claims, suits, debts, liabilities, causes of action, demands, contracts, promises, obligations, losses rights, controversies, damages, costs, expenses (including actual attorneys' fees and costs incurred), actions and causes of action of every nature, whether known or unknown, direct or indirect, vested or contingent, at law or in equity, whether arising by statute, common law, or otherwise, including claims for negligence (collectively, "Claims"), that they may now have, or at any time heretofore had, or hereafter may have, against each or any of the CCDC Parties arising out of or relating to any conduct, transaction, occurrence, act or omission at any time before the [Effective Date] relating to the License Agreement(s), the development or operation of the Coffeehouse(s), the franchise or license relationship between the parties, the offer or sale of any franchise or license, or any agreement between any of the Licensee Parties and any of the CCDC Parties

C The Licensee Parties specifically and expressly acknowledge and agree that the consideration accepted under this Agreement is accepted in full satisfaction of any and all injuries and/or damages that have previously arisen and which may hereafter arise respecting any of the claims being released

D The Licensee Parties acknowledge that they have had a reasonable opportunity to consult with an attorney prior to signing this release and they have executed this release voluntarily Also, the Licensee Parties represent that they have not assigned or transferred to anyone any claims released by them under Section 4(B) above

5 **General** No amendment to this Agreement or waiver of the rights or obligations of either party shall be effective unless in writing signed by the parties This Agreement is governed by the laws of the State of _____ without regard to conflicts of laws principles If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect This Agreement contains the entire agreement and understanding of the parties concerning the subject matter of this Agreement The general release in this Agreement shall not apply to any liability under the Maryland Franchise Registration Law to the extent applicable [NOTE Detail other miscellaneous provisions]

YOU	**WE**
_____	**CARIBOU COFFEE DEVELOPMENT COMPANY, INC**
By _____	By _____
Its _____	Its _____
Date _____	Date _____

PERSONAL GUARANTORS

_____

_____

EXHIBIT G
DISCLOSURE ACKNOWLEDGMENT AGREEMENT

DISCLOSURE
ACKNOWLEDGMENT AGREEMENT

Applicant _____

(If corporation) State of Incorporation _____

Address of Applicant _____

Location Applied For _____

1 I have received all appropriate disclosure documents for the State(s) of _____ at least fourteen (14) calendar days, exclusive of the day I received them and the day I signed them, before signing the License Agreement and/or payment of any monies

2 I have signed and returned to Caribou Coffee Development Company, Inc (you or your) the acknowledgment of receipt for each disclosure document given me

3 I have had an opportunity to read the License Agreement (including the Stand-Alone Coffeehouse Addendum to it, if applicable) thoroughly and understand all of your covenants and obligations and my obligations as a licensee of the CARIBOU COFFEE® system I understand that the License Agreement (including the Stand-Alone Coffeehouse Addendum to it, if applicable), contains all obligations of the parties and that you do not grant to me any right of first refusal

4 I understand that this licensed business, as in all business ventures, involves risk and, despite assistance and support programs, the success of my business will depend largely upon me and my ability

5 Except for fill in the blank provisions or for negotiated changes that I initiated, I received a copy of the revised License Agreement or related agreement at least seven (7) calendar days before the date on which the License Agreement or related agreement was signed

6 I understand that you have established a national marketing fund (the Marketing Fund) which is not directed towards any specific licensee location but is intended to benefit the entire CARIBOU COFFEE® system nationwide I further understand that amounts from the Marketing Fund will be used to offset any in-house expenses you incur in providing marketing services, production art and other activities I also understand that the Coffeehouses that you or your affiliates own have no obligation to contribute to the Marketing Fund

7 I have had no promises, guarantees or assurances made to me and no information provided to me relative to earnings, revenues, profits, expenses or projected revenues for this license or franchise, except as disclosed in the disclosure document If I believe that I have received any such promises, guarantees, assurances or information, I agree to describe it below (otherwise write "None")

_____
_____
_____
_____
_____

The representations under this Disclosure Acknowledgment Agreement are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act

Applicants' Acknowledgment

Name _____ Name _____
Date _____ Date _____

[Signature Page to Disclosure Acknowledgment Agreement]

EXHIBIT H
RECEIPT PAGES

Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language Read this disclosure document and all agreements carefully

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale Iowa and New York require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D C 20580 and those state administrators listed on Exhibit D

The franchisor is Caribou Coffee Development Company, Inc , 3900 Lakebreeze Avenue, Minneapolis, MN 55429 Our telephone number is (763) 592-2200

Issuance Date May 4, 2017, as amended June 29, 2017 and September 14, 2017

Our franchise seller involved in offering and selling the franchise to you is Nick Schaefer, 3900 Lakebreeze Avenue, Minneapolis, MN 55429, (763) 592-2276, or is listed below (with address and telephone number), or will be provided to you separately before you sign a franchise agreement

_____

We authorize the respective state agencies identified on Exhibit D to receive service of process for us in the particular state

I have received a disclosure document dated May 4, 2017, as amended June 29, 2017 and September 14, 2017, that included the following Exhibits

(A)	Financial Statements	(E)	State Addenda
(B)	License Agreement	(F)	General Release Form
(B-1)	Stand-Alone Addendum	(G)	Disclosure Acknowledgment Agreement
(C)	List of Licensees and Former Licensees	(H)	Receipts
(D)	List of State Administrators, Agents for Service of Process		

Date _____
(Do not leave blank)

_____
Signature of Prospective Franchisee

_____
Print Name and Company (if applicable)

Copy for Franchisee

Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language Read this disclosure document and all agreements carefully

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale Iowa and New York require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D C 20580 and those state administrators listed on Exhibit D

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(C)	List of Licensees and Former Licensees	(H)	Receipts
(D)	List of State Administrators, Agents for Service of Process		

Date _____
(Do not leave blank)

_____
Signature of Prospective Franchisee

_____
Print Name and Company (if applicable)

Copy for Caribou Coffee Development Company, Inc

Please sign and date both copies of this receipt, keep one copy (the previous page) for your records, and mail one copy (this page) to the address listed on the front page of this disclosure document or send to Nick Schaefer at 3900 Lakebreeze Avenue, Minneapolis, Minnesota 55429 by email to nschaefer@cariboucoffee com or by fax to (763) 592-2299