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FRANCHISE DISCLOSURE DOCUMENT

the coffee beanery

THE COFFEE BEANERY LTD
a Michigan corporation
World Headquarters
3429 Pierson Place
Flushing, Michigan 48433
(810) 733-1020
KevinS@beanerysupport com
Internet http //www CoffeeBeanery com

The franchisee will offer for retail sale various types of coffee, including espresso based beverages, and other beverages, coffee beans, tea, spices, related products and food items such as salads, sandwiches, baked goods as well as merchandise and coffee accessories, for on or off-site consumption using the Coffee Beanery name and trademarks (each, a "Store") The different Store models (each, a "Store Model") are disclosed in the Chart below

Store Model	Store Description	Total Investment and Amounts Paid to Franchisor or its Affiliates
Traditional Store without Food Model	A traditional Store that offers espresso based beverages, and other beverages, coffee beans, tea, spices, related products and limited food items ("Traditional Store without Food Model")	The total investment necessary to begin operation of a Traditional Store without Food Store Model ranges from $260,000 to $446,500, which includes $25,000 to $31,500 that must be paid to the franchisor or its affiliates
Traditional Store with Food Model	A traditional Store that offers espresso based beverages, and other beverages, coffee beans, tea, spices, related products and a more expansive food menu ("Traditional Store with Food Model")	The total investment necessary to begin operation of a Traditional Store with Food Store Model ranges from $260,000 to $465,500, which includes $25,000 to $31,500 that must be paid to the franchisor or its affiliates
Kiosk Store Model	A traditional Store that is operated from a Kiosk structure ("Kiosk Store Model")	The total investment necessary to begin operation of a Kiosk Store Model ranges from $185,000 to $361,500, which includes $25,000 to $31,500 that must be paid to the franchisor or its affiliates
Co-Branded Store Model	A traditional Store that is operated under the Coffee Beanery marks from the same space or premises as another concept that we approve and authorize ("Co-Branded Store Model")	The total investment necessary to begin operation of a Co-Branded Store Model ranges from $140,000 to $309,500, which includes $25,000 to $31,500 that must be paid to the franchisor or its affiliates
Conversion Store Model	A Store that is converted from a coffee shop to traditional Coffee Beanery Store ("Conversion Store Model")	The total investment necessary to begin operation of a Conversion Store Model ranges from $112,500 to $322,000, which includes $17,500 and $24,000 that must be paid to the franchisor or its affiliates

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

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

Buying a franchise is a complex investment The information contained 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 October 20, 2016

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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 F for information about the franchisor, about other franchisors, 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 BY LITIGATION ONLY IN THE COUNTY WHERE WE MAINTAIN OUR PRIMARY PLACE OF BUSINESS, CURRENTLY IN GENESEE COUNTY, MICHIGAN OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN MICHIGAN THAN IN YOUR OWN STATE

2 THE FRANCHISE AGREEMENT STATES THAT MICHIGAN LAW GOVERNS THE AGREEMENT UNLESS A PROVISION IS NOT ENFORCEABLE UNDER THE LAWS OF MICHIGAN AND YOUR STORE OR TERRITORY IS LOCATED IN A STATE WHERE THE PROVISION IS ENFORCEABLE THE LAWS OF MICHIGAN MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3 IF YOU ARE AN INDIVIDUAL, YOUR SPOUSE MUST SIGN A PERSONAL GUARANTY IF THE FRANCHISEE IS A BUSINESS ENTITY, EACH OF THE ENTITY'S OWNERS, PARTNERS, MEMBERS, OFFICERS, DIRECTORS, TRUSTEES AND BENEFICIARIES (AS APPLICABLE), AS WELL AS THEIR RESPECTIVE SPOUSES, MUST SIGN A PERSONAL GUARANTY THOSE WHO SIGN A PERSONAL GUARANTY WILL BE JOINTLY AND SEVERALLY LIABLE FOR ALL DEBTS AND OBLIGATIONS OF THE FRANCHISEE WHETHER OR NOT THEY ARE INVOLVED IN THE OPERATION OF THE FRANCHISE BUSINESS THESE INDIVIDUALS WILL ALSO HAVE THEIR PERSONAL ASSETS AT RISK

4 THERE MAY BE OTHER RISKS CONCERNING THE 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 is our agent and 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 the franchise

STATE EFFECTIVE PAGE

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration California, Florida, Hawaii, Kentucky, Illinois, Indiana, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington and Wisconsin

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws if an effective date is noted below for the state

State	Effective Date
California	Pending Registration
Florida (exemption)	Previous Form of Document Registered
Hawaii	Previous Form of Document Registered
Illinois	Previous Form of Document Registered
Indiana	Previous Form of Document Registered
Kentucky	Effective
Maryland	Previous Form of Document Registered
Michigan	Previous Form of Document Registered
Minnesota	Previous Form of Document Registered
Nebraska	Effective
New York	Previous Form of Document Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Texas	Effective
Utah (exemption)	Not Registered
Virginia	Previous Form of Document Registered
Washington	Not Registered
Wisconsin	Effective

(ADDITIONAL COVER PAGE DISCLOSURES FOR MICHIGAN RESIDENTS ONLY)

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 protection 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

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

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

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

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

(4) 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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000 00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled At the option of the franchisor, a surety bond may be provided in place of escrow

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENFORCEMENT BY THE ATTORNEY GENERAL

Any questions regarding this notice should be directed to

State of Michigan
Department of Attorney General
6520 Mercantile Way
Lansing, Michigan 48913
Telephone Number (517) 373-3800

TABLE OF CONTENTS

1	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES	2
2	BUSINESS EXPERIENCE	4
3	LITIGATION	5
4	BANKRUPTCY	7
5	INITIAL FEES	7
6	OTHER FEES	8
7	ESTIMATED INITIAL INVESTMENT	14
8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	22
9	FRANCHISEE'S OBLIGATIONS	26
10	FINANCING ARRANGEMENTS	27
11	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTERS SYSTEMS AND TRAINING	28
12	TERRITORY	37
13	TRADEMARKS	38
14	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	40
15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE STORE	41
16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	42
17	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	43
18	PUBLIC FIGURES	46
19	FINANCIAL PERFORMANCE REPRESENTATIONS	46
20	OUTLETS AND FRANCHISEE INFORMATION	47
21	FINANCIAL STATEMENTS	53
22	CONTRACTS	53
23	RECEIPTS	53

EXHIBITS

A	FRANCHISE AGREEMENT AND ATTACHMENTS
B	LISTS OF CURRENT FRANCHISEES AND FRANCHISEES THAT LEFT SYSTEM
C	FINANCIAL STATEMENTS
D	TABLE OF CONTENTS TO MANUAL
E	MISCELLANEOUS CONTRACTS
F	LIST OF STATE ADMINISTRATORS
G	AGENTS FOR SERVICE OF PROCESS
H	COMPLIANCE CERTIFICATION
I	STATE ADDENDA AND AGREEMENT RIDERS
J	RECEIPTS

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Coffee Beanery Ltd ("we", "us" "our" or "CBL") is the franchisor of the franchise program described in this Disclosure Document Unless otherwise noted, we will refer to a prospective franchisee as "you," whether you are an individual, a partnership, a corporation or other entity, including the owner or owners of those entities

The Franchisor

The Coffee Beanery Ltd ("we", "us" "our" or "CBL") is the franchisor of the franchise program described in this Disclosure Document We were incorporated in Michigan on March 22, 1976 We began offering franchises on May 18, 1985 for specialty retail coffee stores or businesses in a variety of forms and locations, including kiosks (a small store without a separately defined leased retail space), counters, malls and neighborhood cafe locations commencing on different dates over our history We began operating Coffee Beanery stores at our inception in 1976 and have continuously done so since that date We began offering franchises for Coffee Beanery stores in May, 1985 and have continuously done so since that date We have not offered franchises for any other type of business

We began operating our first corporate store located in a mall in October 1976 and we continue to operate Coffee Beanery locations as of the Issue Date of this Disclosure Document

Our principal business address is 3429 Pierson Place, Flushing, Michigan 48433 We conduct business under the corporate name "Coffee Beanery" and do not conduct business under any other name

Our agents for service of process in various states, including those requiring franchise registration are listed in Exhibit G to this Disclosure Document

Parents, Predecessors and Affiliates

We have no predecessors or affiliates that are required to be disclosed in this Item

Our parent company is the Shaw Coffee Company which is a Michigan corporation incorporated on June 29, 1983 The Shaw Coffee Company is a holding company and has not conducted daily business activities, offered franchises or conducted any other type of business

The Franchise Offered

We may, if we deem you are qualified, offer you the right to operate one (1) or more of the following Store Models, which all offer and sell espresso based and other specialty beverages, fresh brewed coffee, coffee beans, bakery items, tea, related products such as mugs and coffee makers (collectively, the "Approved Products")

The "Traditional Store without Food Model" is a retail coffee store that also offers a limited food service menu consisting of prepackaged bakery items such as muffins, cakes, cinnamon rolls, bagels, cheesecake, assorted cakes and, in some cases, other prepackaged food We began offering franchises for the right to operate a Traditional Store without Food Model in 1985

The "Traditional Store with Food Model" is a retail coffee store that also offers a more substantial food service menu prepared on site as well as some prepackaged food items We began offering franchises for the right to operate a Traditional Store with Food Model in 1995

The "Kiosk Store Model" is a traditional Store that is operated from a Kiosk structure We began offering franchises for the right to operate a Kiosk Store Model in 1995

The "Co-Branded Store Model" is a traditional Store that is operated under the Coffee Beanery marks in conjunction with other marks and products We began offering franchises for the right to operate a Co-Branded Store Model in 2003 Co-branded owners will sign, in addition to a Franchise Agreement (as defined below), an Addendum for co-branded owners ("Co-Branded Owners"), which is Attachment E to the Franchise Agreement

The "Conversion Store Model" is a Store that is converted from an independent business that provides coffee and coffee related services to the public to a Coffee Beanery Store We began offering franchises for the right to operate a Conversion Store Model in 2003 To be eligible to convert, you must have operated your coffee store or shop for at least six (6) months at the time of conversion ("Conversion Owners") Conversion Owners will sign, in addition to a Franchise Agreement (as defined below), an Addendum for Conversion Owners, which is Attachment D to the Franchise Agreement Conversion Owners must conform their business premises to our prototype plans and specifications, use our Proprietary Marks, and complete our training as described in Item 11 below

We identify the Stores by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin owned by us, including the trade name "Coffee Beanery" (collectively, "Proprietary Marks")

All of the Store Models are operated using our Proprietary Marks and in accordance with our proprietary operating system, which includes our valuable know how, information, trade secrets, methods, confidential operations manual (the "Operations Manual") and other proprietary manuals we may loan to you (collectively, the "Manuals"), standards and specifications, marketing and sales programs, fixture and furniture selection, a business strategy for getting and keeping customers, a distribution method for products and services, staffing guidelines and other research and development connected with the establishment and operation of a Store (collectively, the "System"), which we may modify from time to time as we deem appropriate in our sole discretion

The franchise agreement ("Franchise Agreement"), a copy of which is attached to this Disclosure Document as Exhibit A, gives you the right to establish and operate a Store Most Stores will be located in high traffic areas that provide ample parking, significant foot traffic, and exposure to a public thoroughfare and the location of your Store must be approved by us ("Approved Location")

Market and Competition

Your Store will offer its products to the general public, and sales are not seasonal, other than any seasonality resulting from the physical and geographical location of your Store The Store will compete primarily with local, regional, and national restaurants, coffee shops, bakeries, and grocery stores offering specialty coffee, pastries, breakfast items, and related food and beverage items to the public for dine-in, takeout, and catering

There is a significant amount of competition in the retail specialty coffee business Examples of the competition you may face include national and regional coffee businesses, mail order, restaurants, grocery stores, bulk food stores and department stores Your competitive advantage in the marketplace will be based on your adherence to our System standards and specifications, as well as your entrepreneurial and managerial abilities and focus on customer service in the operation of your Center

Industry-Specific Laws and Regulations

There are no regulations specific to the operation of a retail specialty coffee store, although you will be required to comply with all local, state and federal laws applicable to businesses in general, including zoning laws, labor laws and the Fair Labor Standards Act, workers' compensation laws, business licensing laws, tax regulations, and the Americans with Disabilities Act There may be other laws applicable to your business and we urge you to make further inquiries about these laws

If you have food service, you will have to comply with laws and regulations relating to licensing of a restaurant business You must comply with regulations for food preparation, food service and minimum sanitary conditions for your Store enforced by state and local health, departments, the U S Food and Drug Administration and the U S Department of Agriculture, including those relating to nutritional information for menu items You must obtain all applicable health permits and/or inspections and approvals by municipal, county or state health departments that regulate food service operations You will also be required to comply with the Telephone Consumer Protection Act and other regulations relating to unsolicited telephone solicitation and text messages as well as PCI Data Security Standards and other laws and regulations relating to customer privacy

You must consult with your own attorney to ensure that the laws of the state where your Store is located permits you to provide the Approved Products at and from your Store It is your sole responsibility to investigate any regulations in your area, including those related to the establishment and operation of a Store generally

Please be advised that you must investigate and comply with all of these applicable laws and regulations You alone are responsible for complying with all applicable laws and regulations, despite any advice or information that we may give you We have not researched any of these laws to determine their applicability to your Store

ITEM 2

BUSINESS EXPERIENCE

CEO and Director JoAnne Shaw

JoAnne Shaw has served as an officer and Director of our company since 1976, and as President between 1979 and 2007 She has served as our CEO since 1995 All Ms Shaw's employment has been in at our primary location in Flushing, Michigan

Chairman of the Board Julius L Shaw

Julius L Shaw has served as an officer and Director of CBL since 1976 In 1996, Mr Shaw was appointed Chairman of the Board and has served in that position since that date All Mr Shaw's employment has been at our primary location in Flushing, Michigan

COO Laurie Shaw

Laurie Shaw has been employed by the Coffee Beanery since 2001 and served as Vice President of Marketing, Operations and Training from May 2009 through December 2015 She has served as our COO since January 2016 All Ms Shaw's employment has been in at our primary location in Flushing, Michigan

Vice President and Director of Franchise Sales Kevin Shaw

Kevin Shaw, who has been employed by CBL since 1985 He became a director of CBL in 1991, served as Executive Vice President from July 2007 through September 2015 and has served as our Vice President and Director of Franchise Sales since October 2015 All Mr Shaw's employment has been in at our primary location in Flushing, Michigan

Vice President Kurt Shaw

In August 1984, Kurt Shaw was initially employed as a manager of a Coffee Beanery store in Flushing, Michigan In November 1991, he became a Director of Coffee Beanery He was appointed President and COO for Coffee Beanery in 2007 Since May 2005, he has served as Vice President for Coffee Beanery at our Corporate Office in Flushing, Michigan All Mr Shaw's employment has been in at our primary location in Flushing, Michigan

Operations Manager/Business Consultant Bob Ashley

Bob Ashley joined Coffee Beanery in May, 2006 as the Assistant Marketing Director He worked in our marketing department at our Flushing, Michigan headquarters until February 2012 when he resigned and went to work for Electronic Wave From Lab in Atlanta, Georgia in medical sales In March 2014, Bob returned to Coffee Beanery as a Business Consultant and Operations Manager at our Flushing, Michigan headquarters

Marketing Manager, Buyer and Fundraising Patti Tushim

Patti Tushim, has been employed by CBL since 2006 when she began her career with us as a barista at the Coffee Beanery in the Genesee Valley Mall store in Flint, Michigan, a role she continued in until 2008 From 2008 to 2009, she worked at our Corporate Office in Flushing, Michigan as the Operations Assistant From 2009 to 2014, she served as the Marketing Specialist at our Corporate Office in Flushing, Michigan Since June 2014, she has served as our Marketing Manager at our Corporate Office in Flushing, Michigan and also helps to oversee the fundraising and gift set departments

Creative Manager Britain Butcher

Britain Shaw who has been employed by CBL since September 2009, when began her career with us as an employee at the Genesee Valley Mall store in Flint, Michigan, a position that she retained until May 2013 She then transferred over to the Corporate Office in Flushing, Michigan when she was promoted to Creative Manager in May 2013

ITEM 3

LITIGATION

Administrative Proceeding before the Illinois Attorney General The State of Illinois initiated an investigation in April 2007 regarding our franchising program in Illinois as a result of the complaint of Oliver Garner (a former Coffee Beanery franchisee) discussed below The claims made were the participation of an unlicensed broker, failing to disclose required gift card, background music and Pepsi purchase programs On January 2, 2008, we agreed to pay a fine of $2,500 and send to Mr Garner a notice of violation of the Illinois Franchise Disclosure Act and to comply with the UFOC guidelines in the future to resolve the investigation without the necessity for formal findings by the Attorney General

Oliver Garner v The Coffee Beanery, Ltd , JoAnne Shaw, Julius Shaw, Kevin Shaw, Kurt Shaw, Ken Coxen, Walter Pilon and Owen Stern, Case No 54 175 01662 06, Demand for Mediation before the

American Arbitration Association On or about November 29, 2006, Oliver Garner, a former Coffee Beanery cafe franchisee located in Illinois who sold his Coffee Beanery store to a new purchaser, filed a Demand for Mediation with the American Arbitration Association alleging violations of the Michigan Franchise Investment Law, the Illinois Franchise Disclosure Act, detrimental reliance, intentional and negligent misrepresentation seeking $345,000 Mr Garner claimed that he relied upon statements made by an independent broker, that equipment he purchased was defective, that Coffee Beanery failed to disclose a nonexistent felony conviction by a corporate officer and that the sale of Coffee Beanery locations that sold food prepared on site was a separate offering from Coffee Beanery locations serving food prepared off site thus requiring separate disclosures On March 28, 2008, prior to mediation or arbitration, we agreed to pay Mr Garner $12,800 in exchange for a full release of all claims against us or our officers and employees

Laura Deming and Kenneth Blackwood v The Coffee Beanery, Ltd , JoAnne Shaw, Julius Shaw, Kevin Shaw, Kurt Shaw, Ken Coxen, Walter Pilon and Owen Stern, Case No 54 174 01110 06 before the American Arbitration Association On or about August 7, 2006 Laura Deming and Kenneth Blackwood, a former Coffee Beanery franchisee operating a drive through location in Texas, filed a Demand for Mediation with the American Arbitration Association alleging violations of the Michigan Franchise Investment Law, detrimental reliance and intentional misrepresentation seeking $345,000 Litigation was filed against us and our officers named above by the claimants in the U S District Court for the Southern District of Texas under Case No 07-cv-00037 alleging counts under the Michigan Franchise Investment Law and the Texas Deceptive Trade Practices and Consumer Protection Acts, promissory estoppel and negligent and intentional misrepresentation The Plaintiffs claimed that equipment they purchased was defective, that the UFOC was deficient because it did not separately describe Coffee Beanery locations that sold food prepared on site as a separate offering from Coffee Beanery locations serving food prepared off site, for omitting a franchisee from the franchisee listing and failing to include the gift card and background music programs A settlement was reached with the plaintiffs in which we paid the plaintiffs $29,500 and the parties executed mutual releases with payment ending on August 1, 2007

WW, LLC v The Coffee Beanery, Ltd , JoAnne Shaw, Julius Shaw, Kevin Shaw, Kurt Shaw, Ken Coxen, Walter Pilon and Owen Stern, Case No 54 114 E 00124 05, previously pending before the American Arbitration Association, WW, LLC, Williams & Welshans v Coffee Beanery Ltd United States District Court for the District of Maryland (Case no 05-cv-03360), Coffee Beanery, Ltd et al v WW, LLC, et al, United Stated District Court, E D Michigan (Case no 06-10408), U S Court of Appeals, Sixth Circuit (07-1830), Petition for Writ of Certiorari, United States Supreme Court (08-1396), WW, LLC, Williams & Welshans v Coffee Beanery Ltd et al, United States District Court for the District of Maryland (Case no 1 09-cv-01873-WDQ), WW, LLC, et al v The Coffee Beanery, Ltd , et al, U S Court of Appeals, Fourth Circuit (09-1774)

The owners of WW, LLC, Deborah Williams and Richard Welshans, also made a complaint with the Securities Division of the Office of the Attorney General for the State of Maryland making similar allegations that is described immediately above On December 15, 2005, WW, LLC, Williams and Welshans filed a lawsuit in the United States District Court in Maryland alleging violations of the Maryland Franchise Act, Detrimental Reliance, Intentional Misrepresentation and Negligent Misrepresentation CBL filed a motion to stay the Maryland litigation The Plaintiffs claimed that a CBL officer made an improper earnings claim, that equipment they purchased was defective, that the UFOC was deficient in that it did not separately describe Coffee Beanery locations that sold food prepared on site as a separate offering from Coffee Beanery locations serving food prepared off site, for omitting a franchisee from the franchisee listing and failing to include the gift card and background music programs The court in Maryland granted CBL's motion to stay and administratively closed the case on March 23, 2006 CBL also filed a Petition to compel the arbitration in the United States District Court for the Eastern District of Michigan and WW, LLC filed a motion to stay the arbitration in the same matter On July 18, 2006, the U S District Court in the Eastern District of Michigan granted CBL's motion to compel

arbitration and denied WW, LLC motion to stay arbitration On March 28, 2007, the arbitrator found in favor of CBL on all claims made by the claimants and awarded us $144,366 73 in royalties, attorneys' fees and expenses Subsequently, the parties exhausted all available appeals and subsequent actions On March 23, 2011, the U S Court of Appeals reopened the action and remanded the case to the U S District Court for the District of Maryland for trial The second litigation filed by WW, LLC and others (Case No 1 09-cv-01873-WDQ) was stayed and administratively closed by the U S District Court for the District of Maryland on December 2, 2009 The Plaintiffs in Case No 3360 filed a Second Amended Complaint on March 1, 2012 Therein, Plaintiffs added a claim of a violation of the Racketeer Influenced and Corrupt Organizations Act, also known as "RICO " Both parties moved for summary judgment on Plaintiff's claims By orders dated July 17 and August 28, 2013, the United States District Court for the District of Maryland granted summary judgment to CBL on Plaintiff's claims for Detrimental Reliance, Intentional Misrepresentation, Negligent Misrepresentation, and violation of the RICO stature and denied it as to the claims under the Maryland Franchise Act Plaintiffs then entered into a Settlement Agreement and Mutual Release with CBL to resolve the claims brought in the Maryland lawsuit As part of that settlement, CBL agreed to pay Plaintiffs $80,000 and Plaintiffs agreed to release CBL and its current and former employees from any additional claims

Other than these actions, no litigation is required to be disclosed in this Item

ITEM 4

BANKRUPTCY

No bankruptcies are required to be disclosed in this Item

ITEM 5

INITIAL FEES

Initial Franchise Fee

All franchisees pay a lump sum franchise fee at the time of signing their Franchise Agreement, which are summarized in the chart below

Store Model	Initial Franchise Fee
Traditional Store without Food Model	$15,000
Traditional Store with Food Model	$15,000
Kiosk Store Model	$15,000
Co-Branded Store Model	$15,000
Conversion Store Model	$7,500
Additional Stores	$7,500

In certain circumstances during our last fiscal year, we reduced or discounted the initial franchise fee for select franchisees, including franchisees associated with schools and certain other non-profit organizations We do not expect or intend to offer similar discounts moving forward, but we reserve the right to do so in the future in our sole discretion

VetFran Program

Coffee Beanery is a member of the International Franchise Association (IFA) and participates in the IFA's VetFran Program, which provides a twenty five (25%) percent discount on initial franchise fees to veterans of U S Armed Forces who otherwise meet the requirements of the VetFran Program and have been honorably discharged This discount is for new development only and is applicable only when the

franchisee's initial franchise fee is $15,000 It does not apply to any other type of initial franchise fee or other payment to us

Opening Inventory

Prior to opening a Store, you are required to purchase your opening coffee inventory from us, including paper goods and drink ingredients, and the uniforms you will need for initial operations (if you choose to buy these uniforms from us and not our approved supplier) The amount you must pay to us for the inventory and uniforms described above ranges between $6,500 and $13,000, and will likely vary depending upon (i) the type of Store you are awarded the right to operate, (ii) the size and location of your Store, and (iii) the time of year your Store opens This is the amount of inventory you must purchase from us prior to opening

Initial Launch Marketing Materials Kit

In addition, we require you to pay us the sum of $3,500 for certain initial launch marketing materials ("Initial Launch Marketing Materials Kit") that you may use in connection with the promotion of the Store prior to and after the opening of the Store

Uniformity and Other Required Disclosures

Except as provided in this Item, all payments described above are uniformly imposed and non-refundable upon payment

ITEM 6

OTHER FEES

NAME OF FEE[1]	AMOUNT	DUE DATE	REMARKS
ROYALTY	4% of the Net Sales[3] of the Store	Payable[1] via electronic funds transfer ("EFT") on or before the 10th of each calendar month [2]	The royalty due each month (the "Royalty" or "Royalty Fee") is paid based on the Net Sales of the Store over the prior calendar month
BRAND BUILDING FUND	The greater of (i) $100 per week, or (ii) up to 2% of the Net Sales[3] of the Store during the preceding reporting period at issue	Payable[1] via electronic funds on Net Sales by the 10th of the following month	See Item 11 for additional information regarding the Brand Building Fund
TECHNOLOGY FEE	Then-current fee, which is currently $100 per month	Payable[1] via electronic funds on Net Sales by the 10th of the following month [2]	The Technology Fee is paid to us and covers the following as of the Issue Date of this Disclosure Document loyalty program(s), certain internet-based marketing that we designate, and cloud-based accounting software

NAME OF FEE[1]	AMOUNT	DUE DATE	REMARKS
			We reserve the right to require that you pay third-party suppliers directly for some portion or all of the foregoing services, as we deem appropriate in our discretion We also reserve the right to modify the services that we provide as part of the Technology Fee
POS SOFTWARE FEE	Then current fee, which is currently $49 per month per terminal	As agreed	You must pay our designated third-party supplier the required point-of-sale software fee associated with the use of our point-of-sale system
RELOCATION FEE	Reimbursement of the costs and expenses we incur in connection with evaluating your relocation proposal	Upon relocation	You must pay us our out-of-pocket expenses if you relocate your Store during the term of the Franchise Agreement, which you cannot do without our prior written approval
BACKGROUND MUSIC FEE	Then current fee, which is currently $29 per month	As agreed	We recommend but do not current require that you use our third-party supplier for the background music that will be played at your Store
GIFT CARD PROGRAM FEE	Then current fee, which is currently $20 per month	As agreed	You must pay our designated third-party supplier the required gift card program fee associated with the use of the system
WAREHOUSE PURCHASES AND MINIMUM INVENTORY	You are required to purchase all coffee products, drink ingredients, branded paper products and certain other inventory/supplier from us The amount you spend on these ongoing required purchases will vary depending upon a number of factors, including the size and location of your Store and your Net Sales	As agreed	Warehouse purchases include coffee, paper products, uniforms and other types of products that you purchase from us to operate your Store The only products that you are currently required to purchase from us is coffee products, drink ingredients, branded paper products and other merchandise that carries our Proprietary Marks We currently require the following minimum inventory that varies based upon Store Model (i) $6,000 for a Kiosk Store Model, (ii) $12,000 for a Traditional Store with Food Model, and (iii) $7,800 for a Traditional Store without Food Model The minimum amount for a Conversion Store Model or Co-Branded Store Model will be based on the type of

NAME OF FEE[1]	AMOUNT	DUE DATE	REMARKS
			Store Model operated by you If you don't maintain sufficient inventory for your Store, we can provide it and charge you for it Standard warehouse terms as set forth in the Warehouse Agreement attached as Attachment C to the Franchise Agreement
ADDITIONAL TRAINING	For additional training we provide at your request or that we require you to attend as part of remedial training, you must pay us our then-current training fee (the "Training Fee"), which is currently $350 per day plus expenses	Prior to receiving the training at issue	We may require you and your designated manager (if any) to attend (i) up to seven (7) days of refresher/additional training in a given year ("Additional Training"), and (ii) up to seven (7) days of remedial training that we have the right to require you to attend and complete if you are not operating your Store in compliance with the Franchise Agreement or our Manuals ("Remedial Training") We will not charge you our then-current Training Fee in connection with any Additional Training that we require, but we reserve the right to charge our then-current Training Fee in connection with any (1) Additional Training that you request, or (2) Remedial Training You will be responsible for all costs and expenses that you and your trainees incur in connection with attending any Additional Training or Remedial Training We may also charge you this Training Fee if we are required to provide on-site assistance at your Store at your request (outside of the On-Site Training Program), in which case you will also be responsible for the costs and expenses we incur in connection with providing such on-site assistance
CONVENTION CONTRIBUTION	Our then-current convention contribution (the "Convention Contribution") Currently, a Convention	Payable via electronic funds transfer Currently, payment is made at the rate of $100 per month during the four	Paid each year to defray our costs associated with conducting the convention or for regional events for the first two attendees We can require you to pay the Convention Contribution each year

NAME OF FEE[1]	AMOUNT	DUE DATE	REMARKS
	Contribution of $400 covers attendance for first 2 individuals	months preceding the national convention	If you wish to send additional attendees, you must pay an additional Convention Contribution per additional attendee
TRANSFER TO NEW OR EXISTING FRANCHISEE	$7,500	Payable when you apply for transfer of the Franchise Agreement, the franchise, the store or its assets	The transfer fee is non-refundable
RENEWAL	$5,000, or $50 per month if lease operates on a month-to-month basis until lease renewal is finalized	Payable when we approve renewal of your franchise	The renewal fee is non-refundable
MAINTENANCE OF STORE AND INSURANCE	Reasonable charge which will vary depending upon the maintenance required or the cost of insurance where your store is located	When billed	Payable if you do not maintain the condition and appearance of the Store or refurbish in accordance with standards or purchase the required insurance and we do so on your behalf
COSTS AND ATTORNEYS FEES	Our actual cost for costs and attorneys fee The amount will vary under circumstances depending upon the dispute	As incurred	You must reimburse us for our attorneys' fees and any court costs that we are forced to incur in connection with enforcing or protecting our rights under your Franchise Agreement
AUDIT[4]	Cost of audit, as well as the amount due as a result of the any underreporting, plus interest	Payable immediately upon receipt of audit report	Payable if audit reveals that you have underreported the Net Sales of your Store by 3% or more for any designated reporting period
INTEREST[5]	Lesser of 1 5% per month or highest contract rate of interest allowed by law	When billed	Payable on all overdue accounts
INDEMNIFICATION	Will vary under circumstances depending upon the liability we incur because of your	As incurred	You have to reimburse us if we are held liable for claims, damages or obligations arising from unauthorized agreements or representations, your operation of the Store and your

NAME OF FEE[1]	AMOUNT	DUE DATE	REMARKS
	operations		business and certain taxes
ADVERTISING & PROMOTIONAL MATERIALS	Varies based on materials being provided as part of a designated promotion or other designated promotional campaign	When billed	For system-wide marketing programs, you are required to pay for and use these materials We may offer other materials, the cost of which is payable if you elect to purchase these from us and we elect to charge for them
LIQUIDATED DAMAGES	An amount equal to the royalties you paid to us in the 60 month period immediately before we terminate the franchise agreement because of your material breach or if you have not operated the Store for 60 months, the average monthly royalties paid multiplied by 60, or the number of months remaining in the term of the franchise agreement if fewer than 60 months	Upon termination	Payable only if we terminate the franchise agreement because of your material breach
POST-TERMINATION AND POST-EXPIRATION EXPENSES	Costs and expenses associated with ceasing operations and de-identifying yourself with the System	When incurred	Upon termination of the Franchise Agreement by us, regardless of the cause, and upon expiration and nonrenewal or transfer of the Franchise Agreement, you must pay all costs and expenses associated with your ceasing operation of the Store and de-identifying yourself with the System

Explanatory Notes

Generally Except as otherwise stated in this Item, all fees listed in this Item 6 Chart are imposed by, and payable to, us and are uniformly imposed on all of the franchisees in our System These fees are payable in U S dollars and are non-refundable unless otherwise stated in this Item

1 **Royalty Fee and Other Fees** Your Royalty Fee, as well as any other fees payable to us or our affiliates under the Franchise Agreement, may be collected by us via EFT from the bank account you are required to designate solely for use in connection with your Franchised Business (your "EFT Account") You must provide us with the details of your EFT Account prior to opening and

execute all documents necessary to authorize us to make withdrawals from this account throughout the term of your Franchise Agreement, including our then-current EFT Withdrawal Authorization form that is attached as an Exhibit to our current form of Franchise Agreement You must provide us with advance written notice of any change to the information related to your EFT Account

2 **Collection Interval.** We reserve the right to change the interval at which we collect your Royalty Fee, Fund Contribution and other recurring fees payable to us or our affiliates under the Franchise Agreement upon written notice to you For example, we may collect these recurring fees on a monthly rather than weekly basis Regardless, you are required to provide us with a weekly Gross Sales report detailing your Gross Sales from the preceding Business Week, along with your calculated Royalty Fee, Fund Contribution (if appropriate) and other information that we reasonably require (the "Gross Sales Report") on Monday of each week We may also require you to use a Computer System and/or related software that provide us with automatic access to such Gross Sales Reports

3 **Definition of Net Sales** 'Net Sales" means the total revenue generated by your Franchised Business, including all revenue generated from the sale and provision of any and all gift cards and other Approved Products and Services at or through your Franchised Business and all proceeds from any business interruption insurance related to the non-operation of your Store, whether such revenues are evidenced by cash, check, credit, charge, account, barter or exchange "Net Sales" does not include (a) sales tax and equivalent taxes that are collected by the Store for or on behalf of any governmental taxing authority and paid thereto, or (b) the value of any allowance issued or granted to any client of the Franchised Business that is credited in good faith by Franchisee in full or partial satisfaction of the price of the Approved Products or Services

4 **Right to Inspect/Audit.** We have the right to inspect your books and other financial information associated with your Store during the term of the Franchise Agreement If we conduct an audit and it reveals that you have underreported your Gross Sales by three percent (3%) or more, than we may require you to (a) pay the costs we incur in connection with conducting the audit of your Franchised Business (including any fees paid to auditors and/or attorneys), and/or (b) provide us with annual audited financial statements regarding the operation of your Franchised Business

5 **Interest on Late Payments** Interest begins to accrue on the due date of any payment that has not been timely received or is not paid in full

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ITEM 7 OF THIS DISCLOSRUE DOCUMENT STARTS ON THE NEXT PAGE

ITEM 7

ESTIMATED INITIAL INVESTMENT

A Traditional Store without Food Model

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
INITIAL FRANCHISE FEE[1]	$15,000	As agreed	Upon signing of Franchise Agreement	Us
OPENING INVENTORY AND SUPPLIES[2]	$6 500 - $13 000	As arranged between you us and outside suppliers prior to opening		Us or outside Suppliers
EQUIPMENT FIXTURES SIGNAGE & LEASEHOLD IMPROVEMENT[3]	$200,000 $300 000	As arranged between you us and outside suppliers prior to opening		Us or outside Suppliers
INITIAL LAUNCH MARKETING MATERIALS[4]	$3,500	Cashier s check or money order upon signing lease		Us or outside Suppliers
FIRST THREE MONTHS RENT & SECURITY DEPOSIT[5]	$9,000 $45 000	As specified in lease or sublease		Landlord
TRAINING EXPENSES	$3,000 - $5 000	Cash or equivalent	As incurred	Outside suppliers
MISCELLANEOUS OPENING COSTS[6]	$3 000 $5 000	Cash or equivalent	As incurred	Third parties
ADDITIONAL FUNDS-THREE MONTHS[7]	$20 000 $60,000	Cash or equivalent	As incurred	Third parties
TOTAL ESTIMATED INITIAL INVESTMENT[8 9]	$260 000 - $446 500			

B Traditional Store with Food Model

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
INITIAL FRANCHISE FEE[1]	$15 000	As agreed	Upon signing of Franchise Agreement	Us
OPENING INVENTORY AND SUPPLIES[2]	$6 500 - $13,000	As arranged between you, us and outside suppliers prior to opening		Us or outside Suppliers
EQUIPMENT FIXTURES SIGNAGE & LEASEHOLD IMPROVEMENTS[3]	$200 000 - $300 000	As arranged between you, us and outside suppliers prior to opening		Us or outside Suppliers
INITIAL LAUNCH MARKETING MATERIALS[4]	$3,500	Cashier s check or money order upon signing lease		Us or outside Suppliers
FIRST THREE MONTHS RENT & SECURITY DEPOSIT[5]	$9 000 $45 000	As specified in lease or sublease		Landlord
TRAINING EXPENSES	$3 000 - $5 000	Cash or equivalent	As incurred	Outside suppliers
MISCELLANEOUS OPENING COSTS[6]	$3 000 $5 000	Cash or equivalent	As incurred	Third parties
ADDITIONAL FUNDS THREE MONTHS[7]	$20 000 - $80,000	Cash or equivalent	As incurred	Third parties
TOTAL ESTIMATED INITIAL INVESTMENT[8 9]	$260 000 $466 500			

C. Kiosk Store Model

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
INITIAL FRANCHISE FEE[1]	$15 000	As agreed	Upon signing of Franchise Agreement	Us
OPENING INVENTORY AND SUPPLIES[2]	$6 500 $13 000	As arranged between you, us and outside suppliers prior to opening		Us or outside Suppliers
EQUIPMENT FIXTURES SIGNAGE & LEASEHOLD IMPROVEMENTS[3]	$125 000 $250,000	As arranged between you, us and outside suppliers prior to opening		Us or outside Suppliers
INITIAL LAUNCH MARKETING MATERIALS[4]	$3 500	Cashier s check or money order upon signing lease		Us or outside Suppliers
FIRST THREE MONTHS RENT & SECURITY DEPOSIT[5]	$9 000 - $30,000	As specified in lease or sublease		Landlord
TRAINING EXPENSES	$3 000 - $5,000	Cash or equivalent	As incurred	Outside suppliers
MISCELLANEOUS OPENING COSTS[6]	$3 000 - $5,000	Cash or equivalent	As incurred	Third parties
ADDITIONAL FUNDS-THREE MONTHS[7]	$20 000 - $40,000	Cash or equivalent	As incurred	Third parties
TOTAL ESTIMATED INITIAL INVESTMENT[8 9]	$185 000 - $361 500			

D Conversion Store Model

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
INITIAL FRANCHISE FEE[1]	$7,500	As agreed	Upon signing of Franchise Agreement	Us
OPENING INVENTORY AND SUPPLIES[2]	$6 500 - $13 000	As arranged between you, us and outside suppliers prior to opening		Us or outside Suppliers
EQUIPMENT FIXTURES SIGNAGE & LEASEHOLD IMPROVEMENTS[3]	$60 000 - $200 000	As arranged between you, us and outside suppliers prior to opening		Us or outside Suppliers
INITIAL LAUNCH MARKETING MATERIALS[4]	$3 500	Cashier's check or money order upon signing lease		Us or outside Suppliers
FIRST THREE MONTHS RENT & SECURITY DEPOSIT[5]	$9,000 $30 000	As specified in lease or sublease		Landlord
TRAINING EXPENSES	$3 000 $5 000	Cash or equivalent	As incurred	Outside suppliers
MISCELLANEOUS OPENING COSTS[6]	$3,000	Cash or equivalent	As incurred	Third parties
ADDITIONAL FUNDS-THREE MONTHS[7]	$20 000 $60 000	Cash or equivalent	As incurred	Third parties
TOTAL ESTIMATED INITIAL INVESTMENT[8] [9]	$112,500 - $322 000			

E Co-Branded Store Model

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
INITIAL FRANCHISE FEE[1]	$15,000	As agreed	Upon signing of Franchise Agreement	Us
OPENING INVENTORY AND SUPPLIES[2]	$6 500 - $13 000	As arranged between you, us and outside suppliers prior to opening		Us or outside Suppliers
EQUIPMENT FIXTURES, SIGNAGE & LEASEHOLD IMPROVEMENTS[3]	$80,000 $200 000	As arranged between you, us and outside suppliers prior to opening		Us or outside Suppliers
INITIAL LAUNCH MARKETING MATERIALS[4]	$3 500	Cashier s check or money order Upon signing lease		Us or outside Suppliers
FIRST THREE MONTHS RENT & SECURITY DEPOSIT[5]	$9 000 - $30,000	As specified in lease or sublease		Landlord
TRAINING EXPENSES	$3,000 - $5 000	Cash or equivalent	As incurred	Outside suppliers
MISCELLANEOUS OPENING COSTS[6]	$3 000	Cash or equivalent	As incurred	Third parties
ADDITIONAL FUNDS THREE MONTHS[7]	$20 000 - $40 000	Cash or equivalent	As incurred	Third parties
TOTAL ESTIMATED INITIAL INVESTMENT[8 9]	$139,500 - $308,500			

YOUR INVESTMENT SUMMARY BY STORE TYPE

TYPE OF EXPENDITURE	TRADITIONAL STORE WITHOUT FOOD MODEL	TRADITIONAL STORE WITH FOOD MODEL	KIOSK STORE MODEL	CONVERSION STORE MODEL	CO-BRANDED STORE MODEL	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
INITIAL FRANCHISE FEE[1]	$15,000	$15,000	$15,000	$7,500	$15,000	As agreed	Upon signing of Franchise Agreement	Us
OPENING INVENTORY AND SUPPLIES[2]	$6,000 - $12,000	$6,000 - $12,000	$6,000 - $12,000	$6,000 - $12,000	$6,000 - $12,000	As arranged between you, us and outside suppliers prior to opening		Us or outside Suppliers
EQUIPMENT, FIXTURES, SIGNAGE & LEASEHOLD IMPROVEMENTS[3]	$200,000 - $300,000	$200,000 - $300,000	$125,000 - $250,000	$60,000 - $200,000	$80,000 - $200,000	As arranged between you, us and outside suppliers prior to opening		Us or outside Suppliers
GRAND OPENING ADVERTISING[4]	$3,500	$3,500	$3,500	$3,500	$3,500	Cashier s check or money order Upon signing lease		Us or outside Suppliers
FIRST THREE MONTHS' RENT & SECURITY DEPOSIT[5]	$9,000 - $45,000	$9,000 - $45,000	$9,000 - $30,000	$9,000 - $30,000	$9,000 - $30,000	As specified in lease or sublease		Landlord
TRAINING EXPENSES	$3,000 - $5,000	$3,000 - $5,000	$3,000 - $5,000	$3,000 - $5,000	$3,000 - $5,000	Cash or equivalent	As incurred	Outside suppliers
MISCELLANEOUS OPENING COSTS[6]	$3,000 - $5,000	$3,000 - $5,000	$3,000 - $5,000	$3,000	$3,000	Cash or equivalent	As incurred	Third parties
ADDITIONAL FUNDS- THREE MONTHS[7]	$20,000 - $60,000	$20,000 - $80,000	$20,000 - $40,000	$20,000 - $60,000	$20,000 - $40,000	Cash or equivalent	As incurred	Third parties
TOTAL ESTIMATED INITIAL INVESTMENT[8 9]	$259,500 - $445,500	$259,500 - $465,500	$184,500 - $360,500	$112,000 - $321,000	$139,500 - $308,500			

EXPLANTORY NOTES TO ITEM 7 CHARTS

1 **Initial Franchise Fee.** Your franchise fee of $15,000 is paid in one lump sum when you sign the Franchise Agreement The franchise fee is identical regardless of the characteristics of your Store or its location For example, your initial franchisee fee is the same whether or not you decide to offer an expanded food service at your location There are two exceptions to the requirement that you pay the full initial franchise fee described more fully in Item 5 of this Franchise Disclosure Document, namely (i) the 25% discount off the $15,000 franchise fee for VetFran candidates, and (ii) the $7,500 franchise fee payable in connection with the Conversion Store Model

2 **Opening Inventory and Uniforms** This figure represents the amount of coffee products, drink ingredients and other inventory you will need to purchase in order to operate your Store for the initial three (3) months of operation, as well as the costs associated with acquiring the initial set of uniforms your personnel will wear in connection with Store operations Please note that this range assumes that the opening of your Store does not coincide with the beginning of the Christmas season or other holiday season where additional "gift-related" inventory such as gift baskets may need to be purchased to handle customer demand

3 **Equipment, Fixtures, Signage and Leasehold Improvements** This range includes our estimated costs to obtain the typical equipment, fixtures, signage, and leasehold improvements associated with a Store in accordance with our System standards and specifications The total amount expended on these types of items will likely vary considerably depending upon (a) the type of Store model awarded, (b) the size and location of the Store, (c) the physical characteristics and layout of the Store, and (d) the costs of labor in, and other demographics of, the surrounding area where the Store is located This range does not account for any type of tenant improvement credit or allowance

If you choose to operate a Traditional Store with Food Model, you will need to purchase the equipment necessary to offer this food service and the costs associated with this equipment will vary considerably depending upon the type of food service you offer For example, offering expanded food service will require refrigeration facilities and food preparation equipment that is not required for a store that sells only prepackaged food products We may be an approved supplier for certain equipment and signs on a limited basis As of the Issue Date of this Disclosure Document, however, you do not need to purchase equipment and signs from us

4 **Initial Launch Marketing Materials** You are required to pay us the sum of $3,500 for the Initial Launch Marketing Materials Kit, which may include certain (a) opening materials, (b) PR release proposals, (c) third-party direct mailing materials and/or other materials we designate, in our discretion, for use in connection with the promotion of the Store prior to and after the opening of the Store Please note that the majority of the Initial Launch Marketing Materials are prepared by third-party suppliers with which we have already established a business relationship

5 **First Three Months' Rent and Security Deposit.** The amount of the first month's rent and security deposit will depend on the size, condition and locations of the premises, and the demand for the premises among prospective lessees Locations that offer extended food service typically require approximately 100 additional square feet, but this is not always true Depending on the site and its location, a store that does not offer extended food service may be larger than a store that offers such service The size of the location may have an effect on the cost of leasehold improvements with a larger location requiring higher expenditures for leasehold improvements However, this may not always be the case since the cost of leasehold improvements may be incorporated into the rental rate for the location depending upon the lease you negotiate The

lease may impose other charges for percentage rent, real estate taxes, utilities, maintenance, advertising and promotion or other expenses This range does not assume any free rent

6 **Miscellaneous Opening Items** This item covers miscellaneous opening costs and expenses such as installation of telephones, deposits for and temporary utilities, business licenses, legal and accounting expenses, insurance premiums, register cash, initial bank deposits for checking account

7 **Additional Funds – Three Months** This range is designed to cover the estimated amount you will expend on other start-up expenses to open and operate your Store for a period of three (3) months This range does not include any salary, draw or other compensation for you as the "Franchisee" and Store Owner This range does not include any other payroll because the amount expended on personnel wages will vary greatly depending on (i) whether you are an owner-operator, (ii) what Store model you are awarded the right to operate, (iii) the size and location of your Store, and (iv) the hours your Store is open and operating With that said, we estimate that your payroll could be anywhere from $20,000 to $30,000, but we are not able to make any representation or guaranty as to this expenditure

These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business The costs associated with opening and operating your Store for a period of three (3) months is likely to vary substantially from location to location You should carefully review these figures and compare them with information you obtain from local sources, and then discuss your findings with a business or legal advisor before you make a decision to purchase a Store Your costs will depend on factors such as (i) the type of Store model you are opening, (ii) the location and size of your Store, (iii) the demographics of the area surrounding your Store, (iv) how much you follow our methods and procedures, (v) your management skill, experience and business acumen, (vi) local economic conditions, (vii) the local market for our product, (viii) the prevailing wage rate, (ix) competition, (x) the time of year you open the Store, and (xi) the sales revenue generated by the Store during its initial three (3) months of operation Like any new business, it should be expected that your Store will not generate positive cash flow for a significant period after your opening This period may be as long as three (3) years You should be prepared, therefore, to invest additional sums to support operations during this initial phase

8 **Total Estimated Initial Investment** We relied on our over forty (40) years of experience in the retail coffee business to compile these estimates, including over fifteen (15) years in operating locations with extended food service but they are not exact Conversion Owners will incur lower costs since they will have already made the investment associated with commencing business

In addition, Co-Branded Store operators may incur additional costs relating to the other products or services sold which we are unable to estimate If you are considering operating a Co-Branded Store, please note that the estimates detailed in Chart 7(E) above are the estimated costs and expenses associated with operating the COFFEE BEANERY franchise operations at your location

In any event, you should carefully review these figures with a business advisor to determine if they are reasonable before making any decision to purchase the franchise

9 **No Financing** We do not offer direct or indirect financing to franchisees for any of the expenditures listed in the Item 7 charts The expenses disclosed in Item 7 do not include debt service because we do not know whether, and to what extent, you will obtain financing for any part of your investment

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate all aspects of your Store in strict conformance with the methods, standards and specifications of our System Our methods, standards, and specifications will be communicated to you in writing through our confidential Manuals and other proprietary guidelines and writings that we prepare for your use in connection with the Store and System We may periodically change our System standards and specifications from time to time, as we deem appropriate or necessary in our sole discretion, and you will be solely responsible for costs associated with complying with any modifications to the System

Approved Products

You may only market, offer, sell and provide the Approved Products at your Store in a manner that meets our System standards and specifications We will provide you with a list of our then-current Approved Products, along with their standards and specifications, as part of the Manuals or otherwise in writing prior to the opening of your Store We may update or modify this list in writing at any time

If you wish to offer any product or service in your Store other than our Approved Products, or use any item in connection with your Store that does not meet our System standards and specifications, then you must obtain our prior written approval as described more fully in this Item

Approved Suppliers, Alternate Supplier Approval Process

We have the right to require you to purchase any products, services and other items necessary to operate your Store from a supplier that we approve or designate (each, an "Approved Supplier"), which may include us or our affiliate(s) We will provide you with a list of our Approved Suppliers in writing as part of the Manuals or otherwise in writing, and we may update or modify this list as we deem appropriate We may develop proprietary products for use in your Store, including private-label products that bear our Proprietary Marks, and require you to purchase these items from us or our affiliate(s)

You must at all times maintain sufficient levels of inventory to adequately meet consumer demand Specifically, we currently require the following minimum inventory that varies based upon Store Model (i) $6,000 for a Kiosk Store Model, (ii) $12,000 for a Traditional Store with Food Model, and (iii) $7,800 for a Traditional Store without Food Model The minimum amount for a Conversion Store Model or Co-Branded Store Model will be based on the type of Store Model operated by you You must purchase all food and beverage items and other inventory, branded paper goods, equipment, loyalty program, certain furniture and fixtures, signage, smallwares, merchandise and the gift card program from us or designated or approved suppliers Currently, you must purchase your initial and ongoing inventory of coffee products and paper goods from us We reserve the right to designate us or any of our affiliates as an Approved Supplier with respect to any item you must purchase in connection with your Store in the future

As of the Issue Date of this Disclosure Document, please be advised that we are currently the only Approved Supplier from which you must purchase (i) the Initial Launch Marketing Materials Kit, (ii) your opening inventory, including uniforms, as described more fully in Item 5 of this Disclosure Document,, (iii) ongoing purchases of certain inventory and supplies, including all coffee products, drink ingredients and branded paper goods, for use in connection with your Store, and (iv) certain of the services that are covered by the Technology Fee Please note that while we are an Approved Supplier for uniforms and certain other branded items, we are not currently the only designated supplier for these items as of the Issue Date of this Disclosure Document

As of the Issue Date, we also have an Approved Supplier from which you must (i) purchase the point-of-sale system (the "POS System") that must be used in connection with your Store, and (ii) pay an ongoing licensing fee associated with that POS System We also have an Approved Supplier for the millwork you will be required to use in the build-out of your Store We also have a recommended Approved Supplier for the background music at your Store (and related licensing rights), but we do not require that you use this Approved Supplier so long as the music you play at your Store otherwise complies with applicable laws

Other than us, none of our officers own an interest in any of our Approved Suppliers

If you wish to purchase a product or service that we require you to purchase from an Approved Supplier from an alternate source, then you must obtain our prior written approval as outlined more fully below in this Item We may provide our standards and specifications for our Approved Products directly to our Approved Suppliers, and may provide these standards and specifications to an alternative supplier you propose if (i) we approve the supplier in writing as outlined more fully in this Item, and (ii) the alternative supplier agrees to sign our prescribed form of non-disclosure agreement with respect to any confidential information we disclose

You must offer products and services in the manner we prescribe, provide quality customer service, and otherwise operate your Store in a manner which will enhance the image intended by us for the System We reserve the right to formulate and modify our standards and specifications for operating a Store based upon the collective experience of our principals Our standards and specifications are described in the Franchise Agreement, the Manuals, and other written documents We have the right, under the Franchise Agreement, to change the standards and specifications applicable to operation of the Store by written notice to you or through changes in the Manuals You may incur an increased cost to comply with these changes at your own expense, however, no change will materially alter your fundamental rights under the Franchise Agreement

Required Purchases and Right to Derive Revenue

The products or services we require you to purchase or lease from an Approved Supplier, or purchase or lease in accordance with our standards and specifications, are referred to collectively as your "Required Purchases " We estimate that your Required Purchases will account for approximately 75% to 90% of your total costs incurred in establishing your Store, and approximately 55% to 70% of your ongoing costs to operate the Store after the initial start-up phase Please be advised that these percentages do not include your lease payments you make in connection with your Premises

According to our consolidated audited financial statements for the 2016 fiscal year, we derived $2,317,134 (or 23%) of our total revenue of $10,066,553 from franchisees' Required Purchases Our affiliates reserve the right to derive revenue from franchisee Required Purchases in the future

Non-Approved Product/Service and Alternate Supplier Approval

We may, but are not obligated to, grant your request to (i) offer any products or services in connection with your Store that are not Approved Products, or (ii) purchase any item or service we require you to purchase from an Approved Supplier from an alternative supplier

If you wish to undertake either of these actions, you must request and obtain our approval in writing before (i) using or offering the non-approved product or service in connection with your Store, or (ii) purchasing from a non-approved supplier You must reimburse us for the costs we incur in processing the request and testing the item We may ask you to submit samples or information so that we can make an

informed decision whether the goods, equipment, supplies or supplier meet our specifications and quality standards In evaluating a supplier that you propose to us, we consider not only the quality of the particular product at issue, but also the supplier's production and delivery capability, overall business reputation and financial condition We may provide any alternate supplier you propose with a copy of our then-current specifications for any product(s) you wish the supplier to supply, provided the supplier enters into a confidentiality and non-disclosure agreement in the form we specify We may also inspect a proposed supplier's facilities and test its products, and request that you reimburse our actual costs associated with the testing/inspection

We will notify you in writing within thirty (30) days after we receive all necessary information and/or complete our inspection or testing to advise you if we approve or disapprove the proposed item and/or supplier The criteria we use in approving or rejecting new suppliers is proprietary, but we may (but are not required to) make it available to you upon request Each supplier that we approve must comply with our usual and customary requirements regarding insurance, indemnification and non-disclosure If we approve any supplier, we will not guarantee your performance of any supply contract with that supplier under any circumstances We may re-inspect and/or revoke our approval of a supplier or item at any time and for any reason to protect the best interests and goodwill of our System and Proprietary Marks The revocation of a previously-approved product or alternative supplier is effective immediately when you receive written notice from us of revocation and, following receipt of our notice, you may not place any new orders for the revoked product, or with the revoked supplier

Purchasing Cooperatives and Right to Receive Compensation

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and Approved Suppliers on behalf of the System We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the COFFEE BEANERY businesses in our System If we do establish those types of alliances or programs, we may (i) limit the number of approved suppliers with whom you may deal, (ii) designate sources that you must use for some or all products, equipment and services, and (iii) refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System

We and/or our affiliate(s) may receive payments or other compensation from Approved Suppliers or any other suppliers on account of these suppliers' dealings with us, you, or other Stores in the System, such as rebates, commissions or other forms of compensation We may use any amounts that we receive from suppliers for any purpose that we deem appropriate We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees

We reserve the right to create purchasing cooperatives in the future

Franchisee Compliance

When determining whether to grant new or additional franchises, we consider many factors, including your compliance with the requirements described in this Item 8 You do not receive any further benefit as a result of your compliance with these requirements

Advertising

You must participate in all advertising and sales promotions we design to promote and enhance the collective success of all COFFEE BEANERY Stores operating under the System In all aspects of these programs, including without limitation, the type/quantity/timing/placement and choice of media, and market areas and advertising agencies, the System standards and specifications established by us will be final and binding upon you We may also request that you purchase and/or make copies of (at your expense) and subsequently use certain other advertising or promotional materials that we designate for use in connection with the Store

You must obtain our approval before you use any advertising and promotional materials or plans in connection with your Store if we have not prepared or approved them during the twelve (12) months prior to the date of your proposed use We may revoke our approval of any previously-approved advertising materials upon notice to you We reserve the right to require you to include certain language on all advertising to be used locally by you or to be used by any Cooperative, including the phrase "Franchises Available" and references to our telephone number and/or website

Approved Location and Lease

You must obtain our approval of the proposed location for your Approved Location, as well as the corresponding lease, before you secure such location You must also obtain our approval of any contract of sale or lease for the Approved Location before you execute the contract or lease, and we may condition our approval of any such lease on you and your landlord's execution of our prescribed form of Collateral Assignment of Lease and lease addendum You must also ensure that you comply with all of our System standards and specifications related to the build-out, remodeling and/or construction of your Store at the premises Our approval only means that the site meets our minimum requirements for a Store and does not guarantee any type of success at the Approved Location We strongly recommend that you employ outside brokers to assist in the site selection process

You will be responsible for all fees, costs and expenses that are incurred in connection with obtaining an Approved Location We may designate an Approved Suppliers for site selection assistance and require that you use these suppliers

Insurance

You must purchase and maintain the minimum types and amounts of insurance that we designate in our Manuals or otherwise in writing, all of which we may modify from time to time as we deem appropriate in our reasonable discretion We may designate an Approved Supplier for insurance at some point in the future, and you must always furnish us with certificates of insurance (or, at our request, copies of all insurance policies), evidencing the existence and continuation of the insurance coverage required by the Franchise Agreement All policies must contain a waiver of subrogation in our favor, and must name us and any additional parties we designate as additional insureds (except with regards to workers' compensation insurance) Please note that these are only minimum requirements and you should discuss with your attorney and insurance broker whether you should obtain policies with a higher policy amount

Computer Hardware and Software

You must lease or purchase the computer hardware and software necessary to operate the POS System you must purchase from our Approved Supplier and use in connection with your Store, which is currently the POS System, back-office computer or laptop (collectively, the "Computer System")

You must pay the monthly and initial fees associated with the POS System and will be responsible for the costs of maintaining the Computer System used in connection with your Store

You must purchase any and all computer hardware, software and peripherals in accordance with our System standards and specifications We may require you to purchase any of these items from one of our Approved Suppliers Your Computer System must have network access through a wireless provider We may require you to purchase any of these items from one of our Approved Suppliers

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement. It will help you find more detailed information about your obligations in these agreements and in items of this Franchise Disclosure Document.

Obligation		Section in Agreement	Item in Disclosure Document
a	Site selection and acquisition/lease	Franchise Agreement §§ 1, 5, Attachment B	Items 7 and 11
b	Pre-opening purchase/leases	Franchise Agreement § 5	Items 5, 7, and 8
c	Site development and other pre-opening requirements	Franchise Agreement § 6	Items 6, 7, and 11
d	Initial and ongoing training	Franchise Agreement § 5	Item 11
e	Opening	Franchise Agreement §§ 4, 5 6, and 9	Item 11
f	Fees	Franchise Agreement §§ 2, 3	Items 5 and 6
g	Compliance with standards and policies/operating manual	Franchise Agreement §§ 5, 6, 7, and 8	Items 11 and 14
h	Trademarks and proprietary information	Franchise Agreement §§ 7, 8	Items 13 and 14
i	Restrictions on products/services offered	Franchise Agreement §§ 5, 8	Item 16
j	Warranty and customer service requirements	N/A	N/A
k	Territorial development and sales quotas	N/A	Item 11
l	Ongoing product/services purchases	Franchise Agreement §5	Item 8

Obligation	Section in Agreement	Item in Disclosure Document
m Maintenance, appearance and remodeling requirements	Franchise Agreement §§ 5, 11	Item 11
n Insurance	Franchise Agreement §§ 5, 6, 10	Item 7
o Advertising	Franchise Agreement §§ 3, 5, and 9	Items 6 and 11
p Indemnification	Franchise Agreement § 18	Item 6
q Owner's participation/ management/staffing	Franchise Agreement § 5 and Attachments A and B	Items 11 and 15
r Records/reports	Franchise Agreement § 11	Item 6
s Inspections/audits	Franchise Agreement §§ 5, 11	Items 6 and 11
t Transfer	Franchise Agreement § 12	Items 6 and 17
u Renewal	Franchise Agreement § 2	Item 17
v Post-termination obligations	Franchise Agreement §§ 13, 14	Item 17
w Non-competition covenants	Franchise Agreement § 15 and Attachment A, Confidentiality and Noncompetition Covenant (Exhibit E)	Item 17
x Dispute resolution	Franchise Agreement § 23	Item 17
y Guarantee of obligations	Guarantee Agreement (Attachment A)	Item 15
z Other / Promotion of Coffee Beanery Franchise	Franchise Agreement § 5	Item 11
aa. Liquidated damages	Franchise Agreement §14	N/A

Note If an Agreement section is not listed for the obligation, then the Agreement does not contain a specific provision related to the obligation

ITEM 10

FINANCING

We do not presently offer either direct or indirect financing We do not guarantee your note, lease or other obligation

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTERS SYSTEMS AND TRAINING

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

A Pre-Opening Obligations to Franchisees

Before you open your Store, we or our designee will provide the following assistance and services to you

1 Except for Conversion Owners, assist you, as we deem reasonable and necessary, provide certain site selection assistance for the Approved Location, as further discussed below (Franchise Agreement, Section 4 1)

2 Loan to you, or provide you with online access to, one (1) copy of our Manual for the duration of the Agreement, and any other manuals that we may develop and issue At our option, we may provide you with either a paper or electronic version of the Manual and other manuals The Table of Contents of the Manual is attached as Exhibit D to this Disclosure Document and the Manual is between 312 and 518 pages as of the Issue Date of this Disclosure Document (depending on the Store Model you are awarded the right to operate) (Franchise Agreement, Section 4 2)

3 Assist you or your architect, contractor or designer, as we deem reasonable and necessary, in the specifications for the construction of the interior design and layout of your Store (Franchise Agreement, Section 4 3)

4 Offer a classroom training program to you covering basic Store operations and management (Franchise Agreement, Section 4 4)

5 Offer, at your Store's premises, an initial training program to you and those employees you select who will be involved in the daily operation of the Store (Franchise Agreement, Section 4 5)

6 Provide you with the Initial Launch Marketing Materials Kit and opening stock of inventory, provided you timely pay for such items as required under your Franchise Agreement (Franchise Agreement, Sections 4 6 and 9 5)

7 Provide initial advice and assistance to you in operating and promoting the Store, as we deem appropriate (Franchise Agreement, Section 4 8)

8 Furnish to you our authorized vendor guide for ordering Coffee Beanery apparel and approved merchandise (Franchise Agreement, Section 4 7)

B Initial Training Program and Details, Other Training and Annual Convention

1 Prior to the opening of your Store, you (or, if a corporation or partnership, a principal of the business acceptable to us) and/or your designated store manager, shall attend and complete to our satisfaction, our franchise operations training program ("Operations Training"), and our initial on-site training program ("On Site Training") (Franchise Agreement, Section 5 7)

2 Your Operations Training program will last anywhere from seven (7) to fifteen (15) calendar days (at our discretion) depending upon the location and physical characteristics of Store you will be operating and whether you have decided to offer extended food service For those locations that do not offer an extended food service menu, training generally lasts up to twelve (12) calendar days If you decide to offer an extended food service menu, training will generally last up to fifteen (15) calendar days The number of these training days may be reduced in our discretion if it appears that additional training is unnecessary This training normally occurs thirty (30) to sixty (60) days prior to the Store opening and must be attended by you (or, if a corporation or partnership, a principal of the business acceptable to us) and/or your designated store manager Operations Training will be held in Flushing, Michigan and will consist of both classroom and in store training, covering business basics, customer service and Store operations Operations Training is held in Flushing, Michigan periodically as needed We will provide training instructors, a training manual, and other materials without charge You will be responsible for all other expenses incurred during the Operations Training program, such as travel, lodging, and meal costs for both you and your store manager (if applicable) We may adjust or abbreviate the Operations Training program for certain franchisees or Conversion Owners based upon their past business experience Some training may be held online

3 The On Site Training program will be held at your Store at the time it is scheduled to open The program is provided to you and those employees selected by you who will be involved in the daily operation of the Store You are required to be fully staffed, personally present and participate at your Store during all On Site Training Such training will cover, among other things equipment set up, merchandising set up, daily operational procedures, preventive maintenance of equipment, service fulfillment and local marketing On Site Training, depending on concept, will last up to seven (7) calendar days, beginning two (2) to three (3) calendar days prior to the Store opening and lasting up to four (4) days after Store opening date (at our discretion) We will provide the trainer, a training manual, and other materials without charge If we are unable to complete the On-Site training as scheduled due to your lack of preparation for such training, you will be required to pay us $350 per day for each day we spend in our attempt to provide the On Site Training

4 We modify the On Site Training program for Conversion Owners and existing COFFEE BEANERY franchisees to reflect their prior experience and knowledge of our System The modified program will last approximately one (1) to three (3) calendar days, at our discretion

5 Within one hundred and eighty (180) days following the opening of your Store, we may provide, at our discretion, one on-site follow-up training visit Such training may consist of between one and one and a half (1 5) calendar days We will provide, without charge, the trainer and other training materials for the follow-up training visit and you must be present during all such training

6 Our training, including the approximate duration and the location of training are detailed on the following chart and, except as provided in this Item, this training applies to all Store Models

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Coffee & Product Knowledge	10 hours	5 hours	Training Center (in Flushing, Michigan), Training Store (typically in Flint and/or Grand Blanc, MI)

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Equipment	2 hours	4 hours	Training Center
Product Preparation	2 hours	20 hours	Training Center, Training Store
Admin	None	4 hours	Training Store
Food Sanitation	6 hours	1 hour	Training Center
Marketing	5 hours	2 hours	Training Center
Point of sale system	2 hours	5 hours	Training Center, Store
Retailing basics	1 hour	3 hours	Training Store
Guest Service	1 hour	9 hours	Training Center, Training Store
Ordering	1 hour	2 hours	Training Center, Training Store
Accounting and compliance	2 hours	1 hour	Training Center
Shift Management	None	3 hours	Training Store
Human Resources	3 hours	1 hour	Training Center
TOTAL	35	60	

7 We use our operations and other manuals and other materials to conduct our training All training is conducted and/or supervised by (a) Laurie Shaw, our COO, who has assisted us in all aspects of marketing, and operations since her employment for us began in 2001 and has ten (10) years of experience in the subjects she is teaching, and (b) Bob Ashley, our Operations Manager/Business Consultant, who has been employed with us since 2006 (with a two-year break) and has eight (8) years of experience in the subjects he is teaching We do not currently have a set training schedule, but our Operations Training program will be made available on an as-needed basis subject to the availability of our personnel Instructional materials, including components of the Manuals, will be provided to you and used as necessary as you proceed through the Operations Training program The Operations Training program is subject to change without notice to reflect updates in the materials, methods and Manuals, as well changes in personnel The subjects taught and the time periods allocated for each subject may vary based on the experience of the people being trained (Franchise Agreement, Section 5 7)

8 We reserve the right to appoint and substitute other individuals to assist in providing training, but all of our training personnel will have at least one (1) year in the subject matters that they teach We will loan you (or otherwise provide you with access to) a copy of our proprietary instructional materials prior to or upon your attendance at our Initial Training Program, which may include our Manuals and certain other instructional materials that we develop

9 You, or another person that successfully completes our Initial Training Program, will be required to train all other personnel that works at your Store (Franchise Agreement, Section 5 7) If, during the term of the Franchise Agreement, you want us to train additional employees at your Store, you must pay us our then-current Training Fee (currently, $350 per day) plus reasonable reimbursement for the trainer's cost of transportation, meals, and lodging (Franchise Agreement, Section 5 7)

10 If you or other trainee you designate fails to complete the Operations Training program to our satisfaction, you will be in default of the Franchise Agreement and as part of the remedial training, that person may re-attend or you may send a replacement to our next available Operations Training program session, provided there is availability We may charge our then-current training tuition rate for these individuals to re-attend the Operations Training program as well In any event, you are solely responsible for all expenses incurred related to your and your employee's attendance at our Operations Training program, including transportation to and from the training site, lodging, meals and employee wages (Franchise Agreement, Section 5 7)

11 We may, as we deem appropriate in our discretion, provide (and, in certain circumstances) require you to attend Additional Training and/or Remedial Training, as described more fully in Item 6 of this Disclosure Document We reserve the right to charge our then-current Training Fee in connection with (i) any Additional Training you request we provide, and (ii) any Remedial Training (Franchise Agreement, Section 4 11)

12 You, and other employees designated, are also required to attend our Coffee Beanery national convention and or regional training events for franchisees as well as additional training programs that we may reasonably require You will be required to pay us our then-current Convention Contribution, currently amounting to $400, for the national convention and or regional events (paid to us via scheduled EFT prior to the convention), to cover your attendance and that of one additional person

13 You will be responsible for your expenses incurred in attending the annual national convention as well as additional training programs, including the costs of transportation, lodging, and meals The convention and all training will be at the time(s) and location(s) we select (Franchise Agreement, Section 5 9)

C Site Selection

You must assume all costs, liabilities, expenses and responsibility for (i) locating, obtaining and developing the Approved Location for your Store, and (ii) constructing, equipping, remodeling and/or building out the Store, all in accordance with our System standards and specifications We may provide you with our current written site selection guidelines, to the extent such guidelines are in place, and any other site selection counseling and assistance we believe is advisable Our guidelines for site selection may require that you conduct, at your expense, an evaluation of the demographics of the market area for the location We may then use these factors in determining the suitability of your proposed site for the Store (Franchise Agreement, Section 5 10)

In deciding whether to approve a site, we may also consider, among other things (i) general location and neighborhood, (ii) proximity of the proposed location to current CBL locations and those of competitors, (iii) traffic patterns, (iv) competition from other businesses selling similar coffee products within the area and the proximity of the site to these businesses, as well as the nature of all other businesses in proximity to the proposed site, (v) zoning restrictions, soil and environmental issues, and other commercial characteristics, and (vi) the quality of the location proposed, physical characteristics of the buildings

We must also have the opportunity to review and approve/reject any lease or purchase agreement for a proposed Approved Location before you enter into such an agreement We may condition our approval on a number of conditions, including (i) an agreement by you and the landlord to enter into our prescribed form of Collateral Assignment of Lease, and (ii) receiving a written representation from the landlord of that you will have the right to operate the Store, including offering and selling the Approved Products, throughout the term of your Franchise Agreement Under the Collateral Assignment of Lease,

we will have the option, but not the obligation, to assume or renew the lease for the Approved Location (the "Lease") for all or part of the remaining term of the Lease if you are in material default of your Franchise Agreement and/or Lease and/or fail to timely cure that default (Franchise Agreement, Section 5 10 7, Attachment F to Franchise Agreement)

We will use reasonable efforts to approve or reject any proposed location (and corresponding lease/purchase agreement) within sixty (60) days of the date you provide us with all requested materials If we determine that an on-site evaluation is necessary, then you must (i) submit to us in the form we specify a description of the site prior to our representative conducting its on-site evaluation, including evidence that the site satisfies our site selection guidelines and any other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site, and (ii) reimburse us for the expenses incurred in connection with such an evaluation If we do not provide our specific approval of a proposed location within this 60-day period, the proposed location will be deemed rejected You acknowledge and agree that you are responsible for location of a site for your Store and any consequences that arise from that selection Our approval only means that the site meets our minimum requirements for a Store and does not guarantee any type of success at the Approved Location We strongly recommend that you employ outside brokers to assist in the site selection process (Franchise Agreement, Section 4 1)

You must secure the Approved Location within six (6) months of executing your Franchise Agreement for that Store or we may terminate that Franchise Agreement (Franchise Agreement, Section 6 10)

The typical time between the execution of a Franchise Agreement and the opening of a Store is one hundred eighty (180) to three hundred sixty (360) days Factors such as the ability to obtain a lease, construction of required improvements to the site, meeting building code requirements, approvals from building – health – and other local agencies, and obtaining financing affect the time it takes to open a Store You must open your Store for business no later than one hundred twenty (120) days after you obtain the Approved Location (Franchise Agreement, Section 6 10)

D **Continuing Obligations to Franchisees**

After you have opened your Store, we or our designee will provide the following assistance and services to you

1 Offer a follow-up on-site training visit to you (Franchise Agreement Section 4 9)

2 Offer, as we deem necessary, Additional Training, required and optional training programs, seminars, and workshops, at the times and locations selected by us (Franchise Agreement Section 4 9)

3 Provide continuing advice and assistance to you, as we deem appropriate, in operating and promoting Stores (Franchise Agreement Section 4 8)

4 When and as frequently as we deem advisable, inspect your business premises and evaluate your Store's management and operations, in order to assist you and to maintain the System's standards of quality, appearance, and service (Franchise Agreement Section 4 10)

5 If and as we deem appropriate, administer the Brand Building Fund (Franchise Agreement, Section 9 2)

E Advertising and Marketing

Initial Launch Marketing Materials Kit

In addition, you are required to pay us the sum of $3,500 for the Initial Launch Marketing Materials Kit that you may use in connection with the promotion of the Store prior to and after the opening of the Store We expect that these activities will include programs such as newspaper inserts, direct mail, web based marketing and other similar promotional programs These will either be conducted by us or third parties as we determine appropriate for your Store (Franchise Agreement Section 4 6 and 9 5)

Local Advertising

You must actively and continuously engage in local promotional activities that are designed to increase business for the Store We will specify in the Manual or otherwise in writing the types of promotional activities needed, as well as the minimum monthly time commitment that must be made to local promotional activities (Franchise Agreement Section 5 13)

We do not currently have, and have not had in the past, any advertising cooperatives

All local advertising and promotion by you must be conducted in a dignified manner, and conform to the standards set forth in the Manual or otherwise in writing You may not use any advertising or promotional plans or materials until we have approved it, following the procedure described in the following paragraph (Franchise Agreement Section 9 4)

You must submit samples of all advertising and promotional plans and materials to us before their use You may begin to use the plans or materials seven (7) days after we receive them, unless, before then, we prohibit their use in a written notice furnished to you We also can prohibit their continued use, effective when you receive our written notice that you must stop using the plans and materials

We maintain an internet website that lists all of our stores, including all franchise stores, to aid in promotion of the brand To assure consistency in product offerings and image, you may not operate an independent website

You will be required to have a Facebook page, Twitter account or any other social media account for your Store which will be set up for you in training and must be formatted to follow our standards An account representing a Coffee Beanery store must be used only for business purposes and is subject to our standards and requirements relating to use, including our requirement that Coffee Beanery must have access to your social media accounts as an administrator If you close your Store or your Franchise Agreement is otherwise terminated or expires, you must also close down any Facebook, Twitter, or other social media accounts that are associated with the store

The Brand Building Fund

Your Brand Building (Advertising) Contribution is the greater of $100 per week or an amount to be specified by us up to two percent (2%) of the Store's Net Sales each month The Brand Building Contribution must be paid to the Brand Building Fund ("Brand Building Fund") once per month by the 10th day of the following month (Franchise Agreement Section 9 1)

Each Store that we or an affiliate operate with an initial opening date after October 1, 2002 will contribute two percent (2%) of its weekly Net Sales to the Brand Building Fund Those that opened prior to that date make no contributions to the Fund Multi-concept, locations that have limited or restricted access (such as airports, stadiums or locations sited within other businesses) and certain corporate entities that contract for multiple units may contribute a different amount to the Brand Building Fund

We previously established the Brand Building Fund, and have the right, in our discretion, to maintain and administer the Fund

The Brand Building Fund, all contributions to the Fund (including amounts that we may receive as a result of rebate or incentive programs with our suppliers except as may be otherwise described in this franchise disclosure document), and any earnings on amounts in the Brand Building Fund, must be used exclusively to meet all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations research & development, and/or promotional programs and materials, product placement and any other activities which we believe will benefit the System, including, the costs of preparing and conducting Brand Building campaigns in various media, preparing direct mail advertising, market research, employing advertising and/or public relations agencies to assist in our Brand Building efforts, purchasing promotional items, conducting and administering training for Store promotions, supporting and administering the gift card program, providing promotional and other marketing materials and services to the businesses operating under the System, and point-of-purchase materials The Brand Building Fund is not a trust fund, and we do not have any fiduciary duty to you with respect to the Fund's administration, activities, or expenditures (Franchise Agreement Section 9 2)

We typically disseminate advertising in print and on the internet We direct all Brand Building and promotional programs We do not currently have any advertising council of franchisees to advise us in the conduct of our advertising program All creative concepts, materials, and media used in these programs and their placement and allocation are the sole creation of our in-house department or outside advertising agency We are not obligated to make expenditures from the Brand Building Fund that are equivalent or proportionate to your contribution, or to ensure that you or any other particular franchisee benefits directly or *pro rata* from the advertising or promotion that we conduct under the Fund (Franchise Agreement Section 9 2)

Of the monies expended in Fiscal Year 2016, approximately three percent (4%) was expended on printing, eighteen percent (16%) on creative development, fifteen percent (14%) on administrative expense, twenty nine percent (29%) on operational expenses, twenty nine percent (31%) on media placement, four percent (4%) on travel for our personnel, one percent (1%) for local advertising reimbursement and one percent (1%) on miscellaneous expenses

One of the Brand Building Fund programs provides for reimbursement of a portion of local advertising expenses incurred by certain franchisees based upon that franchisee's contribution to the Brand Building Fund For franchisees that demonstrate a consistent local marketing program and presence and have remained fully compliant with their obligations under their franchise agreements, we may provide a 30% reimbursement of preapproved expenditures for local advertising from the Brand Building Fund up to 50% of the contributed funds budgeted for that year for that location, which in no event shall exceed the amount that franchisee contributes to the Brand Building Fund The funds will be issued in the form of a warehouse credit We reserve the right to terminate the reimbursement of funds program at any time This reimbursement is not valid for the first ninety (90) days of a Store opening

You must make your Brand Building contribution by electronic funds transfer to the Brand Building Fund We separately account for sums paid for the Fund in separate bookkeeping accounts We will not use the Brand Building contribution to defray any of our expenses, except for our reasonable

costs and overhead, if any, incurred in activities reasonably related to the administration of the Fund, including, costs of personnel and/or agency for creating and implementing advertising, promotional, and marketing programs If we do not use all of the fees in the Brand Building Fund in the year in which they received, they will be the first monies expended in the next year The Brand Building Fund and earnings on the Fund will not otherwise benefit us (Franchise Agreement Section 9 2 3) We do not use any money from the Brand Building Fund for advertising that is principally a solicitation for the sale of franchises

We do not (and are not obligated to) obtain an audit of the Brand Building Fund, but we will annually prepare a summary of the operations of the Brand Building Fund as shown on the books of the Fund and if you request it, furnish the statement to you You are not entitled to audit or review the financial statements of the Fund without our approval (Franchise Agreement Section 9 2 4)

F **Computer System, including POS System (applicable to all Store Models)**

You must, at your expense, purchase or lease, and thereafter maintain, point of sale equipment, computer hardware (including laptops), iPads, software, and firmware, required dedicated telephone and power lines, modem(s), printer(s), and other computer-related accessories or peripheral equipment as we specify in the Manual or otherwise in writing Your computer systems must electronically exchange information, messages, and other data with our computer systems, by such means (including but not limited to the Internet), and using such protocols (e g , TCP/IP), and do so as we designate or as we may reasonably prescribe in the Manual or otherwise in writing The data stored includes transactions, items sold, price, cost (if recorded) tender type, tax collected, refunds given, inventory levels of items with stock levels, customer names and transaction history, employee hours and cash drawer usage and other data We have the unlimited right to retrieve data and information from your computer system (including both POS systems and the back office computer) and use it for any purpose both during and after the term of this Agreement You must keep your point of sale equipment and computer system in good maintenance and repair and, at your expense, promptly install such additions, changes, modifications, substitutions, and/or replacements to the computer hardware, software, firmware, telephone and power lines, and other computer-related facilities, as we direct You must not update, modify, enhance, or upgrade any computer hardware or software without our prior written consent You also may not establish any computer web site including Internet and World Wide Web home pages We may require you to participate in our website, www coffeebeanery com (Franchise Agreement, Section 11)

In addition, from time to time we may modify the component specifications for the point of sale system and computer system As part of such point of sale system and computer system, we may require you to obtain specified computer hardware and/or software, including, without limitation, a license to use proprietary software developed by us or others Modification of such specifications for the components of the point of sale system may require you to incur costs to purchase, lease and/or license new or modified point of sale or computer hardware and/or software to obtain service and support for the point of sale and computer system during the term of the Franchise Agreement There are no contractual limits on our right to require you to upgrade or update the cash register and computer system during the term of the Franchise Agreement (Franchise Agreement, Section 11)

As of the Issue Date, we require the following computer and point of sale equipment

POS/Computer Hardware	Software
iPad, cash drawer, thermal receipt printer, credit card reader, iPad stand, point router and USB Modem (collectively, a "Terminal Kit"), and	POS Software (cloud-based), Required back office accounting software (provided as part of Technology Fee as of the Issue

Computer or laptop that can run the designated accounting software and otherwise take care of "back office" functions (if not already owned)	Date), and Newer Windows or Apple OS software, as applicable

The cost of a single Terminal Kit is approximately $1,126, and our Approved Supplier for the POS System currently charges a monthly licensing fee of $49/month per Terminal Kit to use the POS System at your Store ($588 annually) The register must be registered and stay connected to the COFFEE BEANERY email address that you are provided with prior to opening

For most Stores, a single Terminal Kit – as described above – will be sufficient For drive thru concepts, you may need to purchase additional registers (not to exceed 4 in total), printers and kitchen printers which will add to this expense Your POS System should need a maximum of four (4) Terminal Kits, which would mean the maximum price for the POS System will be around $4,504

Additionally, while we do not set specifications for this equipment and any equipment may be used, a store needs a back-office PC or laptop and this system requires dedicated wireless internet connectivity that is password protected with adequate firewalls to ensure credit card information is secure for PCI compliance Such computers are generally available from multiple sources and vary in price from $400 to $1,500 depending upon the system you select If you already have a computer that meets our System standards and that you can dedicate to your Store operations, then we may permit you to use that existing hardware rather than purchasing a new back-office computer

We have no obligation to provide ongoing maintenance, repairs, upgrades, or updates for the computer you select and purchase and we do not impose any obligations upon you to upgrade or update this computer We do not require you to purchase any maintenance, updated, upgrading or support contracts and accordingly, there is no cost associated with these items You will, however, have the costs associated with operation and maintenance of any personal computer If you offer Wi-Fi for your guests you will also need to maintain a separate Wi-Fi account to ensure insulation from customer and other private information

Otherwise, we estimate the costs to purchase the entire Computer System, including all of the components above, to be about $6,000 You must keep your Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer System-or any required software-as we direct from time-to time in writing We estimate that you will spend approximately $1,500 to $3,000 annually on maintenance and support contracts for your Computer System (including your $49/month POS fee)

Gift Card Program and Fee

Please note that we will also require you to participate in a gift card program, under which customers can purchase gift cards from you and purchases are charged against the card as made As of the Issue Date, we charge a monthly fee of $20 to help defray the costs associated with our Approved Supplier administering the gift card program (or around $240 annually)

Internet Connectivity

You are required to have a high speed internet connection in your location and to pay any costs associated with this utility Please refer to the subsection entitled "Local Advertising" in this Item 11 with respect to a website for your Store

G Manuals

We provide our Manuals in electronic version, although we reserve the right to provide them in a paper version We provide you, on loan, one copy of the manual that contain our mandatory specifications, standards and operating procedures All manuals are confidential and remain our property and must be returned to us upon expiration or termination of the Agreement We may modify the manuals The Table of Contents for our Operating Manual is part of this Disclosure Document as Exhibit D We may, in the future, substitute a paper version of our Manuals for our current electronic versions

ITEM 12

TERRITORY

The Franchise Agreement designates the Approved Location for the Store If no Approved Location has been selected when you sign the Franchise Agreement, we will describe the Approved Location in a site approval letter sent to you after you locate the Approved Location

You may not relocate your Store without our written consent, which we will not unreasonably withhold provided (i) your proposed relocation site meets our then-current criteria for an Approved Location, and (ii) you pay our then-current relocation fee (if any) When considering a request for relocation, we may take into account the desirability of the proposed new location, its distance from other and future-planned franchised locations, the traffic patterns, security, cost, and the demographics of the area, as well as any other related factors we deem appropriate

You will not receive an exclusive territory You may face competition from other franchisees, from outlets that we own, outlets or from competitive channels of distribution or competitive brands that we control We may establish other franchised or company-owned Stores that may compete with your Store in any area without restriction We retain all rights other than your right to operate a Store at your Approved Location, including without limitation

1 to own, acquire, establish and/or operate, and license others to establish and operate, Stores, regardless of their proximity to the Approved Location or their impact on your Store,

2 to own, acquire, establish and/or operate, and license others to establish and operate, businesses using other proprietary marks or other systems, including (i) businesses which provide products and/or services similar to those provided by a Store, and/or (ii) Stores at any location, regardless, in either circumstance, of its proximity to the Approved Location or their impact on your Store,

3 to sell or distribute, at retail or wholesale, directly or indirectly, including internet sales, fund raising sales or mail order sales, or license others to sell or distribute, any products which bear any proprietary marks, including the Proprietary Marks, regardless of their proximity to the Approved Location or their impact on Store Owner's Store, and

4 to manufacture, sell and distribute coffee and related products in any manner

Your Franchise Agreement and any other agreements with us do not grant you the right to (a) conduct any of the activities above, or (b) share in the proceeds generated by these activities We also reserve the right to market products using the Proprietary Marks through alternative distribution formats, including direct sales and multi-level marketing distributorships and we have done so For some

Approved Products using the Proprietary Marks, these sales formats likely will compete with your Store Except as described in this paragraph, we have not established or presently intend to establish other franchises or company-owned outlets selling similar products or services under a different trade name or trademark However, we retain the right to do so and currently monitor and explore opportunities that arise from time to time on this subject

Additional Disclosures

The Franchise Agreement does not provide you with any right or option to open and operate additional Stores Regardless, each Store you are granted the right to open and operate must be governed by its own specific form of Franchise Agreement

We have not established other franchises or company-owned outlets or another distribution channel offering or selling similar products or services under a different trademark Neither we nor our affiliates have established, or presently intend to establish, other franchised or company-owned businesses that sell our Approved Products under a different trade name or trademark, but we reserve the right to do so in the future without your consent

ITEM 13

TRADEMARKS

We grant you a limited, non-exclusive license to use our primary mark COFFEE BEANERY and certain other Proprietary Marks in connection with the operation of your Store only at your Approved Location, provided you use these Proprietary Marks as outlined in your Franchise Agreement and our Manuals

We own the following service mark registrations on the principal register of the United States Patent and Trademark Office

MARKS	REGISTRATION NUMBER	REGISTRATION DATE
"COFFEE BEANERY"	**3,182,143**	**December 12, 2006**
"THE COFFEE BEANERY, LTD " words and design trademark	**1,610,706**	**August 21, 1990**
"BEANERY BLEND" all words, text, drawings and art	**1,512,924**	**November 15, 1988**
"HOT SPICED VIENNESE" all words, text, drawings and art	**1,553,085**	**August 22, 1989**
"CAFE CARMEL" all words and text	**2,042,790**	**March 11, 1997**
"ICED FUDGE RIPPLE" all words, text, drawings and art	**1,616,932**	**March 12, 1990**
"CB SCOOPS" all words, text, drawings and art	**1,799,337**	**October 19, 1993**
"THE RIGHT ROAST" all words, text, drawings and art	**2,024,672**	**December 17, 1996**

MARKS	REGISTRATION NUMBER	REGISTRATION DATE
"THE RIGHT ROAST AND DESIGN" all words, text, drawings and art	**2,083,549**	**July 29, 1997**
"ESPRESSO PERFECTO"	**2,669,628**	**December 31, 2002**
"CB CUP DESIGN"	**2,806,359**	**January 20, 2004**
"SINGLICIOUS"	**4,426,742**	**October 29, 2013**
"Frappalatte"	**4,895,505**	**February 2, 2016**
The trademark in 1982 consisted of a picture of a coffee mill and tree, with the words "THE COFFEE BEANERY" The trademark registered in 1985 consists of a coffee cup formed by using the letters "C" and "B", with or without the words "The Coffee Beanery Ltd " printed below the coffee cup The trademark registered in August 1990 consists of the words "The Coffee Beanery, Ltd " standing alone		

All required affidavits have been filed and when appropriate, the registrations noted above have been renewed

You must strictly comply with our standards, specifications, rules, requirements, and instructions regarding the use of the Proprietary Marks The goodwill associated with our Proprietary Marks will remain our exclusive property, and you will receive no tangible benefit from our goodwill, except from the operation or possible sale of the Store during the term of the Franchise Agreement Any increase in the goodwill associated with our Proprietary Marks during the term of the Franchise Agreement will benefit us All rights to use our Proprietary Marks will automatically revert to us without cost and without the execution or delivery of any documents, upon the expiration or termination of your Franchise Agreement

There are no currently effective material determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, no pending infringement, opposition, or cancellation proceedings, nor any pending material litigation involving the Proprietary Marks There are no agreements currently in effect that significantly limit our rights to use, or license the use of, any of the Proprietary Marks in a manner material to the Store, and we are not aware of any superior prior rights or infringing rights that could materially affect your right to use our Marks

There are no infringing uses either actually known to us or of which we are aware that could materially affect your use of the Proprietary Marks in this state or in the state in which the Store is located We are not obligated by the Franchise Agreement or otherwise to protect any rights granted to you to use any Proprietary Marks

You may not use all or any portion of our Proprietary Marks as part of your company name and, without our prior written consent, as part of your trade name or "d/b/a" You may not modify the Proprietary Marks with words, designs or symbols, except those that we license to you You may not use our Proprietary Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us During the term of the Franchise Agreement and continuing after the expiration or termination of the Franchise Agreement, neither you nor any of your managers will, directly or indirectly, contest, challenge or assist in the contesting or challenging of, our right, title, ownership, or interest in our Proprietary Marks, trade secrets, methods, procedures, and advertising techniques that are part of our franchise System, or contest our sole right to register, use, or license others to use, our Proprietary Marks, trade secrets, methods, procedures, advertising techniques, and any other mark or name that incorporates the phrase "Coffee Beanery" or any similar phrase

You must promptly notify us of any suspected unauthorized use of or challenge to the validity of the Proprietary Marks We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement of the action We have the right, but not the obligation to take action against uses by others that may constitute infringement of the Proprietary Marks

We will defend you against any third-party claim, suit, or demand arising out of your expressly authorized use of the Proprietary Marks We have the right to control any administrative proceeding or litigation involving a trademark licensed by us to you If we, in our discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will bear the cost of defending you, including the cost of any judgment or settlement If we, in our discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you must bear the cost of the defense, including the cost of any judgment or settlement If there is litigation concerning your use of the Proprietary Marks, you must execute all documents and do any acts that we believe are necessary to carry out the defense or prosecution, including becoming a nominal party to any legal action

We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating under the System if the Proprietary Marks no longer can be used, or if we, in our discretion, determine that substitution of different proprietary marks will be beneficial to the System The Franchise Agreement will govern the use of the substituted proprietary marks We will not compensate you for the substitution and will bear only the costs of modifying your signs and advertising materials to conform to our new proprietary marks

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents or pending patent applications that are material to the franchise We do, however, claim common law copyright and trade secret protection for several aspects of the franchise System including our Manuals, training materials, advertising, and business materials

There are no current determinations, proceedings or litigation involving any of our copyrighted materials Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of such unauthorized use We may revise our System and any of our copyrighted materials in our discretion, and may require that you cease using any outdated copyrighted material You will be responsible for printing any revised or new advertising, marketing or other business materials

Confidential Operating Manual

You must operate the Store in accordance with the standards, methods, policies, and procedures specified in the Manuals, as we may revise it You must treat the Manuals, and the information contained in it, as confidential, and use all reasonable efforts to maintain the information as secret and confidential You must not at any time copy, duplicate, record, or otherwise reproduce any materials in the Manual, or otherwise make the material available to any unauthorized person The Manuals will at all times remain our sole property, and you must ensure that access to the Manuals is restricted to authorized persons

Confidential Information

You must not, during or after the term of the Franchise Agreement, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, or corporation, any confidential information, knowledge, proprietary recipes associated with the Approved Products or other know-how concerning the methods of operation of the Store which we may communicate to you or which you may be apprised by virtue of your operation under the Franchise Agreement You may divulge confidential information only to those employees who must have access to it in order to perform their employment responsibilities All matters, information, knowledge, know-how, and techniques which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement unless and until you demonstrate that the information has become public knowledge

Certain individuals associated with you, such as shareholders, officers and directors, and all employees who may have access to our confidential information must, at our request, execute covenants that they will maintain the confidentiality of information they receive during their association with you The current form of covenant is attached to this Franchise Disclosure Document at Exhibit E We may require that certain individuals execute these covenants at the time you sign the Franchise Agreement

The Franchise Agreement provide that if you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of any Store, you will promptly notify us and provide us with all necessary related information, without compensation Any new concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related to such new concepts You and your principals will assign to us any rights you may have or acquire in new concepts you or your employees develop, including the right to modify such concept, process or improvement, and otherwise will waive and/or release all rights of restraint and moral rights to any new concepts you or your employees develop You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement In the event that these provisions in the Franchise Agreement are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent the Franchise Agreement, directly or indirectly infringe on your rights to the new concepts

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE STORE

Unless we otherwise approve in writing, you or your designated Store manager, must devote full-time and best efforts to the management and operation of the Store You or your Store manager and other employees you may designate are required to attend and satisfactorily complete our training programs applicable to pre-opening training before opening the Store for business unless authorized by us otherwise in writing You or your Store manager and other employees you may designate, also must attend and satisfactorily complete refresher training courses at our reasonable request You are not obligated to grant an equity interest to any employee You must inform us of the identity of the Store manager, but we do not have the right to disapprove the manager Your store manager must possess the

ability to operate your Store professionally and in compliance with the System and Manuals If you change store managers, you must inform us immediately and you must train or send the new manager to the Coffee Beanery headquarters for training prior to or immediately following their engagement as a store manager We require each equity holder and each equity holder's spouse in any limited liability business entity to personally guarantee the obligations of the entity Please see Attachment A to Franchise Agreement (Exhibit A) Additionally, we require you to obtain signed covenants of confidentiality and non-competition from certain persons associated with you For a description of the covenants and the persons from whom the covenants are required, see Items 14 and 17

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only offer the Approved Products that we expressly authorize through your Store, and may only offer these products and services at the Approved Location and in the manner prescribed in your Franchise Agreement and our Manuals We may supplement, revise and/or modify our Approved Products as we deem appropriate from time to time, as well as our System standards and specifications associated with the provision of these products/services These changes will be outlined in our Manuals or otherwise in writing, and there are no contractual limitations on our right to make these types of changes

If we discontinue any Approved Product offered by the Store, then you must cease offering or selling such product/service within a reasonable time, unless such product/service represents a health or safety hazard (in which case you must immediately comply upon receipt of notice from us) You may not use the Approved Location of your Store for any other business purpose other than the operation of your Store

You may not use the Coffee Beanery name or the Proprietary Marks for any other business You may not conduct any business other than the Store contemplated by the Franchise Agreement at the Approved Location without first obtaining our written consent

You may sell only Coffee Beanery products and services (or other approved products) at retail from your Store, and you may not engage in the wholesale sale or distribution of any Coffee Beanery product, services, equipment or other component, or any related product or service, without first obtaining our written consent You may not sell products through the internet or using any channel of distribution other than your Store without first obtaining our written consent

You may not sell, barter, or exchange any Proprietary Products or other proprietary items at wholesale or retail under any condition If you engage in any wholesale or retail sale, barter or exchange any quantity of Proprietary Products or other proprietary items to another Coffee Beanery franchisee or to any other person or entity, we can terminate the Franchise Agreement immediately on notice to you

In preparing, dispensing and selling Coffee Beanery products, you may use only product components, ingredients, flavoring and garnishes that meet our then current requirements and specifications You must prepare all Coffee Beanery products in strict accordance with our standards, specifications, techniques and procedures In dispensing the Coffee Beanery products, you may use only containers, cups, cartons, bags, boxes, napkins and other paper goods and packaging bearing our then-currently approved text, designs and identity standards, and that otherwise meet our then-current requirements, specifications and quality standards

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements You should read these provisions in the agreements attached to this Disclosure Document.

The Franchise Relationship

	Provision	Section in Franchise Agreement	Summary
a	Length of the Franchise Term	§ 2	Fifteen (15) years
b	Renewal or extension	§ 2	If you satisfy requirements and complete a renewal application, you may renew for consecutive terms of fifteen (15) years each
c	Requirements for franchisee to renew or extend	§ 2	Give timely written notice, make repairs/renovations as needed, not be in default, be current in debt obligatioi ., submit a renewal application, execute new Franchise Agreement, execute with us a general release of claims, pay renewal fee of $5,000 or $50 per month if lease operates on a month-to-month basis until lease renewal is finalized You may be asked to sign a contract with materially different terms and conditions than your original contract, but the continuing royalty on renewal will not be greater than the continuing royalty that we then impose on similarly-situated renewing franchisees
d	Termination by franchisee	§ 13 4	By written notice to us, you may terminate if there is no Approved Location one (1) year after executing Franchise Agreement
e	Termination by franchisor without cause	None	
f	Termination by franchisor with cause	§ 13	Bankruptcy, failure to open Store, abandonment of Store, certain breaches of the Franchise Agreement, material misrepresentations, repeated defaults after cure, trademark misuse, unapproved transfers, nonpayment of fees and debts, failure to execute covenants, non-renewal of lease, criminal conviction, false books and records, no insurance, five percent (5%) understatement of payments or two (2) understatements in two (2) years, failure to find Approved Location by one (1) year after executing Franchise Agreement or breach of any other agreement between franchisee and franchisor Termination of the Franchise Agreement as a result of bankruptcy may not be enforceable under applicable federal bankruptcy law (11 U S C §101 *et seq*)

	Provision	Section in Franchise Agreement	Summary
g	"Cause" defined – curable defaults	§ 13 3	All defaults not specified in Sections 13 1 and 13 2, curable within thirty (30) days of written notice from us
h	"Cause" defined - non-curable defaults	§ 13 1 and 13 2	Bankruptcy, failure to open Store, abandonment of Store, certain breaches of the Franchise Agreement, material misrepresentations, repeated defaults after cure, trademark misuse, unapproved transfers, nonpayment of fees and debts, failure to execute covenants, non-renewal of lease, criminal conviction, false books and records, no insurance, five percent (5%) understatement of payments or two (2) understatements in two (2) years, unless we determine otherwise, breach of any other agreement between franchisor and franchisee
i	Franchisee's obligations on termination/non-renewal	§ 14	Cease operation of Store and use of Proprietary Marks and Manual, de-identification of Store, payment of amounts due, return Manual, covenant not to compete and other covenants described in Section 15
j	Assignment of contract by franchisor	§ 12 1	No restriction on our right to assign
k	"Transfer" by franchisee – defined	§ 12 2	Includes transfer of your rights under Franchise Agreement, transfers that change your ownership, transfers of assets of Store
l	Franchisor approval of transfer by franchisee	§ 12 2 1	We have the right to approve all transfers and will not unreasonably withhold consent if you satisfy Section 12 2 1 requirements
m	Conditions for franchisor approval of transfer	§ 12 2 1	You are not in default under agreements with us, all monetary obligations are satisfied, mutual general release is executed (Exhibit E-2), transferee signs our then-current form of franchise agreement for a fifteen (15) year initial term, transferee pays a transfer fee of $7,500 and satisfies our conditions for franchisee, transferee completes training and upgrades Store, and you reimburse us for our costs in reviewing and approving transfer and providing training
n	Franchisor's right of first refusal to acquire 100% of franchisee's business	§ 12 5	We have the right only in the context of an assignment under the United States Bankruptcy Code
o	Franchisor's option to purchase franchisee's business	None	We have the right to purchase certain assets as described in Section 14 9 of the Franchise Agreement We also have the right to purchase or lease any real property associated with the Store operations as described in Section 14 10 of the Franchise Agreement We have these rights only upon termination or nonrenewal of the franchise
p	Death or disability of franchisee	§ 12 3	Your interest must be transferred within six (6) months to a third party approved by us If your heir or beneficiary cannot satisfy our conditions, executor or administrator has reasonable time to transfer

	Provision	Section in Franchise Agreement	Summary
q	Non-competition covenants during the term of the franchise	§ 15 2, Confidentiality and Non-Competition Covenant (Exhibit G-1)	Prohibition against owning, operating, advising, working in, being associated with, and making loans to a Competing Business (as defined in the Franchise Agreement) or any business that offers/grants licenses or franchises for, or establishes joint ventures for the operation of, any type of Competing Business Certain individuals also must sign the Confidentiality and Non-Competition Covenant (Exhibit E-1) at the time you sign the Franchise Agreement
r	Non-competition covenants after the franchise is terminated or expires	§§ 15 3 and 15 4, Confidentiality and Non-Competition Covenant (Exhibit G-1)	Prohibition for one (1) year with respect to any involvement with a Competing Business at the Approved Location or within a 10-mile radius of (a) your Approved Location, and (b) any other COFFEE BEANERY Store that is open, under lease or otherwise under development as of the expiration or termination of the Franchise Agreement Also, prohibition for one (1) year with respect to any involvement with a business that offers/grants licenses or franchises for, or establishes joint ventures for the operation of, any Competing Business Exception if you are less than a 5% owner of certain companies registered with the Securities and Exchange Commission Certain individuals also must sign the Confidentiality and Non-Competition Covenant (Exhibit E-1) at the time you sign the Franchise Agreement
s	Liquidated damages	§14 7	You must pay us liquidated damages equal to 60 months (or the number of months in the remaining term of the Franchise Agreement if less) of royalty fees if the Franchise Agreement is terminated due to your breach
t	Modification of the agreement	§ 21	Must be in writing signed by both parties
u	Integration/merger clause	§ 21	Only the terms of the Franchise Agreement and other related agreements are binding (subject to state law) Any representations or promises outside the disclosure document and Franchise Agreement and other related agreements may not be enforceable Nothing in agreement is intended to disclaim any representations made in franchise disclosure document, its attachments or addenda

Provision	Section in Franchise Agreement	Summary
u Dispute resolution by arbitration or mediation	§ 23	You must first submit all dispute and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally At our option, all claims or disputes arising out of the Franchise Agreement must be submitted to non-binding mediation, which will take place at our then-current headquarters You must notify us of any potential disputes and we will provide you with notice as to whether we wish to mediate the matter or not If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation
v Choice of forum	§ 23	Subject to Sections 23 2, 23 3 and 23 4 of the Franchise Agreement, all claims and causes of action arising out of the Franchise Agreement must be initiated and litigated to conclusion (unless settled) in the state court of general jurisdiction that is closest to our then-current headquarters (which is currently Flushing, Michigan) or, if appropriate, the United States District Court for the Eastern District of Michigan (subject to state law)
w Choice of law	§ 23	Michigan law applies except for provisions relating to the offering of franchises unless conditions met independently (subject to state law) At present, our principal place of business is Flushing, Michigan

ITEM 18

PUBLIC FIGURES

We do not currently use any public figures to promote Coffee Beanery franchises, but we reserve the right to do so in the future

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 possible performance at a particular location or under particular circumstances

We do not make any representations about a franchisee'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 franchisor's management by contacting the President, Coffee Beanery, Ltd , 3429 Pierson Place, Flushing, Michigan 48433, (810) 733-1020, the Federal Trade Commission and the appropriate state regulatory agencies

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No 1
Systemwide Outlet Summary
for years 2014 to 2016

A All Store without Food Models
(including Traditional Store without Food Model, Kiosk Store Model, Conversion Store Model, and Co-Branded Store Model)
(collectively, "Traditional Outlets")

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2014	43	38	-5
	2015	38	32	-6
	2016	32	32	0
Company owned	2014	2	2	0
	2015	2	1	-1
	2016	1	1	0
Total outlets	2014	45	40	-5
	2015	40	33	-7
	2016	33	33	0

B Traditional Stores with Food Model

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2014	19	20	1
	2015	20	18	-2
	2016	18	19	1
Company owned	2014	0	0	0
	2015	0	1	1
	2016	1	1	0
Total outlets	2014	19	20	1
	2015	20	19	-1
	2016	19	20	1

Table No 2
Outlets From Franchisees to New Owners (other than the Franchisor)
For years 2014 to 2016

A Traditional Outlets

Column 1 State	Column 2 Year	Column 3 Number of Transfers
LA	2014	1
	2015	0
	2016	0
PA	2014	1
	2015	0
	2016	0
TX	2014	1
	2015	0
	2016	0
Total	2014	3
	2015	0
	2016	0

B Traditional Store with Food Model

Column 1 State	Column 2 Year	Column 3 Number of Transfers
TX	2014	1
	2015	0
	2016	0
Total	2014	1
	2015	0
	2016	0

Table No 3
Status of Franchised Outlets
For Years 2014 to 2016

A Traditional Outlets

Col. 1 State	Col. 2 Year	Col 3 Outlets at start of year	Col. 4 Outlets opened	Col 5 Termina-tions	Col 6 Non-renewals	Col 7 Reacquired by Franchisor (Franchisee)	Col 8 Ceased operations other reasons	Col 9 Outlets at End of year
CO	2014	1	0	0	1	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
CT	2014	2	0	1	0	0	0	1
	2015	1	0	0	1	0	0	0
	2016	0	0	0	0	0	0	0
DE	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
FL	2014	2	0	1	1	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
HI	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
IL	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
KY	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
LA	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	1	0	0	0	0
MD	2014	2	0	0	0	0	0	2
	2015	2	0	0	1	0	0	1
	2016	1	0	0	0	0	0	1
MI	2014	10	0	0	0	0	0	10
	2015	10	0	0	0	0	0	9
	2016	9	1	0	0	0	0	10
NJ	2014	5	0	1	0	0	0	4
	2015	4	0	0	1	0	0	3
	2016	3	0	0	0	0	0	3

NY	2014	5	0	0	0	0	0	5
	2015	5	0	0	2	0	0	3
	2016	3	0	0	0	0	0	3
OH	2014	1	0	1	0	0	0	0
	2015	0	0	0	0	1	0	1
	2016	1	0	1	0	0	0	0
PA	2014	5	0	0	0	0	0	5
	2015	5	0	1	0	0	0	4
	2016	4	0	0	0	0	0	4
TX	2014	3	1	1	0	0	0	3
	2015	3	0	0	1	0	0	2
	2016	2	0	0	0	0	0	2
VA	2014	1	1	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
WI	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Guam	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
TOTALS	2014	43	2	5	2	0	0	38
	2015	38	1	1	7	1	0	32
	2016	32	2	2	0	0	0	32

B Traditional Store with Food Model

Col. 1 State	Col 2 Year	Col 3 Outlets at start of year	Col 4 Outlets opened	Col 5 Termina-tions	Col 6 Non-renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased operations other reasons	Col 9 Outlets at End of year
FL	2014	1	0	0	0	0	0	1
	2015	1	0	1	0	0	0	0
	2016	0	0	0	0	0	0	0
GA	2014	1	1	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
IN	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
MD	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	1	0	0	0	0	2
MI	2014	8	0	0	0	0	0	8
	2015	8	0	0	0	0	0	8

	2016	8	1	0	1	0	0	8
NJ	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
NY	2014	1	0	0	0	0	0	1
	2015	1	0	1	0	0	0	0
	2016	0	0	0	0	0	0	0
PA	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	1	0	0	0	1
TX	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
WY	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
Guam	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
TOTALS	2014	19	1	0	0	0	0	20
	2015	20	0	2	0	0	0	18
	2016	18	3	1	1	0	0	19

Table No. 4
Status of Company Owned Outlets
for years 2014 to 2016

A Traditional Outlets

Col 1 State	Col 2 Year	Col 3 Outlets at start of year	Col 4 Outlets opened	Col 5 Termina-tions	Col 6 Non-renewals	Col 7 Reacquired by Franchisor (Franchisee)	Col 8 Ceased operations other reasons	Col 9 Outlets at End of year
MI	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
OH	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	1	0	0
	2016	0	0	0	0	0	0	0
Totals	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	1	0	1
	2016	1	0	0	0	0	0	1

B Traditional Store with Food Model

Col. 1 State	Col. 2 Year	Col 3 Outlets at start of year	Outlets opened	Col 5 Termina-tions	Non-renewals	Col 7 Reacquired by Franchisor (Franchisee)	Ceased operations other reasons	Col 9 Outlets at End of year
MI	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Totals	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1

Table No 5
Projected Openings as of June 30, 2016
(All Store Models)

Column 1 State	Column 2 Franchise Agreements Signed but Outlet not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company Owned Outlets in the Current Fiscal Year
MI	0	4	0
NY	0	1	0
WY	0	1	0
Totals	0	6	0

During the last three fiscal years, we have not signed any confidentiality clauses with franchisees or former franchisees that restrict their ability to talk to you

Exhibit B lists the name, city and state and current business telephone number of every current franchisee, as well as a list of the names and last known home addresses and telephone numbers of every franchisee who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the period July 1, 2015 through June 30, 2016, or has not communicated with us within ten (10) weeks of the disclosure document issuance date

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

We are not aware of any trademark-specific franchisee organizations associated with the Coffee Beanery franchise system and no such organization has requested to be included

ITEM 21

FINANCIAL STATEMENTS

The audited financial statement for the Shaw Coffee Company for our fiscal years ending June 30, 2016, June 30, 2015, and June 30, 2014, are attached in Exhibit C to this Disclosure Document These statements include The Coffee Beanery, Ltd The Shaw Coffee Company has guaranteed performance of our obligations A copy of this Guarantee is attached as Exhibit E-3

ITEM 22

CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document, as indicated

1 Franchise Agreement and Attachments (Exhibit A to the FDD)
2 Exhibit E-1 Confidentiality and Non-competition Covenant
3 Exhibit E-2 Template Form of Mutual Release
4 Exhibit H-1 Compliance Certification

ITEM 23

RECEIPTS

The last page of this Disclosure Document is a detachable document, in duplicate Please detach, sign, date and return one (1) copy of the Receipt to us, acknowledging that you received this Disclosure Document Please keep the second copy for your records

EXHIBIT A
TO FRANCHISE
DISCLOSURE DOCUMENT

THE COFFEE BEANERY, LTD
FRANCHISE AGREEMENT

THE COFFEE BEANERY, LTD
FRANCHISE AGREEMENT
TABLE OF CONTENTS

Page

1 GRANT 1
2 TERM AND RENEWAL. 2
3 FEES 3
4 DUTIES OF CBL 4
5 DUTIES OF STORE OWNER 5
6 CONSTRUCTION OF LEASEHOLD IMPROVEMENTS 10
7 PROPRIETARY MARKS 11
8 CONFIDENTIAL MANUALS AND INFORMATION 12
9 BRAND BUILDING 13
10 INSURANCE 16
11 COMPUTERS, RECORDS, AND REPORTING REQUIREMENTS . . . 17
12 TRANSFER OF INTEREST 18
13 DEFAULT AND TERMINATION 20
14 OBLIGATIONS UPON TERMINATION OR EXPIRATION 22
15 COVENANTS 23
16 STORE OWNER AS A CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY 25
17 TAXES, PERMITS, AND INDEBTEDNESS 26
18 INDEPENDENT CONTRACTOR AND INDEMNIFICATION 26
19 APPROVALS AND WAIVERS 27
20 NOTICES 27
21 ENTIRE AGREEMENT 27
22 SEVERABILITY AND CONSTRUCTION 27
23 APPLICABLE LAW 28
24 ACKNOWLEDGMENTS 30
RECITALS 30

ATTACHMENT A - GUARANTEE
ATTACHMENT B - MANAGEMENT AGREEMENT
ATTACHMENT C - WAREHOUSE AGREEMENT
ATTACHMENT D – CONVERSION ADDENDUM FOR CONVERSION OWNERS AND EXHIBIT 1
ATTACHMENT E – ADDENDUM FOR CO-BRANDED LOCATIONS

THE COFFEE BEANERY, LTD

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (**"Agreement"**) made and entered into on _____, 20____, (**"Effective Date"**) by and between The Coffee Beanery, Ltd , a Michigan corporation, with its principal place of business at 3429 Pierson Place, Flushing, Michigan 48433 (**"CBL"**), and _____, a _____, with its principal place of business at _____ (**"Store Owner"**)

RECITALS

A CBL, as the result of the expenditure of time, skill, effort, and money, has developed and owns a unique and distinctive system relating to the selling of coffee, coffee beans, tea, spices and related products and food items, including prepared coffee for on or off site consumption (**"Products"**) and has developed and owns a unique system relating to the establishment, development and operation of specialty coffee Stores devoted exclusively to the sale, at retail, of the Products (**"System"**),

B The distinguishing characteristics of the System include, without limitation, a distinctive design and layout, and training, management, and promotional assistance, in connection with the establishment and ongoing operation of specialty coffee businesses, all of which may be changed, improved, and further developed by CBL from time to time,

C CBL identifies the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including the mark THE COFFEE BEANERY and such other trade names, service marks, and trademarks as are now designated, or may hereafter be designated by CBL in writing, for use in connection with the System (**"Proprietary Marks"**),

D Store Owner wishes to obtain a franchise to operate a specialty coffee business using the System and Proprietary Marks (the **"Store"**), as well as to receive the training and other assistance provided by CBL in connection therewith, and

E Store Owner understands and acknowledges the importance of CBL's high standards of quality, appearance, and service, and the necessity of operating the Store in conformity with CBL's standards and specifications

NOW, THEREFORE, the parties agree as follows

1 GRANT

1 1 CBL grants to Store Owner the right, and Store Owner accepts the obligation, to use the Proprietary Marks and System, solely in connection with the operation of the Store at the location indicated below in Section 1 2

1 2 The Store shall be located at _____ ("Approved Location") Store Owner shall not relocate the Store without the prior written approval of CBL which shall not be unreasonably withheld If, on the Effective Date, a location for the Store has not been approved by CBL, CBL shall assist Store Owner in selecting a location, as set forth in Section 4 of this Agreement Store Owner shall not lease or otherwise acquire a location without CBL's prior

approval, which approval shall be furnished by CBL to Store Owner in a site approval letter Store Owner shall pay CBL's out-of-pocket expenses if it relocates the Store during the term of this Agreement, which Store Owner cannot do without CBL's prior written approval

1 3 Store Owner expressly acknowledges and agrees that the franchise is non-exclusive CBL and its affiliates/principals hereby retain all rights with respect to the System, Proprietary Marks and Products other than the right granted to Store Owner to operate the Store in accordance with the terms of this Agreement at the Approved Location These reserved rights include, without limitation, the right to =

(a) to own, acquire, establish, and/or operate, and license others to establish and operate, Stores regardless of their proximity to the Approved Location or their impact on the Store Owner's Store,

(b) to own, acquire, establish and/or operate, and license others to establish and operate, businesses under other proprietary marks or other systems, including (i) businesses which provide products and/or services similar to those provided by a Store, and/or (ii) Stores, at any location regardless, in either circumstance, of their proximity to the Approved Location or their impact on the Store Owner's Store,

(c) to sell or distribute, at retail or wholesale, directly or indirectly including internet sales, fund raising sales or mail order sales, or license others to sell or distribute, any products which bear any proprietary marks, including the Proprietary Marks, regardless of their proximity to the Approved Location or their impact on the Store Owner's Store,

(d) to purchase, roast, manufacture and distribute/sell coffee and other of the Products in any other manner

2 TERM AND RENEWAL

2 1 Except as otherwise provided herein, the initial term of this Agreement shall expire fifteen (15) years from the Effective Date

2 2 Store Owner may, at its option, renew this franchise for consecutive terms of fifteen (15) years each, subject to the following preconditions

2 2 1 Store Owner shall give CBL written notice of Store Owner's election to renew no fewer than nine (9) months nor more than twelve (12) months prior to the end of the then-current term and complete and provide CBL with a renewal application on its then-current form,

2 2 2 Store Owner shall make such reasonable repairs and/or renovations to the Store as CBL may reasonably require, to reflect the then-current standards and image of the System,

2 2 3 Store Owner shall not be in default of any provision of this Agreement, or any other agreement between Store Owner and CBL or CBL's affiliates, or of any standards set forth in the Manual (as the term "Manual" is defined in Section 4 2), and Store Owner shall have complied with all such agreements and the Manual throughout the term of this Agreement,

2 2 4 Store Owner shall be current with respect to its obligations to its lessor, suppliers, and any others with whom it does business,

2 2 5 Store Owner shall execute CBL's then-current form of renewal franchise agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms hereof, except that Store Owner's renewal rights shall be governed by this Agreement,

2 2 6 Store Owner and CBL shall execute a mutual general release, in a form prescribed by CBL, of any and all claims which each may have against the other and their affiliates (except as to amounts then due to CBL for royalties, brand building contributions, materials, and the like), and their respective shareholders, directors, employees, and agents in their corporate and individual capacities, and

2 2 7 Store Owner shall pay a renewal fee of Five Thousand Dollars ($5,000 00) or Fifty Dollars ($50 00) per month if lease operates on a month-to-month basis until lease renewal is finalized

3 FEES

3 1 Store Owner shall pay to CBL an initial franchise fee of Fifteen Thousand Dollars ($15,000 00) for each Store with or without food, including Kiosk and co-branded stores licensed under this Agreement Store Owner shall pay to CBL an initial franchise fee of Seven Thousand Five Hundred Dollars ($7,500 00) for converting a coffee Store

3 1 1 Upon execution of this Agreement, the full initial franchise fee will be made, receipt of which is hereby acknowledged by CBL

3 1 2 Upon execution of this Agreement in conjunction with a Conversion Addendum or a Co-Branded Addendum, the full initial franchise fee provided by the Conversion Addendum or Co-Branded Addendum, as the case may be, will be made, receipt of which is hereby acknowledged by CBL

3 1 3 Each payment shall be fully earned and non-refundable when paid, in consideration of the administrative and other expenses incurred by CBL in entering into this Agreement, and for CBL's lost or deferred opportunity to enter into this Agreement with others

3 2 During the term of this Agreement, Store Owner shall pay to CBL a continuing monthly royalty fee in an amount equal to four percent (4%) of the Net Sales for the Store "Net Sales" shall mean revenue from the sale of all products and services, and all other income or consideration of every kind and nature, received by the Store, whether for cash or credit, and regardless of collection in the case of credit, less (i) any sales taxes or other taxes collected by Store Owner from its customers and thereafter paid directly to the appropriate taxing authority, and (ii) any customer refunds The royalty payment is not refundable If Store Owner fails to maintain proper sales records or report Net Sales to CBL, CBL has the right to estimate Net Sales and invoice Store Owner for such amounts

3 3 Store Owner shall make monthly contributions to brand building, advertising and promotion as specified in Section 9 1 hereof

3 4 All payments made pursuant to Sections 3 2 and 3 3 shall be made on or before the 10th day of the month based on the previous month's Net Sales If the 10th day falls on a Saturday or Sunday the fees will be due the Monday immediately following Any royalty payment or brand building

contributions not made on or before the due date shall be deemed to be overdue, in such event, Store Owner shall pay CBL, in addition to the overdue amount, interest on such amount from the date it was due until paid, at eighteen percent (18%) per annum or the maximum rate permitted by law, whichever is less, calculated on a daily basis Entitlement to such interest shall be in addition to any other remedies CBL may have You are required to make any payments required in this Section 3 directly to CBL or to a bank account specified by CBL, by electronic fund transfer ("EFT"), pre-authorized auto-draft arrangement, or other such means as CBL may specify from time to time in writing Store Owner shall furnish CBL, CBL's bank, and any other recipients of payment with such information and authorizations as may be necessary to permit such persons to make withdrawals by electronic fund transfer ("EFT") or auto-draft arrangement Store Owner shall bear all expenses, if any, associated with such authorizations and payments

4 DUTIES OF CBL

4 1 CBL shall offer such assistance to Store Owner, as CBL deems reasonable and necessary, in selecting a site for the Approved Location, and in assisting the Store Owner and their counsel in negotiating an acceptable lease agreement for the Store premises to the extent CBL deems appropriate, provided however, that Store Owner shall remain solely responsible for selection of the site for the Approved Location, the negotiation of the lease and all development relating to the Store Store Owner acknowledges and agrees that CBL's approval of a site for Store Owner's Store or any assistance relating to the lease for the Store is not a representation by CBL, and shall not be construed as, a guarantee or assurance that the Store will be profitable or successful or that the terms of the lease are beneficial or appropriate Unless otherwise more specifically described elsewhere herein, we will approve or disapprove your site for an Approved Location, you lease or matter relating to site development within sixty (60) days of its submission to us in writing

4 2 CBL shall loan (or provide online access) to Store Owner a single copy of CBL's Operating Manual (which, at CBL's sole discretion, may be in a written or electronic format or a combination thereof) for the duration of this Agreement, as well as such other manuals as CBL may develop and issue, all of which are collectively referred to as the **"Manual "**

4 3 CBL shall offer such guidance to Store Owner and/or Store Owner's architect, contractor, and/or designer, as CBL deems reasonable and necessary, relating to the design and/or construction of Store Owner's Store CBL will make available, at no charge to Store Owner, a design development set of drawings with the basic specifications, equipment and architectural layout and elevations for the development of the construction drawings for the Store Store owner agrees to provide CBL with an accurate lease outline drawing for review

4 4 CBL shall offer "Operations Training", which shall consist of both classroom and in store training to Store Owner covering basic Store operations and management Such training, depending on concept, shall consist of a maximum of twenty (20) calendar days, at CBL's discretion

4 5 CBL shall offer an "On Site Training" ("OST") program to Store Owner and to those employees selected by Store Owner who will be involved in the daily operation of the Store Such training, depending upon concept, shall consist of a maximum of seven (7) calendar days, at CBL's discretion, of on-site assistance at the Store Owner's Store immediately prior and subsequent to the commencement of business

4 6 CBL shall provide with an initial kit of advertising and marketing materials the Store Owner can use in connection with the grand opening of the Store (the "Initial Launch Marketing Materials Kit"), subject to Store Owner's payment for such kit at the time a lease is signed in connection

with the Store as described more fully in this Agreement CBL may otherwise provide assistance to Store Owner in connection with promoting the opening of the Store, as CBL deems appropriate in its discretion

4 7 CBL shall furnish to Store Owner, prior to the opening of the Store, our specifications for personalized forms, business cards, marketing materials and CBL logo apparel, which CBL may require Store Owner to purchase from a designated or approved supplier

4 8 CBL shall provide such initial and continuing advice and assistance to Store Owner in the operation and promotion of the Store as CBL deems appropriate in its discretion

4 9 CBL shall offer, at its discretion, a follow-up training visit by a CBL representative within the first year of operation following the opening of the Store Such training shall consist of a minimum of one to one half (1-1/2) calendar days and a maximum of two (2) calendar days and shall be on-site at the Store Owner's Store

4 10 CBL shall conduct, when and as frequently as it deems advisable, inspections of Store Owner's business premises and evaluations of the Store's management and operations, either by our operations team or secret shopper visits, in order to assist Store Owner and to maintain the System's standards of quality, appearance, and service

4 11 During the term of this Agreement, CBL may require Store Owner and its manager (if any) to attend (i) up to seven (7) days of refresher/additional training in a given year ("Additional Training"), and (ii) up to seven (7) days of remedial training that CBL has the right to require Store Owner to attend and complete if Store Owner is not operating the Store in compliance with this Agreement or the Manual as part of Store Owner's cure of said default ("Remedial Training") CBL will not charge Store Owner its then-current training fee (the "Training Fee") in connection with any Additional Training that CBL requires, but CBL reserves the right to charge the Training Fee in connection with any (1) Additional Training that Store Owner requests, or (2) Remedial Training Store Owner will be responsible for all costs and expenses that it and its trainees incur in connection with attending any Additional Training or Remedial Training

4 12 Store Owner acknowledges and agrees that any duty or obligation imposed on CBL by this Agreement may be performed by any designee of CBL, as CBL may direct

5 DUTIES OF STORE OWNER

5 1 Store Owner understands and acknowledges that every detail of the System and the Store is essential to Store Owner, CBL, and other System franchisees in order to (i) develop and maintain quality operating standards, (ii) increase the demand for the products and services sold by all franchisees operating under the System, and (iii) protect CBL's reputation and goodwill Store Owner shall maintain CBL's high standards with respect to facilities, services, products, and operations, and Store Owner shall use only those suppliers designated by CBL

5 2 Store Owner shall use and occupy the Store premises solely for the operation of the business franchised hereunder and unless otherwise approved in writing by CBL, shall refrain from using or permitting the use of the premises for any other purpose or activity, and shall keep the Store open and in normal operation for at least such minimum hours and days as CBL may specify in the Manual or otherwise in writing, and as may be required by the lease for the Store premises

5 3 To ensure that the highest degree of quality and service is maintained, Store Owner shall operate the Store in strict conformity with such methods, standards, and specifications as CBL may from

time to time prescribe in the Manual or otherwise in writing Store Owner shall refrain from (a) deviating from such standards, specifications, and procedures without CBL's prior written consent, and (b) otherwise operating in any manner which reflects adversely on CBL's Proprietary Marks or the System From time to time CBL may change the Coffee Beanery system and the Marks the composition, nature and content of Coffee Beanery programs and, add or delete Coffee Beanery Programs and when we do, you must promptly conform the Business to the revised requirements, at your cost You will accept, use and effectuate any such modifications to, or substitution of, the Coffee Beanery System as if they were part of the Coffee Beanery system at the time that this Agreement was executed

5 3 1 Store Owner shall purchase and install, at Store Owner's expense, and shall maintain in sufficient supply and use at all times, only such fixtures, furnishings, equipment, signs, and supplies which conform to CBL's standards and specifications and only from such approved suppliers as set forth in the Manual or otherwise in writing and shall refrain from using non-conforming items Store Owner acknowledges and agrees that the fixtures, furnishings, equipment, signs and supplies may vary depending upon whether Store Owner decides to offer food service and, if so, the menu items in such food service

5 3 2 Store Owner shall sell or offer for sale only such products as have been expressly approved for sale by CBL in the Manual or otherwise in writing, shall discontinue selling any products which CBL may, in its sole discretion, determine may adversely affect the System, and shall refrain from offering any unapproved products Store Owner shall comply with System standards relating to the offering of bakery and similar food items Store Owner shall have the right to determine whether to offer extended food service at the Store however Store Owner will be limited to items on CBL's standard menus Store Owner agrees that if Store Owner decides to offer extended food service, CBL may condition its approval of Store Owner's food service upon Store Owner meeting all the then current requirements for food service format, including the requirement to obtain certain equipment and to comply with CBL's then current standards and specifications for the menu selected

5 3 3 Store Owner acknowledges and agrees that CBL may, from time to time in its sole discretion, revise the Manual to incorporate System changes Store Owner shall implement any System changes upon receipt of notice thereof from CBL, and shall complete their implementation within such time as CBL may reasonably specify

5 3 4 The System may include standards relating to safety, maintenance, cleanliness, sanitation, function, hours and days of operation, appearance, uniforms, employee appearance and cleanliness, Product shelf life and portion control, customer relations procedures, marketing and promotion (including gift card, loyalty program and similar promotions), forms, use of the Marks, signage, lighting, internet connections, background music and other site amenities, displays, complaint handling, and many other matters

5 4 Store Owner must purchase (i) all furniture, fixtures, equipment (including all computer/POS hardware and software), signage, inventory, supplies and certain services (including music licensing, accounting software, gift loyalty programs and technology services) that CBL designated for use or sale in connection with the Store solely, and (ii) if applicable, purchase such items from suppliers (a) designated by CBL, or (b) subject to Section 5 4 3 below, manufacturers, wholesalers and distributors) who demonstrate, to CBL's continuing reasonable and written satisfaction, the ability to meet CBL's reasonable standards and specifications for such items, who possess adequate quality controls and capacity to supply Store Owner's needs promptly and reliably, whose approval would enable the System, in CBL's sole opinion, to take advantage of marketplace efficiencies, and who have been approved by CBL in the Manual or otherwise in writing and not thereafter disapproved CBL may, when appropriate,

negotiate purchase arrangements or purchasing cooperatives, including price terms, with designated and approved suppliers on behalf of the System, which Store Owner must comply with

5 4 1 Store Owner shall maintain a balanced inventory of approved products specified by CBL in its Stores in quantities sufficient to satisfy customer needs The inventory shall at all times be equal to or greater than the minimum inventory level set forth in the Manual or otherwise in writing CBL may also require that Stores stock new and additional products in such minimum quantities as CBL may determine to be desirable

5 4 2 In order to maintain consistency of product, quality, taste and identity of Products, CBL will be the only approved source for coffee, coffee related products and certain CBL logo Products, except for such Products specifically designated in writing by CBL CBL will use its best efforts to provide quality Products at competitive prices The inventory of Stores shall always contain a representative number of each of the Products, which shall be given prominent display

5 4 3 If Store Owner desires to make purchases from a supplier other than an approved supplier, Store Owner shall submit to CBL a written request to approve the proposed supplier, together with such evidence of conformity with CBL's specifications as CBL may reasonably require CBL does not charge a fee for its review of a proposed supplier, however, Store Owner must reimburse CBL for the costs it incurs in processing the request and testing the item CBL will notify Store Owner in writing within thirty (30) days after it receives all necessary information and/or completes CBL's inspection or testing to advise Store Owner if CBL approves or disapproves the proposed item and/or supplier CBL may revoke its approval at any time if CBL determines, in its sole discretion, that the supplier no longer meets CBL's standards Upon receipt of written notice of such revocation, Store Owner shall cease purchasing from any disapproved supplier and selling such supplier's disapproved products or services CBL has the right to designate one approved supplier for any number of items Store Owner must purchase in connection with the Store

5 5 Store Owner shall maintain the Store premises (including adjacent public areas) in a clean, orderly condition and in excellent repair, and, at its expense, perform any required maintenance or repairs, as CBL may reasonably direct by written notice to Store Owner, in a timely manner Store Owner agrees to maintain the Store premises consistent with the current System standards No alcohol, drugs, or pets shall at any time be permitted on the Store premises, and the premises shall not be used for child care, babysitting, or similar activities

5 6 Store Owner shall grant CBL and its agents the right to enter upon the Store premises during normal business hours for the purpose of conducting inspections, shall cooperate with CBL's representatives in such inspections by rendering such assistance as they may reasonably request, and, upon written notice from CBL or its agents and without limiting CBL's other rights hereunder, shall promptly correct any deficiencies discovered during any such inspection

5 7 Prior to the opening of the Store, Store Owner (or, if Store Owner is a corporation or partnership, a principal of Store Owner acceptable to CBL) and/or Store Owner's designated store manager, shall attend and complete to CBL's satisfaction, its required training programs Approximately thirty (30) to sixty (60) days prior to the date Store is scheduled to open, Store Owner must attend "Operations Training", which shall consist of both classroom and in store training covering business basics, customer service and store operations Such training, depending on concept, shall consist of a maximum of twenty (20) calendar days, at CBL's discretion Store Owner shall also attend and fully participate in CBL's "On Site Training" provided to Store Owner and those employees selected by Store Owner who will be involved in the daily operation of the Store Such training, depending upon concept, shall consist of a maximum of seven (7) calendar days, at CBL's discretion, of on-site assistance at the

Store Owner's Store immediately prior and subsequent to the commencement of business If, at any time during the term of this Agreement, we are unable to complete the on-site training due to your lack of preparation or if Store Owner wishes CBL to train additional employees (with CBL's prior consent), Store Owner shall pay CBL our then-current Training Fee plus reasonable reimbursement for the trainer's cost of transportation, meals, and lodging If CBL determines that Store Owner's Stores are not performing to their potential given its market conditions, Store Owner agrees to attend refresher training for such term and at such times and locations as CBL determines Store Owner shall also complete to CBL's satisfaction the follow-up training visit CBL shall provide the instructor, training and other materials for the follow-up training visit without charge Except as specifically provided by this Agreement, Store Owner shall be responsible for any and all other expenses incurred during training

5 7 1 Each Store must employ at all times, a manager (who can be the Store Owner) who has satisfactorily completed CBL's training program, been certified and who is dedicated to that Store and who works at that Store on substantially a full-time basis Each person may be the designated manager for one Store only

5 7 2 Store Owner and, if CBL designates, the Store's primary manager must attend all required Additional Training and Remedial Training, unless CBL agrees otherwise in writing

5 7 3 Store Owner, or another person that successfully completes CBL's Operations Training will be required to train all other personnel that works at the Store

5 7 4 If Store Owner or other trainee Store Owner designates fails to complete the Operations Training program to CBL's satisfaction, Store Owner will be in default of this Agreement and as part of the Remedial Training, that person may re-attend or Store Owner may send a replacement to our next available Operations Training program session, provided there is availability CBL may charge our then-current Training Fee for these individuals to re-attend the Operations Training program as well In any event, Store Owner is solely responsible for all expenses incurred related to Store Owner's and its employee's attendance at our Operations Training program, including transportation to and from the training site, lodging, meals and employee wages

5 8 Store Owner shall maintain a competent, conscientious, and trained staff, and shall take such steps as are necessary to ensure that its employees preserve good customer relations, render competent, prompt, courteous, and knowledgeable service, and meet such minimum standards as CBL may establish from time to time in the Manual or otherwise in writing Store Owner shall be solely responsible for all employment decisions of the Store, including, without limitation, those related to hiring, firing, training, wage and hour requirements, recordkeeping, supervision, and discipline of employees

5 9 Store Owner shall attend CBL's national convention and/or regional training events, as well as such Additional Training, Remedial Training, and all other programs, seminars, and workshops as CBL may reasonably require from time to time and at any time Additionally, the Store Owner will be required to pay CBL's then-current convention contribution fee (the "Convention Contribution") for CBL's annual national convention or regional event fee to cover the attendance of Store Owner and one additional attendee If Store Owner wishes to send additional attendees, Store Owner must pay an additional Convention Contribution for each additional attendee Store Owner shall be responsible for any and all other expenses incurred in connection with attending the national convention, including the costs of transportation, lodging, and meals

5 10 Store Owner shall comply with all terms of its lease and shall refrain from any activity which may jeopardize Store Owner's right to remain in possession of the Store premises Store Owner

shall, prior to the execution of any lease, submit it to CBL for its written approval CBL's approval may be conditioned upon the inclusion of any one or more of the following terms and conditions

5 10 1 That the initial term of the lease, or the initial term together with renewal terms, shall be for at least fifteen (15) years,

5 10 2 That the lessor consents to Store Owner's use of such Proprietary Marks and signage as CBL may now or hereinafter prescribe for the Store and sign a permission to use logo contract with the marketing department,

5 10 3 That the use of the leased premises be restricted solely to the operation of the Store,

5 10 4 Except as otherwise approved in writing by CBL, that Store Owner be prohibited from subleasing or assigning all or any part of its occupancy rights or extending the term of or renewing the lease without CBL's prior written consent,

5 10 5 That the lessor provide to CBL copies of any and all notices of default given to Store Owner under the lease,

5 10 6 That CBL have the right to enter the premises to make reasonable modifications necessary to protect the Proprietary Marks or the System or to cure any default under the Agreement or under the lease, and

5 10 7 The execution of the Collateral Assignment of Lease by Store Owner and the landlord, which is attached to this Agreement as Attachment F

5 10 8 CBL will use reasonable efforts to approve or reject any proposed location (and corresponding lease/purchase agreement) within sixty (60) days of the date Store Owner provides CBL with all requested materials CBL's approval only means that the site meets its minimum requirements for a Store and does not guarantee any type of success at the location

5 11 Store Owner shall furnish CBL with a copy of any executed lease within ten (10) days after execution thereof

5 12 Store Owner shall furnish to CBL, within three (3) days after receipt thereof, a copy of any notice alleging Store Owner's failure to comply with any law, ordinance, or regulation

5 13 Store Owner shall actively and continuously engage in local promotional activities designed to increase the Store's Gross Sales CBL shall have the right to specify, in the Manual or otherwise in writing, a minimum amount of monthly time as well as the types of promotional activities required to satisfy this obligation

5 14 Store Owner shall have the right to offer its goods and services at any prices Store Owner determines CBL will provide target prices which may be charged based on an analysis of the market and to facilitate advertising and competitive strategies

5 15 CBL may from time to time, conduct market research and testing to determine consumer trends and brand perceptions of new or modified Coffee Beanery products and programs Store Owner agrees to cooperate with us in any such market research programs or test marketing of new or modified programs

5 16 Store Owner will respond to complaints and requests for refunds from customers in a manner which will not detract from the reputation or goodwill associated with the Coffee Beanery as set forth in the Coffee Beanery training program

6 CONSTRUCTION OF LEASEHOLD IMPROVEMENTS

6 1 Store Owner shall, at its expense, construct all leasehold improvements to the Store premises in conformance with specifications furnished by CBL pursuant to Section 4 3 of this Agreement

6 2 Store Owner shall be responsible for obtaining all zoning classifications and clearances, permits, licenses, and certifications required for the lawful construction, occupancy, and operation of the Store, and shall certify in writing to CBL that all such items have been obtained

6 3 Store Owner shall employ a qualified architect or engineer, with previous experience in venues and construction similar to CBL stores, to prepare final plans and specifications for constructing the leasehold improvements based upon the rough plans furnished by CBL Store Owner's architect and engineers shall coordinate all field inspections and verifications and create existing condition drawings from which CBL's consulting team will assist with the design Store Owner's architect shall complete construction drawings from the suggested design as they relate to local code and engineering requirements, obtain permits, and coordinate with CBL Store Owner shall not deviate from any approved plans and specifications without CBL's prior written approval

6 4 Unless the requirement is waived by CBL in writing, Store Owner shall obtain bids for construction from not less than three (3) licensed general contractors experienced in the type of construction required to complete the Store Store Owner shall submit such final plans, bids and contracts to CBL and shall not proceed with construction until CBL's written approval has been received, shall employ a qualified, licensed general contractor to perform all construction, installation and coordination with outside vendors, and Store Owner shall provide to CBL such periodic progress reports as CBL may require During construction, CBL shall have the right to inspect the premises at all reasonable times for the purpose of ascertaining that all work complies with the final plans approved by CBL, and Store Owner shall cooperate and cause its employees and agents to cooperate fully with CBL's inspections

6 5 Construction shall commence promptly, after CBL's written approval of Store Owner's final plans is received, and continue uninterrupted until all necessary work is completed in accordance with the approved plans Within thirty (30) days after completion of the Store, Store Owner shall provide CBL with a complete and accurate accounting of the full cost incurred by Store Owner in development of the Store along with copies of documents evidencing a full and complete release of all construction, material and or mechanics liens arising from development of the Store Store Owner shall not open the Store for business without the written authorization of CBL, which authorization may be conditioned upon Store Owner's strict compliance with the specifications of the approved final plans and System standards and completion of any pre-opening training required by CBL

6 6 CBL and Store Owner agree that time is of the essence in connection with the construction and opening of the Store Store Owner shall (a) obtain the location of the Store no later than six (6) months after the execution of this Agreement, and (b) open the Store to the public no later than one hundred and twenty (120) days from the date that it obtains possession of the Store premises unless otherwise approved in writing by CBL

6 7 Store Owner shall procure, prior to the commencement of any construction, and shall maintain in full force and effect at all times during any construction, at Store Owner's expense, an insurance policy or policies protecting Store Owner, CBL and its affiliates, and their respective shareholders, directors, employees and agents, against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the construction of the Store Such policy or policies shall be written by a responsible insurer or insurers acceptable to CBL, and shall comply with the requirements set forth in Section 10 of this Agreement Such policy or policies must be sent to CBL prior to commencement of any construction

7 PROPRIETARY MARKS

7 1 With respect to Store Owner's use of the Proprietary Marks, Store Owner agrees that

7 1 1 Store Owner shall use only the Proprietary Marks designated by CBL, and shall use them only in the manner authorized and permitted by CBL,

7 1 2 Store Owner shall use the Proprietary Marks only for the operation of the Store, and only at the Approved Location or in CBL-approved advertising for the Store,

7 1 3 Unless otherwise authorized or required by CBL, Store Owner shall operate and advertise the Store only under the name "Coffee Beanery" or "The Coffee Beanery" without prefix or suffix,

7 1 4 Store Owner shall identify itself as an independent franchisee-owner of the Store in conjunction with any use of the Proprietary Marks or the operation of the Store, and shall place a written notice to such effect, in a form approved by CBL, in a conspicuous location on the Store premises,

7 1 5 Store Owner's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement,

7 1 6 Store Owner shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of CBL,

7 1 7 Store Owner shall execute any documents deemed necessary by CBL or its affiliates to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability,

7 1 8 Store Owner shall promptly notify CBL of any suspected unauthorized use of, or any challenge to the validity or use of, the Proprietary Marks Store Owner acknowledges that CBL (or the owner of the Proprietary Marks) shall have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof CBL shall have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks CBL (or the owner of the Proprietary Marks) shall defend Store Owner against any third-party claim, suit, or demand arising out of Store Owner's use of the Proprietary Marks If CBL, in its sole discretion, determines that Store Owner has used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, may be borne by CBL If CBL, in its sole discretion, determines that Store Owner has not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Store Owner In the event of any litigation relating to Store Owner's use of the Proprietary Marks, Store Owner shall execute any and all documents and do

such acts as may, in the opinion of CBL, be necessary to carry out such defense or prosecution including, but not limited to, becoming a nominal party to any legal action, and

7 1 9 Store Owner shall not use the Proprietary Marks as part of its corporate or other legal name

7 2 Store Owner expressly understands and acknowledges that

7 2 1 The Proprietary Marks are valid and serve to identify the System and those who are franchised under the System,

7 2 2 During the term of this Agreement and after its expiration or termination, Store Owner shall not directly or indirectly contest the validity or ownership of the Proprietary Marks, nor take any other action which may tend to jeopardize CBL's interest therein, or CBL's right to use and to license others to use, the Proprietary Marks,

7 2 3 Store Owner's use of the Proprietary Marks does not give Store Owner any ownership interest or other interest in or to the Proprietary Marks, other than the license granted by this Agreement Neither Store Owner nor its principals shall directly or indirectly challenge CBL's rights to the Proprietary Marks at any time,

7 2 4 Any and all goodwill arising from Store Owner's use of the Proprietary Marks shall inure solely and exclusively to the benefit of CBL and its affiliates and, upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Store Owner's use of the System or the Proprietary Marks,

7 2 5 CBL and its affiliates shall have and retain the rights, among others (a) to use the Proprietary Marks themselves in connection with selling products and services, (b) to grant other licenses for the Proprietary Marks, in addition to those licenses already granted to existing franchisees, and (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to Store Owner, and

7 2 6 CBL reserves the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder if the Proprietary Marks no longer can be used, or if CBL, in its sole discretion, determines that substitution of different proprietary marks will be beneficial to the System In such circumstances, the use of the substituted proprietary marks shall be governed by the terms of this Agreement, and CBL shall not compensate Store Owner for such substitution and shall bear only the costs of modifying Store Owner's signs and advertising materials to conform to CBL's new proprietary marks Store Owner shall implement promptly any such substitution

8 CONFIDENTIAL MANUALS AND INFORMATION

8 1 In order to protect the reputation and goodwill of CBL and to maintain high standards of operation under the Proprietary Marks and the System, Store Owner shall conduct its business in accordance with the Manual Store Owner shall treat the Manual, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential Store Owner shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person The Manual shall at all times remain the sole property of CBL

8 2 Store Owner shall insure that its Manual is kept current, and in the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by CBL shall be controlling

8 3 Store Owner shall not, during or after the term hereof, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, or corporation, any confidential information, knowledge, or know-how concerning the methods of operation of the Store which may be communicated to Store Owner or of which Store Owner may be apprised by virtue of Store Owner's operation hereunder Store Owner shall divulge such confidential information only to those employees who must have access to it in order to perform their employment responsibilities Any and all information, knowledge, know-how, and techniques which CBL designates as confidential shall be deemed confidential for purposes hereof unless and until Store Owner shall demonstrate that the information has become public knowledge

8 4 Store Owner acknowledges that any failure to comply with the requirements of this Section 8 will cause CBL irreparable injury for which no adequate remedy at law may be available, and Store Owner agrees that CBL may seek, and Store Owner agrees to pay, all court costs and reasonable attorneys' fees incurred by CBL in obtaining, without posting a bond, an *ex parte* order for injunctive or other legal or equitable relief with respect to the requirements of this Section 8

8 5 Store Owner shall require anyone who may have access to confidential information to execute covenants that they shall maintain the confidentiality of information they receive in connection with their association with Store Owner Such covenants shall be in a form satisfactory to CBL including, without limitation, specific identification of CBL as a third party beneficiary of such covenants with the independent right to enforce them

8 6 If Store Owner, its employees, or principals develop any new concept, process or improvement in the operation or promotion of the Store, Store Owner will promptly notify CBL and provide CBL with all necessary related information, without compensation Any new concept, process or improvement will become CBL's sole property and CBL will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related to such new concepts Store Owner and its principals will assign to CBL any rights Store Owner may have or acquire in new concepts Store Owner or its employees develop, including the right to modify such concept, process or improvement, and otherwise will waive and/or release all rights of restraint and moral rights to any new concepts Store Owner or its employees develop Store Owner and its principals agree to assist CBL in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide CBL with all necessary documentation for obtaining and enforcing such rights Store Owner and its principals will irrevocably designate and appoint CBL as Store Owner's agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement In the event that this Section of this Agreement is found to be invalid or otherwise unenforceable, Store Owner and its principals will grant to CBL a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on your rights to the new concepts

9 BRAND BUILDING

Recognizing the value of brand building (including advertising and promotion), and the importance of the standardization of brand building, advertising and promotional programs to the furtherance of the goodwill and public image of the System, the parties agree as follows

9 1 Store Owner shall contribute, each month, the greater of (i) $100 00 per week, or (ii) an amount specified by us not to exceed 2% of Net Sales to the System-wide fund described in Section 9 3 hereof ("Brand Building Fund" or the "Fund")

9 2 CBL shall have the right to maintain and administer the Brand Building Fund, in its sole discretion The following provisions shall apply to the Fund

9 2 1 The Brand Building Fund, all contributions thereto, and any earnings thereon, shall be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, and developing the preparation of advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which CBL believes will benefit the System, including, among other things, the costs of preparing and conducting Brand Building campaigns in various media, preparation of direct mail advertising, market research, employing advertising and/or public relations agencies to assist therein, purchasing promotional items, administering gift card/loyalty programs or promotions, conducting and administering in-store promotions, providing promotional and other marketing materials and services to the businesses operating under the System, and point-of-purchase materials The Brand Building Fund is not a trust fund, and CBL shall not have any fiduciary duty to Store Owner with regard to the Brand Building Fund's administration, activities, or expenditures,

9 2 2 CBL shall direct all brand building, advertising and promotional programs, with sole discretion over the creative concepts, materials, and media used in such programs, and the placement and allocation thereof Store Owner agrees and acknowledges that among the Brand Building Fund's objectives is to maximize general public recognition and acceptance of the Proprietary Marks for the benefit of the System, and that CBL is not obligated, in administering the Brand Building Fund, to make expenditures for Store Owner which are equivalent or proportionate to Store Owner's contribution, or to ensure that any particular franchisee benefits directly or *pro rata* from the advertising or promotion conducted under the Brand Building Fund,

9 2 3 All contributions to the Brand Building Fund, shall be made by Store Owner in conformance with Section 3 4 of this Agreement All sums paid to the Brand Building Fund shall be separately accounted for from the other monies of CBL and shall not be used to defray any expenses of CBL, except for such reasonable costs and overhead, if any, as may be incurred in activities reasonably related to the administration or direction of the advertising programs and Brand Building Fund, including, among other things, costs of personnel and/or agency for creating and implementing advertising, promotional, and marketing programs The Brand Building Fund and any earnings thereon shall not otherwise inure to the benefit of CBL CBL shall maintain separate bookkeeping accounts for the Brand Building Fund, and

9 2 4 A summary of the operations of the Brand Building Fund as shown on the books of the Fund shall be prepared annually by CBL and furnished upon request to each Store Owner

9 2 5 Store Owner agrees and acknowledges that CBL may refund a certain portion of any given COFFEE BEANERY franchisee's contributions to the Brand Building Fund to reimburse that same franchisee for its documented local advertising expenditures that are administered in accordance with our System standards, in accordance with the process and at CBL's discretion as set forth in the Manuals

9 3 CBL reserves the right to require Store Owner to participate in local and regional advertising cooperatives in connection with the advertising and promotional programs administered by CBL or by other franchisees of the System or in the event no such cooperative has been established, to

require Store Owner to conduct local advertising for the Store In addition to the brand building contribution payable by you under Section 9 1, Store Owner agrees to pay any contributions that CBL requires Store Owner to make for expenditures by these local or regional cooperatives or that may be otherwise approved by these cooperatives or for local advertising if no cooperative exists If a cooperative exists and sixty-five percent (65%) or more of the CBL Stores voting agree to contribute or are contractually obligated to contribute a specified percentage of Gross Sales to the cooperative, then CBL can require Store Owner to make the same contribution to the cooperative, although CBL can require Store Owner to contribute no less than two percent (2%) of the Gross Sales of the Store to the cooperative notwithstanding the amount specified by the cooperative All Stores which are contractually obligated to contribute the specified percentage of royalty sales voted upon by the cooperative shall be counted as a favorable vote, whether or not they attend or vote at the meeting If there is no advertising cooperative or if the local Stores have not agreed upon a percentage of Gross Sales to be contributed to the cooperative, Store Owner must expend or contribute to the cooperative an amount we specify up to and including two percent (2%) of sales We agree that the maximum aggregate amount we can obligate you to contribute for advertising and promotion under this Section 9 4 will be four percent (4%) of the Gross Sales of your Store All contributions payable under this Section 9 4 must be paid in a manner identical to payments to the Brand Building Fund Nothing contained in this Section 9 4 shall limit, affect or supersede any obligation on your part to contribute a greater percentage of the Gross Sales of the Store pursuant to any separate agreement or understanding Store Owner may have with any such local or regional advertising or promotional cooperative CBL reserves the right to engage the services of an advertising source or sources to formulate, develop, produce and conduct the advertising and promotion programs for the cooperatives or for local advertising if no cooperatives exists with the cost of these services payable from the cooperative advertising budget or contributions made by Store Owner in accordance with this provision

All local advertising and promotion by Store Owner, shall be conducted in a dignified manner, conform to such standards as CBL shall establish in writing, and not be used without CBL's prior approval Store Owner shall submit to CBL (in the manner prescribed in Section 20) samples of all advertising and promotional plans and materials that have not been approved during the twelve (12) months prior to the date of Store Owner's proposed use, and may commence use of such plans or materials seven (7) days after CBL's receipt unless, prior thereto, CBL shall have furnished written notice to Store Owner prohibiting such use CBL also shall have the right at any time after Store Owner commences use of such material to prohibit further use, effective immediately upon receipt of written notice by Store Owner Store Owner is not permitted to establish an independent computer website including Internet and World Wide Web home pages Store Owner will however, be provided the opportunity to establish a link on CBL's the home web site, to its independent home page Such independent home page must first be approved by CBL prior to link being provided Franchisees are encouraged to participate in social networking to promote a positive brand image for CBL and notify CBL of any and all social networking accounts in which they participate

9 4 Store owner will be required to have a Facebook page, Twitter account or any other social media account for your store which will be set up for you in training and must be formatted to follow our standards An account representing a Coffee Beanery store must be used only for business purposes and is subject to our standards and requirements relating to use, including our requirement that Coffee Beanery must have access to your social media accounts as an administrator If you close your store you must also close down any Facebook, Twitter or other social media accounts that are associated with the store

9 5 Store Owner shall conduct a local advertising and grand opening promotion program within the two (2) month period before and the six (6) month period following the opening of the Store for business Upon lease execution, Store Owner shall pay CBL the sum of $3,500 for certain initial the Initial Launch Marketing Materials Kit previously described in this Agreement, and Store Owner must only use the foregoing materials (as well as any other materials that CBL approves) in connection with its grand opening advertising campaign

9 6 Store Owner shall fully participate in all multi-area marketing programs, and the introduction of new Products Store Owner agrees that for promotional programs required by CBL, CBL or the designated program provider may, without request from Store Owner, ship any materials associated with the promotion to Store Owner and Store Owner agrees to pay all charges associated with materials and their shipment

10 INSURANCE

10 1 Store Owner shall procure, prior to the opening of the Store, and shall maintain in full force and effect at all times during the term of this Agreement, at Store Owner's expense, an insurance policy or policies protecting Store Owner, CBL and its affiliates, and their respective shareholders, directors, employees, and agents against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring at or in connection with the Store Such policy or policies shall (i) be written by insurer(s) acceptable to CBL, (ii) name CBL and its shareholders, directors, employees, and agents, as additional insureds, (iii) comply with the requirements prescribed by CBL at the time such policies are obtained, (iv) provide at least the types and minimum amounts of coverage specified in the Manual, and (v) contain a waiver by Store Owner and its insurers of their subrogation rights against CBL and its affiliates, and their respective shareholders, directors, employees and agents

10 2 All public liability and property damage policies shall contain a provision that CBL, although named as an additional insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to CBL or its shareholders, directors, employees, and agents by reason of Store Owner's negligence

10 3 At least ten (10) days prior to the time any insurance is first required to be carried by Store Owner, and thereafter at least thirty (30) days prior to the expiration of any policy, Store Owner shall deliver to CBL Certificates of Insurance evidencing the proper types and minimum amounts of coverage All Certificates shall expressly provide that no less than thirty (30) days prior written notice shall be given CBL in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by such Certificates Certificates evidencing the insurance required by this Section shall contain a waiver of subrogation and name CBL and its affiliates, and their respective shareholders, directors, employees, and agents, as additional insureds, and shall expressly provide that any interest of each shall not be affected by any breach by Store Owner of any policy provisions for which such Certificates evidence coverage

11 COMPUTERS, RECORDS, AND REPORTING REQUIREMENTS

11 1 Store Owner, at its expense, shall purchase or lease, and thereafter maintain, such computer hardware (including laptops), point-of-sale system components, iPads, software, and firmware, required dedicated telephone and power lines, modem(s), printer(s), and other computer-related accessories or peripheral equipment as CBL specifies in the Manuals or otherwise in writing Store Owner's computer systems must electronically exchange information, messages, and other data with our corporate computers, by such means (including but not limited to the Internet), and using such protocols (*e g* , TCP/IP), as CBL may reasonably prescribe in the Manual or otherwise in writing CBL shall have the right at any time to retrieve data and information from Store Owner's computer system and use it for any purpose both during and after the term of this Agreement Store Owner shall keep its computer system in good maintenance and repair and, at its expense, shall promptly install such additions, changes, modifications, substitutions, and/or replacements to the computer hardware, software, firmware, telephone and power lines, and other computer-related facilities, as CBL directs Store Owner shall not update, modify, enhance, or upgrade any computer hardware or software without CBL's prior written consent Store Owner must cover all costs associated with acquiring and maintaining all required point-of-sale and other computer system components that CBL designates, and Store Owner will be solely responsible for paying all software license and support/maintenance fees associated with the point-of-sale system and other computer hardware that CBL designates

11 2 Store Owner shall not establish any independent website, including Internet and World Wide Web home pages, except as permitted under Section 9 4

11 3 Store Owner shall prepare, during the term of this Agreement, and shall preserve for at least five (5) years from the dates of their preparation, complete and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by CBL from time to time in the Manual or otherwise in writing

11 4 Store Owner shall, at its expense, provide CBL with a copy of Store Owner's financial statements showing the results of operations of the Store for each fiscal year during the term of this Agreement The statements shall include a statement of income, balance sheet, and a statement of cash flows, accompanied by a review report, prepared by an independent accountant using generally accepted accounting principles, and shall be furnished to CBL within ninety (90) days after the end of each fiscal year of the Store

11 5 Store Owner shall, at its expense, provide CBL, electronically or on forms and other documentation prescribed by CBL, with a weekly and monthly statement of Net Sales, and such other information regarding the operation of the Store as CBL may reasonably request, including information concerning local promotional activities required by Section 5 13 The monthly statement shall be due at the same time as Store Owner's royalty payment Each statement shall be signed by Store Owner attesting that it is true and correct CBL shall have administrative access to review reporting and sales

11 6 Store Owner also shall provide to CBL, for review or auditing, such other information or forms as CBL may reasonably designate, in the manner as are reasonably designated by CBL

11 7 CBL or its designated agents shall have the right at all reasonable times to examine and copy, at CBL's expense, the books, records, accounts, and business tax returns of Store Owner CBL shall also have the right, at any time, to have an independent audit made of the books and records of Store Owner If an inspection or audit reveals that any payments due to CBL have been understated in any report to CBL, then Store Owner shall immediately pay to CBL the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent per annum calculated monthly, or the maximum rate permitted by law, whichever is less If an inspection or audit discloses an understatement in any report of three percent (3%) or more, Store Owner shall, in

addition to repayment of monies owed with interest, reimburse CBL for any and all costs and expenses connected with the inspection (including, without limitation, travel, lodging and wage expenses, and reasonable accounting and legal costs) The foregoing remedies shall be in addition to any other remedies CBL may have as a result of such underreporting

12 TRANSFER OF INTEREST

12 1 CBL shall have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity With respect to any assignment which results in the subsequent performance by the assignee of all of CBL's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all obligations of CBL under this Agreement from the date of assignment In addition, and without limitation to the foregoing, Store Owner expressly affirms and agrees that CBL may sell its assets, its Proprietary Marks, or its System, may sell its securities in a public offering or in a private placement, may permit and participate in any transfer or distribution of its securities in connection with a spin-off, may merge, acquire other corporations, or be acquired by another corporation, and may undertake a financing, recapitalization, leveraged buy-out, or other economic or financial reorganization or restructuring

12 2 Store Owner understands and acknowledges that its rights and duties are personal and that CBL has granted this franchise in reliance on Store Owner's business skill, financial capacity, and personal character Accordingly, neither Store Owner nor any immediate or remote successor to any part of Store Owner's interest in this Agreement, nor any individual, partnership, corporation, or other legal entity which directly or indirectly owns any interest in Store Owner shall, without the prior written consent of CBL, sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber (i) any direct or indirect interest in the rights granted in this Agreement, (ii) any direct or indirect ownership interest in the Store-Owner entity, if Store Owner is a business entity or partnership of any kind, or (iii) all or substantially all of the assets of the Store Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of CBL required by this Section 12 2, shall be null and void and shall constitute a material breach hereof, for which CBL may then terminate without an opportunity to cure pursuant to Section 13 2 4 hereof

12 2 1 CBL shall not unreasonably withhold its consent when required pursuant to Section 12 2 provided the following condition to consent are met

12 2 1 1 All of the transferor's accrued monetary obligations and all other outstanding obligations to CBL and CBL's affiliates shall have been satisfied,

12 2 1 2 CBL and the transferor shall have executed a mutual general release, in a form prescribed by CBL, of any and all claims which each may have against the other and their affiliates, and their respective shareholders, directors, employees, and agents in their corporate and individual capacities,

12 2 1 3 The transferee shall sign CBL's standard form franchise agreement then being offered to new Store Owners (including the execution of personal guarantees), and either transferee or transferor must pay a transfer fee to CBL amounting to $7,500,

12 2 1 4 The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as CBL may request) shall demonstrate to CBL's satisfaction that it meets CBL's educational, managerial, and business standards, possesses a good moral character (if an individual), business reputation, and credit rating, has the aptitude and ability to operate the Store, as may be evidenced by prior related business experience or otherwise, and has adequate

financial resources and liquid capital available to successfully operate the Store given the financial obligations associated with the Store,

12 2 1 5 The transferee, at its expense, shall within the time specified by CBL, upgrade the Store premises to conform to the then-current standards and specifications of the System,

12 2 1 6 At transferee's expense, the transferee and its manager shall successfully complete such training as CBL may deem necessary in order to properly operate the Store,

12 2 1 7 At CBL's option, the transferor shall reimburse CBL for its reasonable legal, accounting, management, training, and incidental expenses incurred in reviewing and approving the transfer and providing such training to the transferee as CBL deems necessary, provided, however, that no reimbursement shall be required for (i) transfers to a corporation formed for the convenience of ownership, where the ownership of such corporation is in the same proportion as the ownership of Store Owner before such transfer, and (ii) transfers made pursuant to Section 12 3 hereof, and

12 2 1 8 Store Owner shall not be in default of any provision of this Agreement or any other agreement between the Store Owner and CBL or its affiliates

12 2 2 Store Owner shall grant no security interest in any of the assets of the Store unless the secured party agrees that in the event of any default by Store Owner under any documents related to the security interest, CBL shall have the right and option to be substituted as obligor to the secured party and to cure any default of Store Owner, except any acceleration of indebtedness due to Store Owner's default shall be void

12 3 Upon the death or mental incapacity of Store Owner (if an individual) or of any person with a controlling interest in Store Owner or this Agreement, the executor or administrator of the estate of such person, or the personal representative of such person, shall transfer, within six (6) months after such death or mental incapacity, such interest to a third party approved by CBL Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions for transfer as are provided in Sections 12 2 or 12 3, as the case may be However, in the case of a transfer by devise or inheritance governed by Section 12 2, if the heirs or beneficiaries are unable to meet the conditions in Section 12 2 hereof, the executor or administrator of the deceased Store Owner shall have a reasonable time to dispose of the deceased's interest in the franchise, which disposition shall be subject to all the terms and conditions for transfers contained herein If the interest is not disposed of within a reasonable time, CBL may terminate this Agreement pursuant to Section 13 2 7 hereof

12 4 CBL's consent to a transfer which is the subject of this Section 12 shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of CBL's right to demand exact compliance with any of the terms hereof by transferee

12 5 If, for any reason, this Agreement is not terminated pursuant to Section 13 1 and this Agreement is assumed or assignment of the same to any person or entity who has made a bona fide offer to accept an assignment of this Agreement is contemplated, pursuant to the United States Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth (a) the name and address of the proposed assignee, and (b) all of the terms and conditions of the proposed assignment and assumption, shall be given to CBL within twenty (20) days after receipt of such proposed assignee's offer to accept assignment of this Agreement, and, in any event, within ten (10) days prior to the date that the application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and CBL shall thereupon have the prior right and option, to be exercised by notice given at any time prior to the effective date of such proposed assignment and assumption, to accept

an assignment of this Agreement to CBL itself, upon the same terms and conditions and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by Store Owner out of the consideration to be paid by such assignee for the assignment of this Agreement The franchisor will not exercise the option for any partial sale of the franchise business The franchise may not become a partial owner of any SBA financed franchisees

12 6 If you purchased your rights under this Agreement through a transfer from an existing Coffee Beanery Franchise owner, then you agree that our right to receive the payments from you required under this Agreement (including, without limitation, all Monthly Royalty and Brand Building Fees and payments for warehouse purchases or otherwise) shall be superior to the right of such transferor sponsor or franchisee to receive any payments from you in satisfaction of any amounts owed by you to such transferor as a result of the transfer

13 DEFAULT AND TERMINATION

13 1 Store Owner shall be deemed to be in default hereunder, and all rights granted herein shall automatically terminate without notice to Store Owner, if Store Owner shall become insolvent or makes a general assignment for the benefit of creditors, or, if a petition in bankruptcy is filed by Store Owner or such a petition is filed against and not opposed by Store Owner, or, if Store Owner is adjudicated as bankrupt or insolvent, or, if a bill in equity or other proceeding for the appointment of a receiver of Store Owner or other custodian for Store Owner's business or assets is filed and consented to by Store Owner, or, if a receiver or other custodian (permanent or temporary) of Store Owner's assets or property, or any part thereof, is appointed by any court of competent jurisdiction, or, if proceedings for a composition with creditors under any state or federal law should be instituted by or against Store Owner, or, if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed), or, if Store Owner is dissolved, or, if execution is levied against Store Owner's business or property, or, if the real or personal property of the Store shall be sold after levy thereupon by any sheriff, marshal, or constable

13 2 Upon the occurrence of any of the following events, Store Owner shall be deemed to be in default and CBL may, at its option, terminate this Agreement and all rights granted hereunder, without affording Store Owner any opportunity to cure the default, effective immediately upon the provision of notice to Store Owner (in the manner set forth under Section 20 of this Agreement)

13 2 1 If Store Owner fails to (a) open the Store within the timeframe provided in Section 6 6 of this Agreement, or (b) secure an approved premises for the Store within six (6) months of executing this Agreement,

13 2 2 If Store Owner at any time ceases to operate or abandons the Store for a period of seven (7) consecutive days, or otherwise forfeits the right to do or transact business in the jurisdiction where the Store is located, provided, however, that if through no fault of Store Owner, the premises are damaged or destroyed, then Store Owner shall have thirty (30) days within which to apply for CBL's approval to relocate or reconstruct the premises, which approval shall not be unreasonably withheld,

13 2 3 If Store Owner, or any officer, director, or partner of Store Owner, is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that CBL believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or CBL's interest therein,

13 2 4 If Store Owner or any partner or shareholder in Store Owner purports to transfer any rights or obligations hereunder, or any interest in Store Owner or the assets of the Store to any third

party without CBL's prior written consent or notice, contrary to the terms of Section 12 of this Agreement,

13 2 5 If Store Owner fails to comply with the covenants in Section 15 2 of this Agreement or fails to deliver to CBL executed covenants required under Section 15 9 of this Agreement,

13 2 6 If, contrary to the terms of Section 8, Store Owner or any principal of Store Owner discloses or divulges the contents of the Manual or other confidential information provided to Store Owner by CBL,

13 2 7 If an approved transfer is not effected following Store Owner's death or mental incapacity as required by Section 12 3 of this Agreement,

13 2 8 If Store Owner fails to comply with any provision of this Agreement or any specification, standard or operating procedure or rule prescribed by Coffee Beanery which relates to the use of any Mark, the quality of authorized food products or any beverages sold by Store Owner or the cleanliness and sanitation of the Store, or if Store Owner fails to comply with any applicable health code relating to the operation of the Store and Store Owner does not correct such failure within three (3) calendar days after written notice is delivered to Store Owner,

13 2 9 If Store Owner knowingly maintains false books or records, or knowingly submits any false reports to CBL,

13 2 10 If the lease for the Store premises expires without being renewed or for any reason is terminated,

13 2 11 If Store Owner, after curing a default pursuant to Section 13 3 of this Agreement, commits a similar or different default within two (2) years thereafter, whether or not cured after notice,

13 2 12 If Store Owner does not pay any monies owing to CBL or CBL's affiliates, or Store Owner's suppliers, at the time that payment is required,

13 2 13 If Store Owner or any principal of Store Owner has made any material misrepresentations in connection with Store Owner's application to CBL for the franchise granted herein,

13 2 14 If Store Owner understates any payment to CBL by five percent (5%) or more, or understates any such payment in any amount, twice in any two (2) year period,

13 2 15 If Store Owner fails to obtain or maintain required insurance coverage,

13 2 16 If Store Owner permits alcohol, drugs, or pets on the Store premises, or the Store premises is used for any activities prohibited by Section 5 5, or

13 2 17 If Store Owner or any affiliate of Store Owner commits any act of default under any other franchise agreement with CBL for which such agreement is terminated

13 3 Except as provided in Sections 13 1 and 13 2 of this Agreement, Store Owner shall have thirty (30) days after CBL provides written notice of termination (in the manner specified in Section 20, of this Agreement) within which to remedy any default hereunder and to provide evidence thereof to CBL If any such default is not cured within such time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Store Owner, effective immediately upon

expiration of such period Store Owner shall be in default hereunder for any failure to substantially comply with any of the requirements imposed by this Agreement, as they may from time to time be supplemented in writing as permitted herein, or to carry out the terms hereof in good faith

14 OBLIGATION UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted hereunder to Store Owner shall forthwith terminate and

14 1 Store Owner shall immediately cease to operate the Store, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of CBL

14 2 Store Owner shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System, the Proprietary Marks, and all other proprietary marks and distinctive forms, slogans, signs, symbols, and devices associated with the System

14 3 Store Owner shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Proprietary Marks, and Store Owner shall furnish CBL with evidence satisfactory to CBL of compliance with this obligation within thirty (30) days after termination or expiration hereof

14 4 Store Owner shall, at CBL's option, immediately assign to CBL any interest which Store Owner has in any lease for the Store premises In the event CBL does not elect to exercise its option to acquire the lease for the Store premises, Store Owner shall make such modifications or alterations to the premises (including, at CBL's option, the assignment of the telephone number to CBL) immediately upon termination or expiration hereof as may be necessary to distinguish the appearance of such premises from that of other Stores operating under the System and Proprietary Marks, and shall make such specific additional changes thereto as CBL may reasonably request for that purpose In the event Store Owner fails or refuses to comply with the requirements of this Section 14 4, CBL shall have the right to enter upon the Store premises without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Store Owner, which expense Store Owner agrees to pay upon demand

14 5 Store Owner agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute CBL's rights in and to the Proprietary Marks, and further agrees not to use any designation of origin, description, representation, trademark, or trade name which suggests or represents a past or present association or connection with CBL, the System, or the Proprietary Marks

14 6 Store Owner shall promptly pay all sums owing to CBL and its affiliates In the event of termination for any default of Store Owner, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by CBL as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of CBL against any and all of the personal property, furnishings, equipment, signs, and fixtures, owned by Store Owner and on the Store premises at the time of default Store Owner shall pay to CBL all damages, costs, and expenses, including reasonable attorneys' fees, incurred by CBL, subsequent to the termination or expiration hereof in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement

14 7 Store Owner agrees that any termination of this Agreement by Store Owner before the expiration of the initial term will deprive CBL of the benefit of the bargain it is entitled to receive under this Agreement If this Agreement terminates for any reason other than a material breach by CBL, Store Owner shall pay CBL, as liquidated damages for the loss of the benefit of the bargain CBL is entitled to receive, and not as a penalty, a lump sum payment equal to royalty fees Store Owner owed CBL during the preceding sixty (60) months before the termination date If less than sixty (60) months have lapsed between the date the Store Owner commenced operations and the termination date, the liquidated damages will be the average monthly royalty fees during the period from commencement of Store operations and the termination multiplied by sixty (60) If the balance of the initial term of this Agreement is less than sixty months, the amount of the liquidated damages shall be determined by multiplying the average monthly royalty fees during the preceding sixty (60) months by the number of months remaining in the initial term of this Agreement If the termination occurs prior to the commencement of Store operations, Store Owner will forfeit the initial franchise fee paid but will not owe CBL any further damages Store Owner will pay all amounts due under this section within thirty (30) days after termination of this Agreement Store Owner agrees, and will direct any party construing this Agreement to conclusively presume, that the damages stated in this section (i) are true liquidated damages, (ii) are intended to compensate CBL for the harm that CBL will suffer, (iii) are not a penalty, (iv) are a reasonable estimate of our probable loss resulting from the Store Owner defaults, viewed as of the effective date of this Agreement, and (v) will be in addition to all other rights we have to obtain legal or equitable relief, including any injunctive relief to enjoin Store Owner's breach of any post-term restrictive covenants

14 8 Store Owner shall immediately return the Manual and all other documents which contain confidential information relating to the operation of the Store

14 9 CBL shall have the option, to be exercised within thirty (30) days after termination or expiration hereof, to purchase from Store Owner any or all of the furnishings, equipment, signs, fixtures, or supplies related to the operation of the Store, at their fair market value If the parties cannot agree on the price of any such items within fifteen (15) days after the exercise of the option, an independent appraiser shall be designated by CBL and Store Owner and his determination shall be binding If CBL and Store Owner cannot agree on an appraiser within fifteen (15) days, each party shall designate an independent appraiser, and the two designated independent appraisers shall select a third independent appraiser The determination of fair market value of the third appraiser so chosen shall be binding CBL and Store Owner shall share equally in the cost of any independent appraiser(s) If CBL elects to exercise any option to purchase herein provided, the closing shall take place within fifteen (15) days after the purchase price shall have been established CBL shall have the right to set off all amounts due from Store Owner, and the cost of the appraisal, if any, against the payment price of such items

14 10 All covenants, obligations, and agreements of Store Owner which by their terms or by reasonable implication are to be performed, in whole or in part, after the termination or expiration of this Agreement, shall survive such termination or expiration

14 11 Store Owner shall comply with the covenants contained in Section 15 3 of this Agreement

15 COVENANTS

15 1 Store Owner covenants that during the term hereof, except as otherwise approved in writing by CBL, Store Owner (or if Store Owner is a corporation or partnership, a principal of Store Owner) or Store Owner's manager shall devote its full time and best efforts to the management and operation of the Store

15 2 Store Owner acknowledges that it shall receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of CBL and the System Store Owner covenants that during the term hereof it shall not, either directly or indirectly, except as otherwise approved in writing by CBL, for itself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity

15 2 1 Divert or attempt to divert any business or customer of the Store to any competitor by inducement or otherwise, or do or perform any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System, and

15 2 2 Own, maintain, advise, operate, engage in, be employed by, make loans to, have any interest in or relationship or association with (i) any retail coffee store, cafe or other business operation that offers the same or similar products or services as those offered by the Store (a "Competing Business"), and (ii) any business that offers or grants licenses or franchises, or establishes one or more joint ventures, for the operation of any Competing Business,

15 3 Store Owner covenants that it shall not, without CBL's prior written consent, for a continuous, uninterrupted one (1) year period commencing upon the date of (a) a transfer permitted under Section 12 of this Agreement, (b) expiration of this Agreement, (c) termination of this Agreement (regardless of the cause for termination), or (d) a final decision of an arbitrator or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 15 3, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with

15 3 1 a Competing Business that is located (i) at the Approved Location, or (ii) within a ten (10) mile radius of (a) the Approved Location, or (b) any other COFFEE BEANERY location that is open, under lease or otherwise under development as of the termination or expiration of this Agreement,

12 3 2 any business that offers or grants licenses or franchises, or establishes one or more joint ventures for, the operation of any Competing Business

15 4 Sections 15 2 and 15 3 shall not apply to the beneficial ownership by Store Owner of less than a five-percent (5%) of the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934

15 5 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision hereof If all or any portion of a covenant in this Section 15 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which CBL is a party, Store Owner expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 15

15 6 Store Owner agrees and acknowledges that CBL shall have the right, in its sole discretion, to reduce the scope of any covenant or any portion thereof set forth in Sections 15 2 and 15 3 of this Agreement, without Store Owner's consent, effective immediately upon receipt by Store Owner of written notice thereof, and Store Owner agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 21 of this Agreement

15 7 Store Owner expressly agrees that the existence of any claims it may have against CBL, whether or not arising hereunder, shall not constitute a defense to the enforcement by CBL of the covenants in this Section 15

15 8 Store Owner acknowledges that Store Owner's violation of the terms of Sections 14 or 15 of this Agreement would result in irreparable injury to CBL for which no adequate remedy at law may be available Store Owner hereby consents to the issuance by a court of competent jurisdiction of an injunction prohibiting any conduct by Store Owner violative of the obligations in Sections 14 or 15 of this Agreement, including such issuance on an ex-parte basis Store Owner hereby waives the requirement that CBL post any bond relating to such injunctive relief, or, if such bond may not be legally waived by Store Owner, Store Owner agrees that a bond in the amount of $1,000 is sufficient Store Owner agrees to pay all court costs and reasonable attorneys' fees incurred by CBL in obtaining any injunctive or other equitable or legal relief with respect to such conduct or action

15 9 At CBL's request, Store Owner shall obtain execution of covenants similar to those set forth in this Section 15 (including covenants applicable upon the termination of a person's relationship with Store Owner and covenants incorporating the terms of Section 14 of this Agreement, as modified to apply to an individual) from any or all of the following persons (1) all employees of Store Owner who have received training from CBL, (2) all officers, directors, and holders of a beneficial interest of five (5%) percent or more of the securities of Store Owner, and of any corporation directly or indirectly controlling Store Owner, if Store Owner is a corporation, and (3) the general partners (including any corporation, and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general partner), if Store Owner is a partnership Store Owner shall furnish copies of such covenants to CBL upon request Every covenant required by this Section 15 9 shall be in a form approved by CBL, including, without limitation, specific identification of CBL as a third party beneficiary of such covenants with the independent right to enforce them

16 STORE OWNER AS A CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY

16 1 Except as otherwise approved in writing by CBL, if Store Owner is a corporation, it shall (i)confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to operating the Store, (ii)maintain stop transfer instructions on its records (unless Store Owner is publicly held) against the transfer of any equity securities and shall only issue securities upon the face of which a legend, in a form satisfactory to CBL, appears which references the transfer restrictions imposed by this Agreement, and (iii) maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Store Owner and furnish the list to CBL upon request

16 2 If Store Owner is a partnership it shall (i) furnish CBL with its partnership agreement as well as such other documents as CBL may reasonably request and any amendments thereto, and (ii) prepare and furnish to CBL, upon request, a current list of all general and limited partners in Store Owner

16 3 If Store Owner is a limited liability company, it shall (i) confine its activities exclusively to operating the Store, (ii) furnish CBL with its articles of organization and operating agreement, as well as such other documents as CBL may reasonably request and any amendments thereto, (iii) prepare and furnish to CBL, upon request, a current list of all members and managers in Store Owner, and (iv) maintain stop transfer instructions on its records against the transfer of any equity securities and shall only issue securities which bear a legend, in a form satisfactory to CBL, which references the transfer restrictions imposed by this Agreement

16 4 Each present and future shareholder or member, and each present and future general and limited partner, of Store Owner, as well as the spouse of each shareholder, member, general partner and/or limited partner (as applicable), shall jointly and severally guarantee Store Owner's performance of each and every provision of this Agreement, by executing a Guarantee in the form annexed hereto as Attachment A

17 TAXES, PERMITS, AND INDEBTEDNESS

17 1 Store Owner shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by Store Owner in the conduct of the Store Store Owner shall pay to CBL an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on CBL with respect to any payments to CBL required hereunder, unless the tax is credited against income tax otherwise payable by CBL

17 2 In the event of any bona fide dispute as to Store Owner's liability for taxes assessed or other indebtedness, Store Owner may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law, however, in no event shall Store Owner permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the Store premises, or any improvements thereon

17 3 Store Owner shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Store, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, and fire clearances

17 4 Store Owner shall notify CBL in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Store

18 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

18 1 It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that Store Owner shall be an independent contractor, and, that nothing herein is intended to constitute either party as an agent, legal representative, subsidiary, joint venturer, partner, employee, employer, joint employer, enterprise, or servant of the other for any purpose whatsoever

18 2 During the term hereof, Store Owner shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise from CBL Store Owner agrees to take such action as may be necessary to do so, including, as set forth in Section 7 2 4, exhibiting a notice of that fact in a conspicuous place on the Store premises

18 3 Store Owner acknowledges and agrees that it is not authorized to make any contract, agreement, warranty, or representation on CBL's behalf, or to incur any debt or other obligation in CBL's name, and that CBL shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, nor shall CBL be liable by reason of any act or omission of Store Owner in its conduct of the Store or for any claim or judgment arising therefrom against Store Owner or CBL Store Owner shall indemnify and hold CBL and its affiliates, and their respective shareholders, directors, employees, and

agents harmless against any and all claims arising directly or indirectly from, as a result of, or in connection with Store Owner's operation of the Store, as well as the costs, including attorneys' fees, of defending against them

19 APPROVALS AND WAIVERS

19 1 CBL makes no warranties or guarantees upon which Store Owner may rely, and assumes no liability or obligation to Store Owner, by providing any waiver, approval, consent, or suggestion to Store Owner in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor No delay, waiver, omission, or forbearance on the part of CBL to exercise any right, option, duty, or power arising out of this Agreement against Store Owner, or any other franchisee, or any breach or default by Store Owner, or by any other franchisee, of any of the terms, provisions, or covenants thereof, shall constitute a waiver by CBL to enforce any such right, option, or power as against Store Owner, or as to a subsequent breach or default by Store Owner Subsequent acceptance by CBL of any payments due to it hereunder shall not be deemed to be a waiver by CBL of any preceding or succeeding breach by, or obligations of, Store Owner of any terms, covenants, or conditions of this Agreement

20 NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by Fax, mailed by certified mail, return receipt requested, or dispatched by overnight delivery envelope, to the respective parties at the addresses set forth on the signature page of this Agreement unless and until a different address has been designated by written notice to the other party Notices shall be deemed to have been received as follows by personal delivery or fax -- at the time of delivery, by overnight delivery service -- on the next business day following the date on which the Notice was given to the overnight delivery service, by certified mail – three (3) days after the date of mailing

21 ENTIRE AGREEMENT

21 1 This Agreement, and any attachments hereto, constitute the entire and complete agreement between CBL and Store Owner concerning the subject matter hereof, and supersede any and all prior proposals, negotiations, representations and agreements Nothing in this or any related agreement is intended to disclaim the representations made in the form of franchise disclosure document that CBL timely disclosed to Store Owner prior to entering into this Agreement Except for those permitted hereunder to be made unilaterally by CBL, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing

22 SEVERABILITY AND CONSTRUCTION

22 1 Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision hereof shall be considered severable, and if, for any reason, any portion, section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions hereof as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto, and the invalid portions, sections, parts, terms, and/or provisions shall be deemed not to be a part hereof

22 2 Store Owner expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part hereof, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which CBL is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such court order

22 3 Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination

23 APPLICABLE LAW

23 1 This Agreement takes effect upon its acceptance and execution by CBL in Michigan, and any claim or controversy arising out of or related to this Agreement, or the making, performance, breach, interpretation, or termination thereof, shall be interpreted and construed exclusively under the laws of Michigan In the event of any conflict of law, the laws of Michigan shall prevail, without regard to the application of Michigan conflict of law rules If, however, any provision of this Agreement would not be enforceable under the laws of Michigan, and if the Store is located outside of Michigan and such provision would be enforceable under the laws of the state in which the Store is located, then such provision shall be interpreted and construed under the laws of that state Nothing in this Section 23 1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of Michigan to which it would not otherwise be subject

23 2 Prior to involving any third party in any claim or dispute with CBL or any of its approved suppliers, Store Owner must first raise that claim or dispute to CBL's management and make every effort to resolve the dispute internally Store Owner must exhaust this internal dispute resolution procedure before Store Owner may bring Store Owner's dispute before a third party This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement

23 3 At CBL's option, all claims or disputes between Store Owner and CBL (or their respective affiliates) arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor (or its affiliates), or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure sent forth in Section 23 2 above, will be submitted first to mediation to take place at Franchisor's then-current corporate headquarters under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect

23 3 1 Before commencing any legal action against CBL or its affiliates with respect to any such claim or dispute, Store Owner must submit a notice to CBL, which specifies, in detail, the precise nature and grounds of such claim or dispute CBLwill have a period of thirty (30) days following receipt of such notice within which to notify Store Owner as to whether CBL or its affiliates elects to exercise its option to submit such claim or dispute to mediation Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile, or (ii) as a result of a written declaration by Franchisor

23 3 2 CBL's rights to mediation, as set forth herein, may be specifically enforced by CBL Each party will bear its own cost of mediation and CBL and Store Owner will share mediator fees equally This agreement to mediate will survive any termination or expiration of this Agreement

23 3 3 The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 23 3 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating) (i) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information or other confidential information, (ii) any of the restrictive covenants contained in this Agreement, and (iii) any of Franchisee's payment obligations under this Agreement

23 3 5 Mediation shall not limit or otherwise affect CBL's right to default Store Owner and/or terminate this Agreement in accordance with the terms otherwise set forth herein

23 4 Subject to Sections 23 2 and 22 3 of this Agreement, the parties agree that any actions arising out of or related to this Agreement must be initiated and litigated to conclusion exclusively in the state court of general jurisdiction closest to CBL's then-current corporate headquarters or, if appropriate, the United States District Court for the Eastern District of Michigan Store Owner acknowledges that this Agreement has been entered into in the State of Michigan, and that Store Owner is to receive valuable and continuing services emanating from CBL's headquarters in Michigan, including but not limited to training, assistance, support and the development of the System In recognition of such services and their origin, Store Owner hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Michigan as set forth in this Section

23 5 To the extent that a judicial action is permitted by the Agreement, any such action brought by Store Owner against CBL shall be brought exclusively, and any such action brought by CBL against Store Owner may be brought, in the federal district court covering the location at which CBL has its principal place of business at the time the action is commenced, provided, however, that if the federal court would not have subject matter jurisdiction had the action been commenced in such court, then, in such event, the action shall (with respect to actions commenced by Store Owner), and may (with respect to actions commenced by CBL), be brought in the state court within the judicial district in which CBL has its principal place of business at the time the action is commenced The parties waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision

23 6 No right or remedy conferred upon or reserved to CBL or Store Owner hereby is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy

23 7 Nothing in this Agreement shall bar CBL's right to seek injunctive relief without the posting of any bond or security to obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to Store Owner's obligations CBL also shall be able to seek injunctive relief to prohibit any act or omission by Store Owner or its employees that constitutes a violation of any applicable law, is dishonest or misleading to Store Owner's customers or to the public, or which may impair the goodwill associated with the Proprietary Marks, and Store Owner agrees to pay all costs and reasonable attorneys' fees incurred by CBL in obtaining such relief

23 8 CBL and Store Owner irrevocably waive trial by jury in any action, proceeding, or counterclaim whether at law or in equity, brought by either of them against the other, whether or not there are other parties in such action or proceeding With the exception of claims or actions relating to royalty fees, advertising contributions or other sums due to CBL, any claim or controversy arising out of or related to this Agreement, or the making, performance, breach, interpretation, or termination thereof, brought by any party hereto against the other, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred Except

as specifically provided for in this Agreement, CBL and Store Owner hereby waive, in any judicial action, any right to or claim of any punitive or exemplary damages against the other and agree that in the event of a dispute between them

24 ACKNOWLEDGMENTS

24 1 Store Owner acknowledges that it has conducted an independent investigation of the rights granted by this Agreement, recognizes that the business venture contemplated herein involves business risks, and that its success will be largely dependent upon the ability of Store Owner as an independent businessperson CBL expressly disclaims the making of, and Store Owner acknowledges that it has not received, any representation, express or implied from any agent or employee of CBL, as to the prior, current, or potential sales, income, profits, or success of the business venture contemplated by this Agreement or of any other Store

24 2 Store Owner acknowledges that it received a copy of the complete CBL Franchise Agreement, and the attachments relating thereto, if any, at least seven (7) calendar days prior to the Effective Date Store Owner further acknowledges that it received CBL's uniform Franchise Disclosure Document at least fourteen (14) calendar days prior to the Effective Date Store Owner acknowledges that it has read and understands this Agreement, the attachments hereto, if any, and that CBL has accorded Store Owner ample time and opportunity to consult with advisors of Store Owner's own choosing about the potential benefits and risks of entering into this Agreement

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement on the day and year first above written

Address For Notices Pursuant to
Section 20 of this Agreement

CBL Address
3429 Pierson Place
Flushing, Michigan 48433
Attn Executive Vice President

Signatures

THE COFFEE BEANERY, LTD

By _____

Title _____

Store Owner Address

_____
_____
_____
_____

STORE OWNER

By _____

Title _____

STORE OWNER

By _____

Title _____

STORE OWNER

By _____

Title _____

Attachment A
to the Franchise Agreement

GUARANTEE

As an inducement to The Coffee Beanery, Ltd (**"CBL"**) to execute the Franchise Agreement with _____ (**"Store Owner"**) dated _____, 20____, and in consideration of CBL executing the Franchise Agreement and of the sum of One Dollar ($1 00) now paid by CBL to Guarantors, the receipt of which is hereby acknowledged, Guarantors jointly and severally agree as follows

1 Guarantors shall pay or cause to be paid to CBL all monies payable by Store Owner under the Franchise Agreement on the date and in the manner required for payment

2 Guarantors unconditionally guarantee full performance and discharge by Store Owner of all the obligations of Store Owner under the Franchise Agreement on the date and times and in the manner required

3 Guarantors shall indemnify and save harmless CBL and its affiliates, and their respective shareholders, directors, employees, and agents, against and from all losses, damages, costs, and expenses which CBL and its affiliates may sustain, incur, or become liable for by reason of

a Store Owner's failure to pay the monies payable pursuant to the Franchise Agreement or to do and perform any other act, matter, or thing required by the Franchise Agreement, or

b Any action by CBL to obtain performance by Store Owner of any act, matter, or thing required by the Franchise Agreement

4 CBL shall not be obligated to proceed against Store Owner or exhaust any security from Store Owner or pursue or exhaust any remedy, including any legal or equitable relief against Store Owner, before proceeding to enforce the obligations of the Guarantors herein set out, and the enforcement of such obligations may take place before, after, or contemporaneously with, enforcement of any debt or obligation of Store Owner under the Franchise Agreement

5 Without affecting the Guarantors' obligations under this Guarantee, CBL, without notice to the Guarantors, may extend, modify, or release any indebtedness or obligation of Store Owner, or settle, adjust, or compromise any claims against Store Owner Guarantors waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Store Owner

6 This Guarantee shall terminate upon the termination or expiration of the Franchise Agreement, except that all obligations and liabilities of the Guarantors which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the Store Owner or the Guarantors, and all covenants which by their terms continue in force after the expiration or termination of the Franchise Agreement shall remain in force according to their terms Upon the death of an individual Guarantor, the estate of such Guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death, and the obligations of any other Guarantors will continue in full force and effect

7 The provisions of Section 23 of the Franchise Agreement shall apply as to any interpretation or enforcement of this Guarantee, as well as any disputes or claims arising out of or related

to this Guarantee Furthermore, the provisions of Section 20 of the Franchise Agreement shall apply to any notice to either party, except that notice to Guarantors shall be sent to the address(es) set forth below beneath each Guarantor's signature

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Franchise Agreement

GUARANTOR	GUARANTOR
_____	_____
Signature	Signature
_____	_____
Printed Name	Printed Name
_____	_____
Street Address	Street Address
_____	_____
City and State	City and State
GUARANTOR	GUARANTOR
_____	_____
Signature	Signature
_____	_____
Printed Name	Printed Name
_____	_____
Street Address	Street Address
_____	_____
City and State	City and State

Countersigned

THE COFFEE BEANERY, LTD

By _____

Title _____

Attachment B
to the Franchise Agreement

MANAGEMENT AGREEMENT

The undersigned hereby agree to devote full time, energy, and best efforts to the management of the business licensed hereunder throughout the term of this Agreement, and acknowledge the Franchisor has entered into this Agreement in reliance upon and in consideration of this understanding and agreement by the undersigned

Dated _____

_____	_____
Signature	Signature
_____	_____
Printed Name	Printed Name
_____	_____
Street Address	Street Address
_____	_____
City and State	City and State

Attachment C
to the Franchise Agreement

WAREHOUSE AGREEMENT

This Agreement made and entered into on _____, 20____, by and between THE COFFEE BEANERY, LTD ("CBL"), d/b/a SHAW'S DISTRIBUTION WAREHOUSE ("Shaw's"), and _____ (collectively "Store Owner') This Agreement is in conjunction with the Franchise Agreement between CBL and Store Owner ("Franchise Agreement")

WHEREAS, CBL and Store Owner have entered into a Franchise Agreement as referenced above, and

WHEREAS, the Franchise Agreement obligates Store Owner to purchase certain goods (which are identified herein and in the Franchise Agreement as "Products and supplies") from CBL, and

WHEREAS, CBL provides some of the Products and supplies through its affiliate, Shaw's, and

WHEREAS, this Agreement contains the terms and conditions pursuant to which Shaw's will sell Products and supplies to Store Owner

NOW, THEREFORE, in consideration of the foregoing and in further consideration of the covenants, promises and conditions hereinafter set forth, it is agreed as follows

(1) Shaw's agrees to sell certain Products and supplies to Store Owner from time to time as Store Owner orders as long as Store Owner is in compliance with this Agreement and the Franchise Agreement

(2) The terms of sale are Net fifteen (15) days Shaw's will grant a two percent (2%) discount on invoices paid within seven (7) days The Store Owner agrees to make payments required by this Agreement to CBL by electronic funds transfer using such forms and systems as CBL may require Shaw's reserves the right to change its terms of sale and to limit quantities purchased

(3) If Store Owner is past due more than fifteen (15) days on any payment obligations to Shaw's, Store Owner will be charged interest on the unpaid balance at a rate of one and one-half percent (1 5%) per month or the highest legally permissible contract interest rate in the state where the Store Owner operates the franchised business, whichever is less, and Products and supplies will be sold to Store Owner on a C O D basis only If Store Owner is past due more than thirty (30) days on any payment obligations to Shaw's, Shaw's may suspend or cease altogether sales of Products and supplies to Store Owner Shaw's reserves the right, from time to time, to impose credit limits consistent with sound business practices on Store Owner Such credit limits may be based, in part, upon the personal financial statement which Store Owner or its principal owners shall provide pursuant to paragraph 11 of the Franchise Agreement

(4) If Store Owner is in default under the Franchise and License Agreement, Shaw's may suspend or cease altogether sales of Products and supplies to Store Owner

(5) Store Owner's failure to comply with the terms of this Agreement shall constitute a default under the terms of the Franchise Agreement and CBL may thereupon pursue any or all of its rights under the Franchise Agreement

(6) The undersigned individuals represent that they are all of the Store Owner's shareholders or partners, or otherwise have a direct or indirect beneficial interest in the Store Owner Accordingly, to induce Shaw's to grant Franchisee terms and credit for purchases of Products and supplies from Shaw's, each of the undersigned individuals jointly and severally agrees to be primarily liable for all of such purchases

(7) The provisions of the Franchise Agreement are incorporated herein by reference and the provisions herein are incorporated into the Franchise Agreement by reference

IN WITNESS WHEREOF, the parties have signed this Agreement on the date stated above

"CBL"

THE COFFEE BEANERY, LTD

BY _____

ITS _____

Store Owner Address

_____
_____
_____
_____

"SHAW'S"

SHAW'S DISTRIBUTION WAREHOUSE

BY _____

ITS _____

STORE OWNER

By _____

Title _____

STORE OWNER

By _____

Title _____

STORE OWNER

By _____

Title _____

Attachment D
to the Franchise Agreement

THE COFFEE BEANERY, LTD
CONVERSION ADDENDUM FOR CONVERSION OWNERS

THIS ADDENDUM is entered into on _____, 20___, by and between The Coffee Beanery, Ltd ("CBL"), and _____ ("Conversion Owner")

WITNESSETH

WHEREAS, Conversion Owner presently conducts a business which provides coffee, coffee beans, tea, spices and related products and food items, including prepared coffee for on or off site consumption at the Approved Location ("Current Business"),

WHEREAS, CBL and Conversion Owner have entered into a Franchise Agreement on _____, 20___, (the "Agreement") which they wish to modify by this Addendum to provide for the conversion of the Current Business to a Store, and

WHEREAS, all capitalized terms not otherwise defined in this Addendum shall have the same meaning as in the Agreement

NOW, THEREFORE, the parties agree as follows

1 Construction of Leasehold Improvements

1 1 Conversion Owner shall modify the Store premises in the manner set forth in Exhibit 1, to conform to CBL's prototype plans and specifications

1 2 CBL and Conversion Owner agree that time is of the essence in connection with the construction of leasehold modifications Conversion Owner shall complete such modifications no later than sixty (60) days from the execution of the Addendum In the event that Conversion Owner fails to complete modifications by such date, CBL shall have the right to terminate this Agreement in accordance with Section 13 3 of the Agreement

1 3 Upon completion of the modifications set forth in Exhibit 1, Conversion Owner shall submit a written request to CBL to conduct a final inspection of the Store premises and, upon receipt of such request, CBL shall promptly conduct a final inspection Conversion Owner shall not open the Store for business without CBL's written authorization

1 4 Conversion Owner may at its discretion continue to operate its Current Business during construction of leasehold modifications but shall not identify itself as a CBL Store Owner until receipt of CBL's written authorization to conduct business, as set forth in Section 1 3 of this Addendum

2 Delay in Applicability of Conversion Owner Obligations

2 1 Conversion Owner's obligation to pay royalties and make expenditures and contributions for advertising and promotion, as set forth in Sections 3 2 and 3 3 of the Agreement, shall commence thirty (30) days from the effective date of the Agreement

3 Deletions from the Agreement

3 1 The following Sections of the Agreement shall be deleted in their entirety, and have no force or effect

3 1, 3 2, 4 1, 4 3, 4 6, 4 7, 5 10, but only to the extent that it applies to Conversion Owner's current lease,, 13 2 1, 14 4, and 14 9

4 Additions to the Agreement

4 1 The following Section 3 1 shall be inserted into the Agreement and made a part thereof

3 1 CBL acknowledges receipt from Store Owner of an initial franchise fee of Five Thousand ($5,000) which payment shall be fully earned and non-refundable when paid, in consideration of the administrative and other expenses incurred by CBL in entering into this Agreement, and for CBL's lost or deferred opportunity to enter into this Agreement with others

5 Integration

5 1 This Addendum shall be considered an integral part of the Agreement between the parties hereto, and the terms of this Addendum shall be controlling with respect to the subject matter hereof Except as modified or supplemented by this Addendum, the terms of the Agreement are hereby ratified and confirmed

IN WITNESS WHEREOF, the parties hereto have duly executed this Conversion Addendum for Conversion Owners on the day and year first above written

THE COFFEE BEANERY, LTD

By _____

Title _____

CONVERSION OWNER

By _____

Title _____

THE COFFEE BEANERY, LTD
CONVERSION ADDENDUM FOR CONVERSION OWNERS

EXHIBIT 1

Required Modifications To
Leasehold Premises

CBL's Initials _____

Store Owner's Initials _____

(Intentionally Blank)

Attachment E
to the Franchise Agreement

THE COFFEE BEANERY, LTD
ADDENDUM FOR CO-BRANDED LOCATIONS

THIS ADDENDUM is entered into on _____, 20___, by and between The Coffee Beanery, Ltd ("**Coffee Beanery**"), and _____ _____ ("**Co-Brand Store Owner**")

WITNESSETH

WHEREAS, Co-Brand Store Owner presently conducts a business which provides products and services other than coffee, tea and similar products and services as described on Schedule 1 to this Co-Brand Addendum (the "Co-Brand Products") at the Approved Location,

WHEREAS, the Co-Brand Store Owner wishes to continue to offer the Co-Brand Products,

WHEREAS, Co-Brand Store Owner wishes to enter into a Franchise Agreement with Coffee Beanery under which Co-Brand Store Owner would convert a portion of facilities where the Co-Brand Products are offered to a Coffee Beanery Store ("Store") but which would offer the Co-Brand Products,

WHEREAS, Coffee Beanery and Co-Brand Store Owner have entered into a Franchise Agreement on _____, 20___, (the "**Agreement**") which they wish to modify by this Addendum to provide for a Store which will operate as a Coffee Beanery Store but which will continue to offer the Co-Brand Products, and

WHEREAS, all capitalized terms not otherwise defined in this Addendum shall have the same meaning as in the Agreement

NOW, THEREFORE, the parties agree as follows

1 Construction of Leasehold Improvements

1 1 Co-Brand Store Owner shall modify the Store premises in the manner set forth in Exhibit 1, to conform to Coffee Beanery's prototype plans and specifications

1 2 Coffee Beanery and Co-Brand Store Owner agree that time is of the essence in connection with the construction of leasehold modifications Co-Brand Store Owner shall complete such modifications no later than sixty (60) days from the execution of the Addendum In the event that Co-Brand Store Owner fails to complete modifications by such date, Coffee Beanery shall have the right to terminate this Agreement in accordance with Section 13 3 of the Agreement

1 3 Upon completion of the modifications set forth in Exhibit 1, Co-Brand Store Owner shall submit a written request to Coffee Beanery to conduct a final inspection of the Store premises and, upon receipt of such request, Coffee Beanery shall promptly conduct a final inspection

1 4 Co-Brand Store Owner shall not commence operations as a Coffee Beanery Store without Coffee Beanery's written authorization Co-Brand Store Owner may at its discretion continue to offer the Co-Brand Products during construction of leasehold modifications but shall not identify itself as a Coffee Beanery Store until receipt of Coffee Beanery's written authorization to conduct business, as set forth in Section 1 3 of this Addendum

2 Delay in Applicability of Co-Brand Store Owner's Obligations

2 1 Co-Brand Store Owner's obligation to pay royalties and make expenditures and contributions for advertising and promotion, as set forth in Sections 3 2 and 3 3 of the Agreement, shall commence thirty (30) days from the date of the Agreement

3 Deletions from the Agreement

3 1 The following Sections of the Agreement shall be deleted in their entirety, and have no force or effect

3-1, 4 1, 4 3, 4 6, 4 7, 5 2, 5 3 2, 5 10, but only to the extent that it applies to Co-Brand Store's current lease, 13 2 1, 14 4, and 14 9

4 Additions to the Agreement

4 1 The following Section 3 2 shall be inserted into the Agreement and made a part thereof

3 2 During the term of this Agreement, Store Owner shall pay to CBL a continuing weekly royalty fee in an amount equal to six percent (6%) of the Gross Sales for the Store "Gross Sales" shall mean revenue from the sale of all products and services, and all other income or consideration of every kind and nature, received by the Store, whether for cash or credit, and regardless of collection in the case of credit, less (i) any sales taxes or other taxes collected by Store Owner from its customers and thereafter paid directly to the appropriate taxing authority, (ii) charges imposed by credit card companies and customer refunds, (iii) revenue from the sale of the Co-Brand Products, provided, however, that such exclusion shall not apply to products and services that CBL requires Coffee Beanery stores to offer, including, without limitation, coffee and coffee based drinks The royalty payment is not refundable If Store Owner fails to maintain proper sales records or report Gross Sales to CBL, CBL has the right to estimate Gross Sales and invoice Store Owner for such amounts

4 2 The following Section 5 2 shall be inserted into the Agreement and made a part thereof

"5 2 Store Owner shall use and occupy the Store premises solely for the operation of the business franchised hereunder and for the operation of a business offering the Co-Brand Products and unless otherwise approved in writing by CBL, shall refrain from using or permitting the use of the premises for any other purpose or activity, and shall keep the Store open and in normal operation for at least such minimum hours and days as CBL may specify in the Manual or otherwise in writing, and as may be required by the lease for the Store premises "

4 3 The following sentence shall be added to Section 5 4 and made a part thereof

"In the event of any conflict between the methods, standards and specifications prescribed by CBL and those of another franchised system that offers the Co-Brand Products, CBL agrees to consider, in its reasonable discretion, a limited variance from its standards (to the extent required to eliminate the conflict) provided, however, that Store Owner agrees that CBL shall have no obligation to modify its standards if (i) the other system's standards are not required by the franchised system offering the Co-Brand Products or (ii) such a variance request relates to CBL's routine products, including, without limitation, coffee products or the manner in which such products are prepared and served "

4 4 The following language shall be inserted at the beginning of Section 5 3 2 and made a part thereof

"5 3 2 With the exception of the Co-Brand Products " [Store Owner, etc]

4 5 The following language shall be inserted at the beginning of Section 5 4 and made a part thereof

"5 4 With the exception of the Co-Brand Products " [Store Owner, etc]

5 Integration

5 1 This Addendum shall be considered an integral part of the Agreement between the parties hereto, and the terms of this Addendum shall be controlling with respect to the subject matter hereof Except as modified or supplemented by this Addendum, the terms of the Agreement are hereby ratified and confirmed

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum for Co-Branded Locations on the day and year first above written

THE COFFEE BEANERY, LTD

By _____

Title _____

CO-BRAND STORE OWNER

By _____

Title _____

CO-BRAND STORE OWNER

By _____

Title _____

Attachment F
to the Franchise Agreement

THE COFFEE BEANERY LTD
COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE

THIS COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE (this "Assignment") is made, entered into and effective on this ___day of _____, 20____Effective Date,") by and between (i) The Coffee Beanery, Ltd (the "Franchisor"), and (ii) _____, a (resident of) (corporation organized in) (limited liability company organized in) _____ with a business address at _____ (the "Franchisee")

BACKGROUND INFORMATION

Franchisor entered into that certain franchise agreement (the "Franchise Agreement") dated as of _____, 20__ with Franchisee, pursuant to which Franchisee plans to own and operate a COFFEE BEANERY franchised business (the "Franchised Business") located at _____ (the "Site") In addition, pursuant to that certain Lease Agreement (the "Lease"), Franchisee has leased or will lease certain space containing the Franchised Business described therein from _____ (the "Lessor") The Franchise Agreement requires Franchisee to deliver this Assignment to Franchisor as a condition to the grant of a franchise

OPERATIVE TERMS

Franchisor and Franchisee agree as follows

1 **Background Information** The background information is true and correct This Assignment will be interpreted by reference to, and construed in accordance with, the background information set forth above

2 **Incorporation of Terms** Terms not otherwise defined in this Assignment have the meanings as defined in the Franchise Agreement

3 **Indemnification of Franchisor** Franchisee agrees to indemnify and hold Franchisor and its affiliates, stockholders, directors, officers, principals, franchisees/licensees and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action which any of them are named as a party or which any of them may suffer, sustain or incur by reason of, or arising out of, Franchisee's breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease

4 **Conditional Assignment** Franchisee hereby grants to Franchisor a security interest in and to the Lease, all of the furniture, fixtures, inventory and supplies located in the Site and the franchise relating to the Franchised Business, and all of the Franchise e's rights, title and interest in and to the Lease as conditional for the payment of any obligation, liability or other amount owed by Franchisee or its affiliates to the Lessor arising under the Lease and for any default or breach of any of the terms and provisions of the Lease, and for any default or breach of any of the terms and provisions of the Franchise Agreement In the event of a breach or default by Franchisee under the terms of the Lease, or, in the event Franchisor makes any payment to the Lessor as a result of Franchisee's breach of the Lease, then

such payment by Franchisor, or such breach or default by Franchisee, shall at Franchisor's option be deemed to be an immediate default under the Franchise Agreement, and Franchisor shall be entitled to the possession of the Site and to all of the rights, title and interest of Franchisee in and to the Lease and to all other remedies described herein or in the Franchise Agreement or at law or in equity, without prejudice to any other rights or remedies of Franchisor under any other agreements or under other applicable laws or equities This Assignment shall constitute a lien on the interest of Franchisee in and to the Lease until satisfaction in full of all amounts owed by Franchisee to Franchisor In addition, the rights of Franchisor to assume all obligations under the Lease provided in this Assignment are totally optional on the part of Franchisor, to be exercised in its sole discretion Franchisee agrees to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by Franchisor to perfect or document the interests and assignments granted herein

5 **No Subordination** Franchisee shall not permit the Lease to become subordinate to any lien without first obtaining Franchisor's written consent, other than the lien created by this Assignment, the Franchise Agreement, the Lessor's lien under the Lease, liens securing bank financing for the operations of Franchisee on the Site and the agreements and other instruments referenced herein Franchisee will not terminate, modify or amend any of the provisions or terms of the Lease without the prior written consent of Franchisor Any attempt at termination, modification or amendment of any of the terms of the Lease without such written consent is null and void

6 **Exercise of Remedies** In any case of default by Franchisee under the terms of the Lease or under the Franchise Agreement, Franchisor shall be entitled to exercise any one or more of the following remedies in its sole discretion

a) to take possession of the Site, or any part thereof, personally, or by its agents or attorneys,

b) to, in its discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the Site, together with all furniture, fixtures, inventory, books, records, papers and accounts of Franchisee,

c) to exclude Franchisee, its agents or employees from the Site,

d) as attorney-in-fact for Franchisee, or in its own name, and under the powers herein granted, to hold, operate, manage and control the Franchised Business and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legally rectifiable, as in its discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to Franchisor to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter,

e) to cancel or terminate any unauthorized agreements or subleases entered into by Franchisee, for any cause or ground which would entitle Franchisor to cancel the same,

f) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site or the Site that may seem judicious, in the sole discretion of Franchisor, and

g) to insure and reinsure the same for all risks incidental to Franchisor's possession, operation and management thereof, and/or

h) notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of Franchisee's rights but not obligations under the Franchise Agreement to be immediately terminated as of the date of Franchisee defaults under the Lease and fails to cure said default within the applicable cure period (if any)

The parties agree and acknowledge that Franchisor is not required to assume the Lease, take possession of the Site or otherwise exercise of its other rights described in this Assignment In the event Franchisor elects to exercise its right to assume the Lease and/or take possession of the Site, it will provide written notice to Franchisee in writing and undertake the other necessary actions at issue Nothing in this Assignment may be construed to impose an affirmative obligation on the part of Franchisor to exercise any of the rights set forth herein

7 **Power of Attorney** Franchisee does hereby appoint irrevocably Franchisor as its true and lawful attorney-in-fact in its name and stead and hereby authorizes it, upon any default under the Lease or under the Franchise Agreement, with or without taking possession of the Site, to rent, lease, manage and operate the Site to any person, firm or corporation upon such terms and conditions in its discretion as it may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as Franchisor would have upon taking possession of the Site pursuant to the provisions set forth in the Lease The power of attorney conferred upon Franchisor pursuant to this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without the written consent of Franchisor

8 **Election of Remedies** It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to Franchisor and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between Franchisor and Franchisee, but are deemed an additional remedy and shall be cumulative with the remedies therein and elsewhere granted to Franchisor, all of which remedies are enforceable concurrently or successively No exercise by Franchisor or any of the rights hereunder will cure, waiver or affect any default hereunder or default under the Franchise Agreement No inaction or partial exercise of rights by Franchisor will be construed as a waiver of any of its rights and remedies and no waiver by Franchisor of any such rights and remedies shall be construed as a waiver by Franchisor of any future rights and remedies Franchisor is not required to exercise any of its rights set forth in Section 6 hereof, but shall have the irrevocable right to do so

9 **Binding Agreements** This Assignment and all provisions hereof shall be binding upon Franchisor and Franchisee, their successors, assigns and legal representatives and all other persons or entities claiming under them or through them, or either of them, and the words "Franchisor" and "Franchisee" when used herein shall include all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement All individuals executing on behalf of corporate entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals

10 **Assignment to Control** This Assignment governs and controls over any conflicting provisions in the Lease

11 **Attorneys' Fees, Etc** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment, the prevailing party will be entitled to recover its attorneys' fees, costs and expenses relating to any trial or appeal (including, without limitation, paralegal fees) or arbitration or bankruptcy proceeding from the non-prevailing party

12 **Severability** If any of the provisions of this Assignment or any section or subsection of this Assignment shall be held invalid for any reason, the remainder of this Assignment or any such

section or subsection will not be affected thereby and will remain in full force and effect in accordance with its terms

IN WITNESS WHEREOF, the Parties have caused this Assignment to be executed as of the day and year first above written.

FRANCHISEE

By _____
Name _____
Date _____

FRANCHISOR

THE COFFEE BEANERY LTD

By _____
Name _____
Title _____
Date _____

The Lessor hereby consents, agrees with, approves of and joins in with this COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE

LESSOR

_____

By _____
Name _____
Title _____
Date _____

EXHIBIT B
TO FRANCHISE
DISCLOSURE DOCUMENT

LISTS OF CURRENT FRANCHISEES
AND FRANCHISEES THAT LEFT THE SYSTEM

(Includes all Store Models)

THE COFFEE BEANERY, LTD
FRANCHISED STORES IN OPERATION AS OF
JUNE 30, 2016

Delaware

The Coffee Beanery # 51 - Concord Mall - Traditional
4737 Concord Pike
Wilmington, DE 19803
302-477-1055
Operated by OM Realty Inc

Georgia

The Coffee Beanery #451 Hartsfield Jackson Atlanta International Airport –Traditional
9700 Spine Road, Concourse B
Atlanta, GA 30320
404-209-0907
Operated by Terry Harps

The Coffee Beanery #452 Hartsfield Jackson Atlanta International Airport -Traditional
6000 S Terminal Parkway - Atrium
Atlanta, GA 30320
770-322-0029
Operated by Terry Harps

Hawaii

The Coffee Beanery Discovery Bay #461 – Traditional
1778 Ala Moana Blvd
Honolulu, HI 96815
808-744-4835
Operated by Waren Han

Illinois

The Coffee Beanery #127 - Lincolnwood Town Center - Traditional
3333 W Touhy Ave
Suite G 6
Lincolnwood, IL 60645
847-676-1565
Operated by Ravish Inc

Indiana

The Coffee Beanery #301 - The Galleria - Cafe
425 W U S Route 30
Dyer, IN 46311
219-865-2240
Operated by Galleria Gourmet Beverages, Inc

Kentucky

The Coffee Beanery #457 Lourdes Hospital - Traditional
1530 Lone Oak Road
Paducah, KY 42003
270-538-6800
Operated by Steven Grinnell

Maryland

The Coffee Beanery – Coastal Drug Corner Health Mart – Traditional (1)
Games G Barrett Medical Bldg
10321 Old Ocean City Blvd
Berlin, MD 21811
410-629-0112
Operated by Steven Marcalus

The Coffee Beanery – Traditional with Food
#458 Ocean Plaza Mall
9403 Coastal Highway
Ocean City, MD 21842
(410) 523-4400
Operated by Steven Marcalus

The Coffee Beanery – #464 -Tidelands Caribbean Hotel – Traditional with food
409 Atlantic A venue
Ocean City, MD 21842
410-289-8800
Operated by Ocean City Dots

Michigan

The Coffee Beanery #1- Fairlane Mall-Traditional -Kiosk
18900 Michigan Ave
Dearborn, Mi 48126
313-583-1255
Operated by Habhab Express, Inc

The Coffee Beanery #5 - Renaissance Center - Traditional
300 Renaissance Center Suite 1312
Detroit, MI 48243
313-568-1040
Operated by J T W Enterprises, Inc

The Coffee Beanery #15 - Fashion Square Mall - Traditional
4851 Fashion Square Mall
Saginaw, MI 48604
989-799-4333
Operated by Adlek, LLC

The Coffee Beanery #31 - Laurel Park Place - Traditional
37620 West 6 Mile Road
Livonia, MI 48152
734-462-4271
Operated by 3 & A Doodle, Inc

The Coffee Beanery #331 - Detroit Metropolitan Airport - Traditional
Edward H McNamara Terminal
Detroit, MI 48242
734-941-9330
Operated by Andrea Hachem

The Coffee Beanery #349 - Wixom - Cafe
49348 Pontiac Trail
Wixom, MI 48393
248-668-9170
Operated by Mark and Diane Winkelmann

The Coffee Beanery #359 - Village Market Food Center - Traditional
514 Huron St
South Haven, MI 49090
269-639-1155
Operated by Murk's Village Market Inc

The Coffee Beanery #360 - Detroit Metro McNamara Terminal - Traditional
2588 World Gateway Place
Detroit, MI 48201
734-247-4300
Operated by CA One Services

The Coffee Beanery #377 - Brighton Pointe - Cafe
4433 Old U S 23
Brighton, MI 48114

810-227-2233
Operated by Perfect Grounds, Inc

The Coffee Beanery # 381 - Detroit Metro Airport - Traditional
Concourse C
McNamara Terminal
Detroit, MI 48201
313-460-8708
Operated by CA One Services

The Coffee Beanery # 384 - Mattawan - Traditional
54312 W Main Street
Mattawan, MI 49071
269-668-2020
Operated by Fleming Brothers Oil Company

The Coffee Beanery #416- Detroit Metro North 3-3A -Traditional
601 Rogell Drive
Detroit, Mi 48242
734-727-0055
Operated by Andrea Hachem

The Coffee Beanery #417-Detroit Metro-North 6-1 Traditional
601 Rogell Drive
Detroit, Mi 48242
734-247-1239
Operated by Andrea Hachem

The Coffee Beanery #427- Detroit Metro North 1-1 - Traditional
601 Roggell Drive
Detroit, Mi 48242
734-247-1116
Operated by Eduardo Uribie

The Coffee Beanery #429- Detroit Metro 4-3-B - Traditional
Detroit Metro 4-3B
Detroit, MI 48242
734-727-0055
Operated by Andrea Hachem

The Coffee Beanery # 453 – Freedom Center – Traditional
Assembly of God
2473 W Shiawasee Avenue
Fenton, MI 48430
810-629-5261
Operated by The Freedom Center Assembly of God

The Coffee Beanery # 462 – Baker College of Flint – Traditional
1050 W Bristol Road
Flint, MI 48433
810-766-4000
Operated by Wen Hemingway

Coffee Beanery Bay Harbor - #466 – Traditional with food
4213 Main Street
Petoskey, MI 49770
(231) 753-2906
Operated by Jeffery Adler

New Jersey

The Coffee Beanery #109 - Monmouth Mall - Traditional
Routes 35 & 36
Eatontown, NJ 7724
732-542-6188
Operated by Yi Bond Inc

The Coffee Beanery #110 - Rockaway Townsquare - Traditional
Route 80 & Mt Hope Ave
Rockaway, NJ 07866
973-442-1502
Operated by K&F, LLC

The Coffee Beanery #310 - Hudson Mall - Traditional
701 Route 440
Jersey City, NJ 07304
201-432-5151
Operated by Adel Elsharkawy

New York

The Coffee Beanery #266 - TCBY - Kingston — Traditional – Co-Brand
1094 Morton Blvd
Kingston, NY 12401
845-336-8146
Operated by Bassett Enterprises Inc

The Coffee Beanery #295 - Rensselaer Rail Station - Traditional
525 East Street
Rensselaer, NY 12144
518-463-8770
Operated by LKPK Ltd

The Coffee Beanery #361 - Buffalo Niagara Int'l Airport - Traditional
4200 Genesee St
Cheektowaga, NY 14225
716-633-0382
Operated by CA One Services

Pennsylvania

The Coffee Beanery #72 - Beaver Valley Mall - Traditional
627 Beaver Valley Mall
Monaca, PA 15061
724-774-0555
Operated by Parcol Enterprises

The Coffee Beanery #168 - Berkshire Mall - Traditional
1665 State Hill Road Suite F 2
Wyomissing, PA 19610
610-376-2994
Operated by Jendih, Corp

The Coffee Beanery #392 - Franklin Mint - Traditional
100 W State Street
Media, PA 19063
610-566-2857
Operated by James Han

The Coffee Beanery #440 – Exton Square Mall – Traditional
260 Exton Square Parkway Space 2510
Exton, PA 19341
610-363-3037
Operated by Gordon Wu

The Coffee Beanery #444 – Franklin Mills Mall – Traditional with Food
1158 Franklin Mills Circle, Orange Entrance
Philadelphia, PA 19184
215-824-4252
Operated by Harry Kripa Enterprises, Inc

Texas

The Coffee Beanery # 391 - Killeen Mall - Traditional
2100 S WS Young
Suite 1324
Killeen, TX 76543
210-722-9863

Operated by Luis & Angelica Wilmot

The Coffee Beanery #435- Broadway Square Mall- Traditional
4601 S Broadway
Tyler, TX 75703
903-581-7470
Operated by Bryan Selden

The Coffee Beanery #446 – Clear Creek – Traditional with Food
2408 Clear Creek Road, Suite 101
Killeen, TX 76549
254-423-2633
Operated by Sid & Sharon Bratton

Virginia

The Coffee Beanery #44 - Patrick Henry Mall - Traditional
12300 Jefferson Ave Suite 223
Newport News, VA 23602
757-249-9226
Operated by Meebong Yu & Kyu Bo Song

The Coffee Beanry #456 – Greenbrier Mall – Traditional
1401 Greenbrier parkway, Suite 2008
Chesapeake, VA 23320
757-358-6198
Operated by Waqar Ahmed

Wisconsin

The Coffee Beanery #421 – Brown Deer - Traditional
4301 W Bradley Suite 150
Village of Brown Deer, WI 53223
414-365-1060
Operated by V & J Cafe, LLC

Wyoming

The Coffee Beanery #460 Gillette Coffee Beanery – Traditional with food
501 E Boxelder Road
Gillette, WY 82718
(307) 686-8255
Operated by Creative Beverages, LLC

Guam

The Coffee Beanery #223 - Fountain Plaza - Cafe
720 Pale San Vitores Rd Suite 107
Tumon, 96913
671-647-5761
Operated by Janet & Warren Han

The Coffee Beanery #241 - GCIC Tower - Cafe
414 W Soledad Ave
Suite 102
New Agana, Guam, 96910
671-734-3616
Operated by Janet & Warren Han

The Coffee Beanery #300 - Pacific Place - Cafe
1411 Pale San Vitores Road
Tumon, Guam, 96927
671-647-0104
Operated by Janet & Warren Han

The Coffee Beanery # 419 - Micronesia Mall - Traditional
1088 W Marine Corp Dr
Dededo, GU 96929
671-633-5761
Operated by Janet & Warren Han

The Coffee Beanery # 437 – Micronesia Mall/Macys – Traditional
1088 W Marine Corp Dri
Dededo, GU 96929
671-633-5761
Operated by Janet & Warren Han

The following is a list of franchisees that left the system during the 2016 fiscal year

AGREEMENT NAME	CONTACT NAME	ADDRESS	CITY/STATE/ZIP	TELEPHONE NUMBER
TRADITIONAL				
N/A	Christine Mazurek	248 Grafton Street	Oberlin OH 44074	440-310-3517
N/A	Kee Sun Chang	4050 Rolling Meadow Lane	Ypsilanti, MI 48197	734-434-8972
N/A	Stephanie Grandchampt	2938 Pete Seay Road Apt 2	Sulphur, LA 70665	337-842-2003
Hari Kripa Enterprises, Inc	Harry Khatwani	6568 Senator Lane	Bensalem, PA 19020	267-577-7461

EXHIBIT D
TO FRANCHISE
DISCLOSURE DOCUMENT

TABLE OF CONTENTS TO MANUALS

Volume 1 – Getting Started

Chapter	Title	# of Pages
1	Selecting Your Coffee Beanery Location	
2	Leasing Your Coffee Beanery Location	
3	Your Responsibilities in Getting Ready for the Construction of Your Coffee Beanery	
4	Developing Your Coffee Beanery	
5	Pre-Opening Research and Marketing	81

Volume 2 – Franchise Training Manual

Chapter	Title	# of Pages
1	Training Schedule	8
2	The Essence of Coffee and Glossary	14
3	Training Guides	72
4	Quizzes	36
5	Quiz Answer Keys	36
6	Opening/Closing Checklists	10
7	Drink Preparation Charts	7
8	Sandwich Preparation Charts (if applicable)	3
9	Salad Preparation Charts (if applicable)	3
10	QSC Report	10
11	Drink Recipes	74
12	Food Recipes (if applicable)	28

Volume 3 – Let's Sell More (Local Store Marketing)

Chapter	Title	# of Pages
1	Introduction	1
2	Marketing Materials	10
3	Recommended Use for Marketing Materials	3
4	Custom Flyers, Coupons & Signs	11
5	Sign Order Form	1
6	Custom Coupon Order Form	1
7	"Let's Sell More" Ideas	8

Volume 4 – Developing a Marketing Plan

Chapter	Title	# of Pages
1	Grand Opening Marketing/Advertising Expenditures Overview	2
2	Cart/Kiosk Soft Opening, Grand Opening, Local Advertising	1
3	Mall Soft Opening, Grand Opening, Local Advertising	3
4	Other Soft Opening, Grand Opening, Local Advertising	3
5	Sample of an Actual Marketing Plan	6
6	Worksheet	10
7	Samples of Key Marketing Materials	9
8	Direct Mail	3
9	Val-Pak Direct Mail	8
10	Print Advertising	11
11	Radio	7
12	Public Relations -- A Great Way to Build Sales	1
13	When To Call Us (or e-mail us)	1
14	Case Studies	10
15	Press Release Input Form	1
16	Marketing Planning Calendars	12

Volume 5 – Approved Vendor Guide

Chapter	Title	# of Pages
1	Use of the Authorized Vendor Guide	1
2	Retail Product Category Definitions	1
3	Vendors	84

The total number of pages in our Franchise Operations' Training Manual is between 312 and 518 depending upon your Store and the products you choose to offer Our Employee Training Manual is 150 pages and the POS training manual for the point of sale equipment is 77 pages

EXHIBIT E-1
TO FRANCHISE
DISCLOSURE DOCUMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(For use by Franchisee with Employees, consultants and investors)

This Agreement is entered into on _____, 20___ by and between _____ ("**Store Owner**") and _____ ("**Individual**")

RECITALS

A, Store Owner and The Coffee Beanery, Ltd ("**CBL**") are parties to a Franchise Agreement dated _____ ("**Franchise Agreement**")

B Pursuant to the Franchise Agreement, Store Owner receives certain confidential information from CBL concerning the CBL system, and has agreed to certain covenants restricting in-term and post-term non-competition with CBL

C Store Owner has represented to CBL that, at CBL's request, Store Owner will secure from certain persons associated with Store Owner confidentiality and non-competition covenants similar to those provided by Store Owner to CBL under the Franchise Agreement

D Individual is among those persons from whom Store Owner has agreed to secure confidentiality and non-competition covenants, and Individual, by virtue of his/her association with Store Owner, is willing to execute an agreement providing such covenants

NOW THEREFORE, in consideration of his/her association with Store Owner and One Dollar ($1 00), receipt of which is hereby acknowledged, Individual agrees that

1 Individual shall not, during the term of his/her association with Store Owner or thereafter, communicate, divulge, or use for the benefit of anyone else, any confidential information, knowledge, or know-how concerning the methods of operation of either CBL's or Store Owner's business which may be communicated to Individual, or which Individual may learn during his/her employment by Store Owner Individual agrees that any CBL or Store Owner manuals, and any and all matters, information, knowledge, know-how, and techniques which CBL or Store Owner designates as confidential, shall be deemed confidential for purposes of this Agreement

2 Individual shall not, except as otherwise approved in writing by CBL, either directly or indirectly, for him/herself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity

a During the period that Individual is associated with Store Owner and while the Franchise Agreement is in effect, (i) divert or attempt to divert any business or customer of Store Owner's CBL store to any competitor by inducement or otherwise, or do or perform any other act injurious or prejudicial to the goodwill associated with CBL's trademarks or either CBL's or Store Owner's business, or (ii) own, maintain, advise, operate, engage in, be employed by, make loans to, have any interest in or relationship or association with, a business which offers the same or similar products or services as those offered by CBL stores

b For a continuous, uninterrupted one (1) year period commencing upon the earlier of the date that (i) Individual's association with Store Owner terminates or (ii) Store Owner's post-term non-competition covenant under its Franchise Agreement with CBL terminates, either directly or indirectly, for him/herself, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain,, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with a business which offers the same or similar products or services as those offered by CBL stores, and which are located in or within a ten mile radius of the Store Owner's business

This Section 2 shall not apply to the ownership by Individual of less than five percent (5%) of the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934

3 Individual's obligations set forth in Section 2 of this Agreement shall be subject to the following provisions

a If all or any portion of Section 2 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which CBL is a party, Individual shall be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement

b CBL shall have the right, in its sole discretion, to reduce the scope of any covenant or any portion thereof set forth in Section 2 hereof, without Individual's consent, effective immediately upon receipt by Individual of written notice thereof, and Individual agrees that it shall comply forthwith with any covenant as so modified

c The existence of any claims which Individual may have against CBL or Store Owner shall not constitute a defense to the enforcement by CBL or Store Owner of the provisions of this Agreement

4 Individual understands and acknowledges that any failure to comply with the requirements of this Agreement will result in irreparable injury to CBL and/or Store Owner for which no adequate remedy at law may be available, and Individual consents to the issuance of, and agrees to pay, all court costs and reasonable attorneys' fees incurred by CBL and/or Store Owner in obtaining, without the posting of any bond, an *ex parte* or other order for injunctive or other legal and/or equitable relief with respect to the requirements of this Agreement

5 Individual understands and agrees that CBL is a third party beneficiary to this Agreement, and will have a separate and independent right to enforce this Agreement against Individual, regardless of whether Store Owner joins in any such action

IN WITNESS WHEREOF, this Agreement has been signed on _____, 20___

_____
Individual

_____
Store Owner

EXHIBIT E-2
TO FRANCHISE
DISCLOSURE DOCUMENT

TEMPLATE FORM OF MUTUAL RELEASE

In consideration of the renewal of the franchise agreement or approval of the assignment and other good and valuable consideration receipt of which is hereby acknowledged, Store Owner and the Coffee Beanery Ltd both, for itself or themselves and all natural and legal persons claiming by, through or under them, hereby release the other party and its shareholders, officers, directors, agents, employees, affiliated companies, legal representatives, heirs and assigns from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which such party had, has or claims to have in the future against any or all of the parties described above as of the effective date of this assignment, which arise out of, are pursuant to, or are related to the Franchise Agreement or the creation, continuation or termination of the franchise relationship, provided however, that, that the Store Owner shall remain obligated to indemnify The Coffee Beanery, Ltd under those indemnity provisions that survive termination of the Franchise Agreement or any specific indemnity agreements

WITNESS

_____

STORE OWNER

_____

WITNESS

_____

THE COFFEE BEANERY, LTD

By _____

Its _____

EXHIBIT E-3
TO FRANCHISE
DISCLOSURE DOCUMENT

GUARANTEE OF SHAW COFFEE COMPANY

(See next page)

GUARANTEE OF PERFORMANCE

For value received, The Shaw Coffee Company, a Michigan corporation (the "Guarantor"), located at 3429 Pierson Place,, Flushing, Michigan 48433, absolutely and unconditionally guarantees to assume the duties and obligations of The Coffee Beanery LTD , located at 3429 Pierson Place, Flushing, Michigan 48433 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2016 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding Notice of acceptance is waived The Guarantor does not waive receipt of notice of default on the part of the Franchisor This guarantee is binding on the Guarantor and its successors and assigns

The Guarantor signs this guarantee at Flushing MI on the 30 day of Sept, 2016

Guarantor

THE SHAW COFFEE COMPANY

By _____
Jo Anne Shaw, CEO & Director

EXHIBIT F
TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS

We intend to register this Disclosure Document as a "franchise" in some or all of the following states, in accordance with the applicable state law If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in that state

CALIFORNIA

Commissioner of the Department
of Business Oversight
One Sansome Street, Suite 600
San Francisco, California 94104
(415) 972-8565

HAWAII

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration
Division
Securities Compliance Branch
335 Merchant St , Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

MARYLAND

Office of the Attorney General
Securities Division
200 St Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

MICHIGAN

Consumer Protection Division
Franchise Section
Department of Attorney General
575 W Ottawa Street-
P O Box 30213
Lansing, MI 48909
(517) 373-7117
Facsimile (517) 335-1935

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Street, Suite 500
St Paul, Minnesota 55101
(612) 296-6328

INDIANA

Indiana Secretary of State
Franchise Section
302 West Washington, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

NEW YORK

Bureau of Investor Protection and
Securities
New York State Department of Law
23rd Floor
120 Broadway
New York, New York 10271
(212) 416-8211

NORTH DAKOTA

Securities Commissioner
State of North Dakota
600 East Boulevard, Fifth Floor
Bismarck, North Dakota 58505
(701) 224-4712

VIRGINIA

Director, Securities and
Retail Franchising Division
State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

RHODE ISLAND

Department of Business Regulation
Suite 232
233 Richmond Street
Providence, Rhode Island 02903-4232
(401) 222-3048

WASHINGTON

Department of Financial Institutions
General Administration Building
Securities Division - 3rd Floor West
150 Israel Road, SW
Tumwater, Washington 98503
(360) 902-8760

SOUTH DAKOTA

Director of Division of Securities
Department of Revenue and Regulation
124 S Euclid Ave , Suite 104
Pierre, SD 57501-3185
Phone (605)773-4823

WISCONSIN

Office of the Commissioner of Securities
Department of Financial Institutions
Fourth Floor
345 West Washington
Madison, Wisconsin 53703
(608) 264-7861

EXHIBIT G
TO FRANCHISE
DISCLOSURE DOCUMENT

AGENTS FOR SERVICE OF PROCESS

We intend to register this Disclosure Document as a "franchise" in some or all of the following states, in accordance with the applicable state law If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in those states

CALIFORNIA

Commissioner of the Department
of Business Oversight
One Sansome Street, Suite 600
San Francisco, California 94104
(415) 972-8565

HAWAII

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant St , Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

Maryland Securities Commissioner
Office of the Attorney General
200 St Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

MICHIGAN

Department of Labor and Economic Growth
Corporations and Securities Bureau
611 W Ottawa
P O Box 30222
Lansing, Michigan 48909
(517) 373-7117

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Street, Suite 500
St Paul, Minnesota 55101
(612) 296-6328

NEW YORK

Secretary of State of the State of New York
41 State Street
Albany, New York 11231

NORTH DAKOTA

Securities Commissioner
State of North Dakota
600 E Boulevard, Fifth Floor
Bismarck, North Dakota 58505
(701) 224-4712

VIRGINIA

Clerk of the State Corporation Commission
1300 East Main Street
1st Floor
Richmond, Virginia 23219
(804) 371-9733

RHODE ISLAND

Director of Department of Business Regulation
233 Richmond Street
Suite 232
Providence, Rhode Island 02903-4232
(401) 222-3048

WASHINGTON

Director of Department of Financial Institutions
Securities Division
150 Israel Road, S W
Tumwater, Washington 98503
(360) 902-8760

SOUTH DAKOTA

Director of Division of Securities
124 S Euclid Ave , Suite 104
Pierre, SD 57501-3185
Phone (605)773-48233

WISCONSIN

Commissioner of Securities
Fourth Floor
345 West Washington
Madison, Wisconsin 53703
(608) 264-7861

EXHIBIT H
TO FRANCHISE
DISCLOSURE DOCUMENT

THE COFFEE BEANERY, LTD
COMPLIANCE CERTIFICATION

As you know, The Coffee Beanery, Ltd ("CBL') and you are preparing to enter into a Franchise Agreement The purpose of this questionnaire is to determine whether any statements or promises were made to you that CBL has not authorized or that may be untrue, inaccurate or misleading Please review each of the following questions carefully and provide honest and complete responses to each question Please note that this Certification must be executed before a Notary Public or other officer authorized to accept oaths

1 Have you received and personally reviewed the Franchise Agreement and each exhibit attached to it?

Yes _____ No _____

2 Do you understand all of the information contained in the Franchise Agreement and each exhibit attached to it?

Yes _____ No _____

If no, what parts of the Agreement(s) do you not understand? (Attach additional pages, if necessary)

_____

_____

_____

_____

_____

3 Have you received and personally reviewed Coffee Beanery's Uniform Franchise Disclosure Document ("FDD") that was provided to you?

Yes _____ No _____

Initials _____

4 Did you sign a receipt for the FDD indicating the date you received it?

Yes _____ No _____

5- Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

Yes _____ No _____

If No, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, if necessary)

_____

_____

_____

_____

_____

6 Have you discussed the benefits and risks of becoming a CBL Franchisee with an attorney, accountant, or other professional advisor?

Yes _____ No _____

7 Do you understand that the success or failure of your CBL Store(s) will depend in large part upon your skills and abilities, competition from other concepts, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes _____ No _____

8 Has any employee or other person speaking on behalf of CBL made any statement or promise concerning the revenues, profits or operating costs of any CBL store operated by CBL or its franchisees?

Yes _____ No _____

Initials _____

9 Has any employee or other person speaking on behalf of CBL made any statement or promise regarding the amount of money you may earn in operating a CBL store?

Yes _____ No _____

10 Has any employee or other person speaking on behalf of CBL made any statement or promise concerning the total amount of revenue that will or may be generated by a CBL Store?

Yes _____ No _____

11 Has any employee or other person speaking on behalf of CBL made any statement or promise regarding the costs you may incur in operating a CBL Store that is contrary to or different from the information contained in the FDD?

Yes _____ No _____

12 Has any employee or other person speaking on behalf of CBL made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a CBL Store?

Yes _____ No _____

13 Has any employee or other person speaking on behalf of CBL made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that CBL will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes _____ No _____

14 Have you entered into any binding agreement with or paid any money to CBL concerning the purchase of this franchise prior to today?

Yes _____ No _____

15 Do you understand that CBL is not granting you any territorial rights under the Franchise Agreement, and that CBL has reserved certain rights under the Franchise Agreement?

Yes _____ No _____

16 Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated, at CBL's option, at its then-current headquarters?

Yes _____ No _____

17 Do you understand that you (or one of you principals if you are an organization) and/or your designated store manager, must successfully complete the appropriate initial training program(s) before CBL will allow your Store to open?

Yes _____ No _____

18 Did you receive the FDD at least fourteen (14) calendar days before today?

Yes _____ No _____

Initials _____

19 Do you understand that the initial franchise fee is non-refundable under your Franchise Agreement and that you will forfeit the initial franchise fee if the Store is not developed?

Yes _____ No _____

20 Do you understand that Store expenses may exceed Store receipts, particularly in the initial periods of operation, and that you may be required to invest additional working capital to maintain Store operations?

Yes _____ No _____

21 If you have answered "Yes" to any one of questions 8-14 or "No" to question 15-20, please provide a full explanation of each "yes" answer in the following blank lines (Attach additional pages, if necessary, and refer to them below) Otherwise, please leave the following lines blank

_____

_____

_____

_____

_____

Please understand that your responses to these questions are important to us and that we will rely on them By signing this Questionnaire, you are representing that you have responded truthfully to the above questions

The undersigned Applicant(s) swear(s) under oath that the statement and facts set forth above in the foregoing Compliance Certification are true and correct

APPLICANT

_____

_____, 20___

Sworn and subscribed to before me on
this the _____ day of _____, 20 ___

_____

Notary Public

EXHIBIT I
TO FRANCHISE
DISCLOSURE DOCUMENT

STATE SPECIFIC-ADDENDA TO DISCLOSURE DOCUMENT

ADDENDUM REQUIRED BY THE STATE OF CALIFORNIA

CALIFORNIA CORPORATIONS CODE SECTION 31125 REQUIRES THAT THE FRANCHISOR GIVE THE FRANCHISEE A DISCLOSURE DOCUMENT APPROVED BY THE DEPARTMENT OF BUSINESS OVERSIGHT PRIOR TO A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE

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

Except as provided in Item 3 of the Franchise Disclosure Document, either we nor any person or franchise broker identified in Item 2 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 these persons from membership in that association or exchange

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

You must sign a general release if you renew or transfer your franchise California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516) Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043)

The Franchise Agreement and Development Agreement contain a covenant not to compete which extends beyond the termination of the franchise These provisions may not be enforceable under California law

THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT REQUIRE APPLICATION OF THE LAW OF OREGON AND A FORUM OF THE LOCATION WHERE FRANCHISOR'S HEADQUARTERS ARE LOCATED THESE PROVISIONS MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW

The Franchise Agreement and Development Agreement require the parties to resolve their disputes through non-binding mediation and, if necessary, litigation The mediation and litigation will be conducted at a venue close to Franchisor's headquarters, and you must reimburse us our costs is we prevail in any litigation proceeding Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040 5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California

Regarding our website, http //www coffeebeanery com, please note the following

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www dbo ca gov

STATE-SPECIFIC ADDENDA TO FRANCHISE AGREEMENT

ADDENDUM REQUIRED BY THE STATE OF CALIFORNIA

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The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise These provisions may not be enforceable under California law

THE FRANCHISE AGREEMENT REQUIRES APPLICATION OF THE LAW OF MICHIGAN AND A FORUM WHERE FRANCHISOR'S HEADQUARTERS IS LOCATED THESE PROVISIONS MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW

The Franchise Agreement requires non-binding mediation The mediation will occur at Franchisor's headquarters, with the parties agreeing to cover their own costs associated with the mediation and to split the mediator fees involved Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040 5, Code of Civil Procedure Section 1281, and the Federal Mediation Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California

FOR RESIDENTS OF ALL STATES LISTED IN THIS ADDENDUM

Notwithstanding any provision in the Franchise Agreement to the contrary, this Addendum shall not be merged with or into, or superseded by, the Franchise Agreement In the event of any conflict between the Franchise Agreement and this Addendum, this Addendum shall be controlling Except as otherwise expressly set forth herein, no other amendments or modifications of the Franchise Agreement are intended or made by the parties

Applicable State _____

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum on the day and year first above written

FRANCHISEE	**FRANCHISOR**
[INSERT FRANCHISEE NAME]	**THE COFFEE BEANERY, LTD**
By _____ [Name], [Title]	By _____ [Name], [Title]

EXHIBIT J
TO FRANCHISE
DISCLOSURE DOCUMENT

RECEIPTS

RECEIPTS (OUR COPY)

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 The Coffee Beanery, Ltd offers you a franchise it must provide this Disclosure Document to you within 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates 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 The Coffee Beanery, Ltd does 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 the state administrator identified in Exhibit A of this Franchise Disclosure Document A list of our agents registered to receive service of process is listed as Exhibit A to this Franchise Disclosure Document

The Issue Date of this Disclosure Document is October 20, 2016

I have received a Franchise Disclosure Document with an issue date of October 20, 2016, which contained the following Exhibits

A	Franchise Agreement and Attachments	E	Miscellaneous Contracts
B	List of Current Franchisees and Franchisees that Left the System	F	List of State Administrators
		G	Agents for Service of Process
C	Financial Statements	H	Compliance Certification
D	Table of Contents to Manuals	I	State Addenda/Riders

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows Kevin Shaw, c/o The Coffee Beanery, Ltd , 3429 Pierson Place, Flushing, MI, (810) 733-1020, _____

_____

If an individual

By _____

Name _____

Date _____

Telephone Number _____

If a Partnership, Corporation or Limited Liability Corporation

Name _____

Title _____

Name of Entity _____

Address _____

RECEIPTS (YOUR COPY)

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If The Coffee Beanery, Ltd offers you a franchise it must provide this Disclosure Document to you within 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale

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_____

If an individual

By _____

Name _____

Date _____

Telephone Number _____

If a Partnership, Corporation or Limited Liability Corporation

Name _____

Title _____

Name of Entity _____

Address _____