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FRANCHISE DISCLOSURE DOCUMENT

Fannie May Franchise, LLC
a Delaware limited liability company
5353 Lauby Road
North Canton, Ohio 44720
(800) 321-0444
www.fanniemay.com

The franchise described in this Disclosure Document is to operate a retail store that sells the exclusive line of Fannie May products, including boxed chocolates, custom packed chocolate assortments, gift baskets and towers, chocolate covered strawberries and other fruit, individually wrapped chocolates, premium nuts, hard candies, seasonal novelties, ice cream, cheesecakes, frozen desserts and private-label coffee and hot chocolate, as well as fresh fruit products, including fresh cut fruit arrangements and related products (collectively the fresh fruit products, fresh cut fruit arrangements and related products are referred to as "Fruit Bouquets").

The total investment necessary to begin operation of a Fannie May franchise is $210,800 to $389,000. This includes between $85,000 to $120,000 that must be paid to the franchisor and/or its affiliates, as appropriate. If you choose to purchase the Fruit Bouquets program, the total initial investment necessary to begin operation of this program ranges from $28,000 to $59,850. This includes $10,000 to $11,600 that must be paid to the franchisor and/or its affiliates, as appropriate.

If you sign an Area Development Agreement to develop at least three Fannie May Stores, when you sign the Area Development Agreement you will pay us a non-refundable Development Fee equal to 100% of the Initial Franchise Fee for the first Fannie May Store plus a deposit of $20,000 multiplied by the number of additional Fannie May Stores to be developed under the Area Development Agreement. The total investment under the Area Development Agreement will vary depending on the total number of Fannie May Stores to be developed.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Edward Fitzpatrick at 5353 Lauby Road, North Canton, Ohio 44720 and (800) 321-0444.

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 an accountant.

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

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

Issuance Date: November 29, 2012

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 A for information about the franchisor or about franchising in your state.

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

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AND AREA DEVELOPMENT AGREEMENTS REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN NEW YORK. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO LITIGATE WITH US IN NEW YORK THAN IN YOUR OWN STATE.

2. THE FRANCHISE AND AREA DEVELOPMENT AGREEMENTS STATE THAT NEW YORK LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

4. LOCAL LAW MAY SUPERSEDE THESE FRANCHISE AND AREA DEVELOPMENT AGREEMENT PROVISIONS. CERTAIN STATES REQUIRE THE SUPERSEDING PROVISIONS TO APPEAR IN AN ADDENDUM IN THIS DISCLOSURE DOCUMENT.

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

STATE EFFECTIVE DATES

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

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

California	
Connecticut	Trademark Exempt
Hawaii	
Illinois	
Indiana	
Maine	Trademark Exempt
Maryland	
Michigan	May 17, 2012
Minnesota	
New York	January 19, 2011, amended as of
North Carolina	Trademark Exempt
North Dakota	
Rhode Island	
South Carolina	Trademark Exempt
South Dakota	
Virginia	
Washington	
Wisconsin	

This Disclosure Document is not required to be registered in the following states, but an exemption has been filed as required by the state's business opportunity laws and this Disclosure Document is effective as of the date specified below:

Florida
Kentucky
Nebraska
Texas
Utah

This Disclosure Document is not required to be registered and an exemption is not required to be filed in the following states and this Disclosure Document is effective as of the Date of Issuance: Alabama, Alaska, Arizona, Arkansas, Colorado, Delaware, Georgia, Idaho, Iowa, Kansas, Louisiana, Massachusetts, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, Ohio, Oklahoma, Oregon, Pennsylvania, Tennessee, Vermont, West Virginia and Wyoming.

TABLE OF CONTENTS

ITEM 1 ..... **1**

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES 1

ITEM 2 ..... **5**

BUSINESS EXPERIENCE 5

ITEM 3 ..... **6**

LITIGATION 6

ITEM 4 ..... **6**

BANKRUPTCY 6

ITEM 5 ..... **6**

INITIAL FEES 6

ITEM 6 ..... **8**

OTHER FEES 8

ITEM 7 ..... **15**

ESTIMATED INITIAL INVESTMENT 15

ITEM 8 ..... **20**

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 20

ITEM 9 ..... **23**

FRANCHISEE'S OBLIGATIONS 23

ITEM 10 ..... **26**

FINANCING 26

ITEM 11 ..... **26**

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING 26

ITEM 12 ..... **39**

TERRITORY 39

ITEM 13 ..... **41**

TRADEMARKS 41

ITEM 14 ..... **43**

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION 43

ITEM 15 ..... **44**

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS 44

ITEM 16 ..... **45**

RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL 45

ITEM 17 ..... **46**
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION 46
ITEM 18 ..... **56**
PUBLIC FIGURES 56
ITEM 19 ..... **56**
FINANCIAL PERFORMANCE REPRESENTATIONS 56
ITEM 20 ..... **56**
OUTLETS AND FRANCHISEE INFORMATION 56
ITEM 21 ..... **60**
FINANCIAL STATEMENTS 60
ITEM 22 ..... **60**
CONTRACTS 60
ITEM 23 ..... **60**
RECEIPTS 60

Exhibits

A – List of State Agencies/Agents for Service of Process
B – Franchise Agreement
C – Area Development Agreement
D – List of Franchisees and Area Developers
E – Franchisees and Area Developers Who Have Left the System
F – Financial Statements
G-1 – Fannie May Operations Manual Table of Contents
G-2 – Fruit Bouquets Franchise Operations and Brand Standards Manual Table of Contents
H – State Specific Addendum
I – Form of General Release
J – Franchisee Disclosure Acknowledgment Statement
K – Fruit Bouquets Order Fulfillment Agreement
L-1 – BloomNet Application and BloomNet Membership Agreement
L-2 – BloomNet Technologies Systems Agreement and User Agreement
L-3 – BloomNet Fee Schedule

Receipts

ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor is Fannie May Franchise, LLC. We are a Delaware limited liability company formed on March 30, 2009. Our principal business address is 5353 Lauby Road, North Canton, Ohio 44720. We do business under our corporate name and the trade name and mark "Fannie May".

For ease of reference, Fannie May Franchise, LLC will be referred to as "we", "us" or "our" in this Disclosure Document. We will refer to the person or entity who signs the Franchise Agreement or Area Development Agreement as "you" throughout this Disclosure Document. If you are a corporation or other legal entity, certain provisions of the Franchise Agreement and Area Development Agreement apply to your "Owners" and "Principal Owners" (defined below) and will be noted.

We do not own or operate a business of the type being franchised. We have offered franchises since October 2009, and have never offered franchises in any other line of business. We have offered the Fruit Bouquets program since October 2011.

Our agents for service of process in the states which require franchise registration are disclosed in Exhibit A.

Our Parent, Predecessors and Affiliates

We have no predecessor, but we have a corporate parent. Our corporate parent is Fannie May Confections, Inc. ("**FMC**") formed in May 1, 2004. FMC is owned by Fannie May Confections Brands, Inc. ("**FMCB**"), which is owned by FCMB Acquisition Co., Inc. ("**Acquisition**"), which is in turn owned by 1-800-FLOWERS.COM, Inc., a Delaware corporation headquartered at One Old Country Road, Suite 500, Carle Place, New York 11514, which is the ultimate parent holding company for us, FMC, FMCB, Acquisition and Harry London (described below) ("**Parent**"). Our Parent will not provide any products or services to our franchisees, nor will it guaranty our performance. Our Parent, through its subsidiary companies, has previously offered and currently offers franchises for floral retail stores (including the Fruit Bouquets program) under separate disclosure documents.

All of FMC, FMCB and Acquisition are headquartered at our address. Neither FMC, FMCB nor Acquisition have ever offered franchises in this or any other line of business.

We also have an affiliate, Harry London Candies, Inc. ("**Harry London**"), which is headquartered at our address and is also a direct subsidiary of FMCB. Harry London is the primary manufacturer of the proprietary products that are offered at Fannie May Stores, and you will purchase these items from us (see Item 8). Harry London has never offered franchises in this or any other line of business.

One of our Parent's wholly owned subsidiaries is BloomNet, Inc., headquartered at One Old Country Road, Suite 500, Carle Place, New York 11514 ("**BloomNet**"). BloomNet manages the "BloomNet Network" which receives orders for products via the internet and by telephone, and distributes the orders to members of the BloomNet Network. BloomNet has never offered franchises in this or any other line of business and does not own a business of the type being franchised.

Another of our Parent's wholly owned subsidiaries is 1-800-Flowers Retail Inc., a Delaware corporation headquartered at One Old Country Road, Suite 500, Carle Place, New York 11514 ("**Retail**"). On August 1, 2011, Retail purchased all of the assets of Flowerama of America, Inc., including company-

owned and franchised units. Flowerama of America, Inc. offers franchises for retail floral shops under a separate disclosure document, but these shops do not currently offer Fruit Bouquets.

Another of our Parent's wholly owned subsidiaries is 1-800-Flowers.com Franchise Co., Inc., headquartered at One Old Country Road, Suite 500, Carle Place, New York 11514 ("**1-800-Flowers Franchise**"). 1-800-Flowers Franchise is an approved supplier of the Fruit Bouquets Starter Kit, as described in Item 5 below. 1-800-Flowers Franchise does not own or operate a business of the type being franchised. 1-800-Flowers Franchise offers franchises for retail floral shops, some of which may offer Fruit Bouquets, which are described below and which you may also offer from your Store.

As of July 1, 2012 FMC owns and operates 71 Stores in Illinois, Indiana, Missouri and Ohio, and Harry London owns and operates one Store in Ohio.

Fannie May History

The first Fannie May store was opened by H. Teller Archibald in Chicago, in 1920.

Following the end of the second World War, Fannie May remained an innovator in the chocolate field, introducing signature items such as the Pixie in 1946, the Trinidad in 1970, and the Eggnog Cream in 1989. In 1992 the company acquired a competing brand named Fanny Farmer. In 2004, Fannie May's parent company, the Archibald Candy Corporation, ceased operations and forced Fannie May into bankruptcy. Following the bankruptcy all Fannie May stores closed.

Following the store closures in 2004, Fannie May's recipes and intellectual property were purchased out of bankruptcy by Alpine Confections, Inc., a wholesale chocolate company headquartered in Alpine, Utah. In April 2006, the Fannie May and Harry London divisions of Alpine Confections, Inc. were sold to the Internet retailer 1-800-Flowers as part of a broader strategic plan. 1-800-Flowers is publicly traded and owns multiple retail brands including Cheryl & Co., Popcorn Factory and Plow & Hearth. Although the sale included Fannie May's core retail, Internet and manufacturing assets.

Since its emergence from bankruptcy in 2004 to 1-800-Flowers.com, Fannie May has re-opened many of its former locations and has continued to expand its portfolio of company-owned retail stores.

The Franchise Offered

We are offering franchises for retail Stores that operate under the name "**Fannie May**" according to the terms of our Franchise Agreement which is attached to this Disclosure Document as Exhibit B (each, a "**Fannie May Store**", "**Store**" or "**Franchised Business**") that are established and operated using the format and system we developed (the "**System**"). In addition to offering franchises for new Fannie May Stores, some of the existing Stores that are owned and operated by FMCB may be sold to new franchisees.

Fannie May Stores are retail stores specializing, as of the date of this Disclosure Document, in the sale of the exclusive line of Fannie May products, including boxed chocolates, custom packed chocolate assortments, gift baskets and towers, chocolate covered strawberries and other fruit, individually wrapped chocolates, premium nuts, hard candies, seasonal novelties, ice cream, cheesecakes, frozen desserts and private-label coffee and hot chocolate ("**Proprietary Products**"). We expect to expand our line of Proprietary Products in the future. If your Store will offer Fruit Bouquets (described below), the term "Proprietary Products" includes the proprietary dipping chocolate used to prepare Fruit Bouquets.

Each Store will have a primary manager plus several part-time employees. During off-peak periods a Store may be run by one employee. During peak seasonal sales cycles, however, as many as 10 employees per shift may be needed in the Store. Retail business is highly cyclical, with the majority of sales coming during the Christmas, Valentines Day and Easter holiday periods. Other holidays such as Mother's Day, Father's Day and Sweetest Day help to create smaller sales spikes during the year.

Fannie May Stores use certain trademarks, service marks, and commercial symbols, including the mark "Fannie May", a certain Store design, décor and image developed for Fannie May Stores (the "**Trade Dress**") and certain associated logos (collectively the "**Proprietary Marks**"). The Proprietary Marks are owned by FMC, which has licensed them to us so that we may sub-license them to our franchisees. We may modify the Proprietary Marks or substitute new Proprietary Marks. You must operate your Fannie May Store in accordance with the standards and procedures set out in our Confidential Operations Manuals (the "**Manuals**"). We will lend you a copy of the Manuals for the duration of the Franchise Agreement (or, at our option, we may make these available to you electronically). See Items 13 and 14 for additional information regarding the Proprietary Marks and the Manuals. If you purchase the Fruit Bouquets program, the term "Manuals" includes the Fruit Bouquets Franchise Operations and Brand Standards Manual.

A typical Fannie May Store in a strip center location or free-standing location will need approximately 1,200 to 1,500 square feet of space. A Fannie May Store located in an enclosed mall setting will need between 400 and 600 square feet of space plus additional off-site storage on the mall property.

Fruit Bouquets Program

We also offer a franchise program which grants you the right to offer and sell Fruit Bouquets from your Fannie May Store. You will add Fruit Bouquets to your product offerings and use the "**FM | Fruit Bouquets**" brand name or any other brand name or trademark as we designate, and signage in and on the Store, on any delivery vehicles, and in all marketing efforts as per our approval. If you decide to purchase the Fruit Bouquets program, you must sign the Fruit Bouquets Order Fulfillment Agreement, which allows you to fulfill Fruit Bouquets orders from our Parent (or its subsidiaries), and you must sign BloomNet's Application and Membership Agreement to become a member of the BloomNet Network. The Fruit Bouquets Order Fulfillment Agreement is attached to this Disclosure Document as Exhibit K, and the BloomNet Application and BloomNet Membership Agreement are attached to this Disclosure Document as Exhibit L-1.

Area Development Agreement

We also may offer an area development agreement (the "**Area Development Agreement**") (included as Exhibit C to this Disclosure Document) to qualified individuals and corporate entities (an "**Area Developer**"), which grants the right to establish and operate a specified number of Fannie May Stores in a specified area (the "**Development Area**") at specific locations that must be approved by us, each under a separate Franchise Agreement. We will offer Area Development Agreements under which at least three Fannie May Stores will be developed by an Area Developer. The material terms and conditions of the Franchise Agreement in use at the time each Franchise Agreement is signed under the Area Development Agreement may vary substantially from the terms and conditions of the Franchise Agreement described in this Disclosure Document.

Area Developers must open each Fannie May Store following the Development Schedule set forth in Exhibit B to the Area Development Agreement. The size of the Development Area will vary depending upon local market conditions and the number of Fannie May Stores to be developed (see

Item 12). The development rights granted under the Area Development Agreement do not include the right to develop Fruit Bouquets businesses separate from a Fannie May Store.

The Area Development Agreement contains concepts similar to the Franchise Agreement involving the "Developer's Principals," Controlling Principals of Developer, and an Operating Principal of Area Developer. For purposes of this Disclosure Document, the terms your Principals, Controlling Principals and Operating Principal include those persons having similar obligations identified in both the Area Development Agreement and Franchise Agreement, and the terms you, your, and Franchisee also include the Area Developer under the Area Development Agreement, unless we have noted otherwise. Any reference to the "Agreements" means the Area Development Agreement and the Franchise Agreement, as applicable.

Definitions

As used in the Franchise Agreement, the Area Development Agreement and in this Disclosure Document the term "Owner" means all persons or entities holding direct or indirect, legal or beneficial ownership interests in you as specified in the applicable agreement. The term "Owner" also refers to any person who has any other direct or indirect property rights in you, the Franchise Agreement, the Area Development Agreement, the Franchise or the Fannie May Store. Certain provisions of the Franchise Agreement and Area Development Agreement apply only to certain Owners who are designated as "Principal Owners." A Principal Owner is an Owner having an equity ownership interest in you of 5% or more, regardless of whether the Owner is entitled to vote thereon, and any other Owner who is designated a Principal Owner. Certain provisions of the Franchise Agreement, the Area Development Agreement and other agreements restrict you and/or your Principal Owners from participating in certain "Competitive Businesses." As used in those agreements and in this Disclosure Document, a Competitive Business is any food service business other than a Fannie May Store that: (a) features chocolate products of any kind or nature for sale as primary items; or (b) grants or has granted franchises or licenses or establishes or has established joint ventures for the development and/or operation of a food service business described in the preceding clause (a).

A "Controlled Affiliate" as used in this Disclosure Document, the Franchise Agreement and the Area Development Agreement refers to a person or an entity other than you who may be permitted to sign a Franchise Agreement under the Area Development Agreement. That entity must meet our then-applicable standards and requirements for franchisees including financial requirements, limits on total number of holders of equity interests and requirements for owners of non-controlling ownership interests. You must own at least 51% of the voting interests in any Controlled Affiliate.

Market and Competition

You will offer your products to the general public. The market for the products offered by the Fannie May Stores is highly competitive, as is the market for obtaining locations in high traffic venues. However, we believe our competitive position is enhanced by our operational format and by the highly specialized products offered by the Fannie May Stores. You will serve the general public and will compete with a variety of businesses, from locally owned to national and chain businesses, such as Godiva, Kilwins, and Rocky Mountain Chocolate Factory (RMCF).

We may sell products through the Internet, toll-free telephone numbers, catalogs, or other similar means of distribution to customers located anywhere. See Items 12 and 16 for a description of your permitted and restricted activities and your rights, and our permitted and restricted activities and rights.

Our Proprietary Products are not seasonal, but we do experience heavy sales during certain holidays and events (for example, Christmas, Valentine's Day, Easter, Administrative Assistant Week and Mother's Day).

If you purchase the right to offer and sell Fruit Bouquets, you will also experience competition from other companies that provide these products, some of which may be internet-based and/or franchise systems, such as Edible Arrangements.

Industry Specific Laws and Regulations

The retail food industry is regulated on the federal, state and local levels. You must comply with all local, state, and federal laws that apply to your franchised businesses' operations. The preparation and handling of food is federally regulated by the Pure Food and Drugs Act of 1906; the Federal Food, Drug and Cosmetic Act, Americans with Disabilities Act and by rules and policies of the Food and Drug Administration. State requirements relating to food safety typically pertain to sanitation and handling. Local inspectors may also enforce sanitation and handling rules created on the state and/or local level.

Among the licenses and permits you may need are: Zoning or Land Use Approvals, Sunday Sale Permits, Sales and Use Tax Permits, Special Tax Stamps, Fire Department Permits, Food Establishment Permits, Health Permits, Alarm Permits, County Occupational Permits, Retail Sales Licenses, Chain Store Permits, Dairy Permits, and Wastewater Discharge Permits. There may be other laws, rules or regulations which affect your Fannie May Store, including minimum wage and labor laws, discrimination, employment, and sexual harassment laws, along with ADA, OSHA and EPA considerations. We recommend that you consult with your attorney concerning these and other laws and ordinances that may affect the operation of your Franchised Business.

ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer – David Taiclet

Mr. Taiclet has been our Chief Executive Officer since our inception. Since June 2009, he has been President of the Gourmet Foods and Gift Baskets business segment of our ultimate parent, 1-800-Flowers.com, Inc. Since April 2006, he has been Chief Executive Officer of FMCB. Since January 1995, he has also been Co-Founder of Alpine Confections, Inc.

President – Terry Mitchell

Mr. Mitchell has been our President since our inception in March 2009, and he has been President of FMC located in Canton, Ohio since May 2004.

Chief Operating Officer – Matthew J. Anderson

Mr. Anderson has been our Chief Operating Officer since our inception in March 2009. He has also been Chief Operating Officer of FMC located in Canton, Ohio since July 2009, and from January 2003 to June 2009, he was the Chief Financial Officer of FMC.

Senior Vice President of Marketing – Tom Russell

Mr. Russell has been our Senior Vice President of Marketing since October 2009, and has been Senior Vice President or Marketing for the Gourmet Foods and Gift Baskets business segment of our

ultimate parent, 1-800-Flowers.com, Inc., since July 2009. From November 2005 through July 2009, he was Vice President of Brand Marketing for Orbitz Worldwide located in Chicago, Illinois. From January 2002 to November 2005, he was Senior Director of Brand Marketing for OfficeMax located in Naperville, Illinois.

Vice President of Retail Operations – Edward Fitzpatrick

Mr. Fitzpatrick has been our Vice President of Retail Operations since our inception, and he has been Vice President of Retail Operations for FMCB since July 2006. From January 2002 to July 2006, he was Corporate Operations Director for Domino's Pizza located in Ann Arbor, Michigan.

Treasurer – William Shea

Mr. Shea has been our Treasurer since our inception, and since September 2000 he has been Senior Vice President, Treasurer and Chief Financial Officer for 1-800-Flowers in Carle Place, New York.

Corporate Secretary – Gerard Gallagher

Mr. Gallagher has been our Corporate Secretary since our inception, and since August 1999 he has been General Counsel, Senior Vice President and Corporate Secretary for 1-800-Flowers in Carle Place, New York.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Franchise Agreement

The "**Initial Franchise Fee**" is $40,000, if you are purchasing your first Fannie May Store. The Initial Franchise Fee is payable in a lump sum when you sign the Franchise Agreement, will be fully earned when paid and non-refundable in consideration of administrative and other expenses we incur in entering into the Franchise Agreement and for our lost or deferred opportunity to enter into the Franchise Agreement with others.

If you are purchasing your second or later Fannie May Store, we will discount the Initial Franchise Fee to $30,000.

The Initial Franchise Fee is not refundable under any circumstances.

If you do not locate and secure an acceptable location for Store within 90 days after you sign the Franchise Agreement, we have the right to terminate your agreement and retain 100% of your Initial

Franchise Fee or we may grant you a 30 day extension to locate a suitable site. If, after the 30 day extension, you have still not located a suitable site for your Store, your franchise agreement with us will be terminated without further notice to you.

Fruit Bouquets Program

We also offer to franchisees the opportunity to provide fresh fruit products, including fresh cut fruit arrangements and related products ("Fruit Bouquets"), from their Stores. This program may be purchased at the same time as the Fannie May Franchise or it may be added on at a later time. The initial franchise fee for this program is $7,500 for the first Store you own and operate that includes this program, and $3,500 for each additional Store you own and operate that includes this program. This fee is payable in full when the Fruit Bouquet Addendum to the Franchise Agreement is signed and is not refundable.

If you purchase the Fruit Bouquets program during the term of your Franchise Agreement, we will pro rate the initial franchise fee payable based on the remaining term of your Franchise Agreement.

Area Development Agreement

If you sign an Area Development Agreement, we will charge a Development Fee based on the number of Fannie May Stores to be developed within a particular area. The Development Fee is equal to 100% of the Initial Franchise Fee for your first Fannie May Store ($40,000), plus a deposit of $20,000 multiplied by the number of additional Fannie May Stores you agree to develop during the development period. You will pay us this total amount when you sign the Area Development Agreement. The Development Fee is not refundable under any circumstances. We expect that you will sign the Franchise Agreement for your first Fannie May Store at the same time you sign the Area Development Agreement, and we will apply a portion of the Development Fee toward full payment of the Initial Franchise Fee for your first Store. For each additional Store developed under the Area Development Agreement, we will apply a pro rata portion of the Development Fee ($20,000) toward the Initial Franchise Fee for that Store and the balance of the Initial Franchise Fee ($10,000) is payable to us in a lump sum not later than 30 days before the Store is scheduled to open. You will not be permitted to open the Store unless the Initial Franchise Fee has been paid in full and a fully executed Franchise Agreement is in place for the Store.

The Initial Franchise Fees for both franchisees and area developers are uniform.

Initial Purchases

You must purchase your initial supply of Proprietary Products from us before your Store opens for business. The cost of the initial inventory you must purchase will depend on the size of your Store and the time of year in which you will open your Store, and the cost must be paid to us in full at the time of order. For example, if you have a large store and are opening near a holiday, your initial inventory will cost more than for the same size store that opens at another time that is not close to a holiday. We anticipate that the cost of your initial inventory will range from $35,000 to $70,000, which includes your initial inventory of Proprietary Products and packaging. If the initial inventory you receive is bad upon receipt or if we issue a recall of any item, we will either refund the cost of the item or provide you with a credit.

If you purchase the Fruit Bouquets program, you must purchase a Fruit Bouquets Starter Kit from 1-800-Flowers Franchise that includes dipping chocolates, decorations, toppings, tools, and packaging materials. The cost of this Fruit Bouquets Starter Kit will be between $2,500 to $3,500. It is payable in a lump sum when you sign the Fruit Bouquets Addendum to the Franchise Agreement and it is not refundable.

Training Fee – Fruit Bouquets Program

If you purchase the Fruit Bouquets program during the term of your Franchise Agreement, then you must also pay to us a training fee of $300 per trainee, if the training is provided at our headquarters, as well as your trainees' expenses. If you request that we provide you with training at your Store for our Fruit Bouquets products, then in addition to the above training fee of $300, you must pay a per diem training fee of $500 per trainer, plus travel and living expenses incurred by our trainers. The training fees are imposed uniformly on all franchisees and are not refundable. If you purchase the Fruit Bouquets Program at the same time you purchase the Fannie May franchise, we will not charge you this training fee.

Grand Opening Program

At our request, if we do not approve your grand opening campaign, you must give the grand opening advertising money in the amount of $10,000, to us and we will conduct the grand opening advertising campaign on your behalf.

You do not need to make any other purchases from and/or payments to us or our affiliates before your Store opens for business.

ITEM 6
OTHER FEES

Type of Fee (Note 1)	Amount	Due Date	Remarks
Royalty Fee – Fannie May Products	5% of Fannie May Gross Revenue, less revenue received from the sale of Proprietary Products (therefore, you will be paying a 5% Royalty Fee on the sale of non-Proprietary Products)	Payable on the 1st day of each month for the previous calendar month	This fee must be paid via electronic funds transfer, which is set up when you sign your Franchise Agreement. We do not charge a separate royalty on your sale of Proprietary Products, since we will earn revenues based on your purchases of Proprietary Products from us. See Notes 2 and 3 below and Item 8
Royalty Fee – Fruit Bouquets Products	6% of Fruit Bouquets Gross Revenue or $125 per month, whichever is greater	Payable on the 1st day of each month for the previous calendar month	This fee must be paid via electronic funds transfer. See Note 3 below

Type of Fee (Note 1)	Amount	Due Date	Remarks
Advertising Fund Contributions – Fannie May Products	$600	Payable on the 1st of each month	See Item 11 for a description of the Advertising Fund. This fee is subject to annual adjustment each year based on the Consumer Price Index. As described in Item 11, we may modify any individual franchisee's contribution based on individual circumstances
Advertising Fund Contributions – Fruit Bouquets Products	3% of Fruit Bouquets Gross Revenue or $62.50 per month, whichever is greater	Payable on the 1st of each month	The Advertising Fund Contribution for the Fruit Bouquets program is paid into a fund that is separate from the Fannie May Advertising Fund
Local Advertising	1% of Total Revenue	Must be spent monthly	You will pay your local advertising suppliers directly. Any advertising that you want to use (and that we have not prepared or previously approved) must be approved by us before you may use it. See Note 3 below and Item 11. If you offer Fruit Bouquets, your local advertising requirement includes revenues from these sales
Advertising Cooperative Contributions	As determined by the cooperative members	As determined by the cooperative members	Any amounts you contribute to an advertising cooperative will count toward your local advertising requirement
Special Events Fee – Fruit Bouquets	4% of Fruit Bouquets Gross Revenue	Payable on the 1st of each month	
Company-wide or Regional Meetings	Expenses of your attendees	As incurred	We may hold regional and/or company-wide meetings to promote our System and to communicate new or revised procedures. The cost of these meetings may be paid from the Advertising Fund. You must pay for the expenses incurred by your attendees, including travel, lodging, meals and wages

Type of Fee (Note 1)	Amount	Due Date	Remarks
Training Program (for New or Additional Employees)	Our then-current training fee, plus expenses Current training fee = $1,500	Our fee payable before the training program begins	We will train up to three people, one of whom must be you, at no additional charge. If you request that we provide our training program to additional employees, either before your Store opens or while it is operating, you must pay our then-current training fee. You must also pay for all of your trainees' expenses while attending training, including travel, lodging, meals and wages
Additional On-Site Assistance or Training	Our then-current fee per trainer, plus expenses Current per diem fee = $500	Upon demand	If you request that we provide additional assistance or training at your Store, you must pay our then-current per diem fee for each trainer we send to you, and you must reimburse our trainers' expenses, including travel, lodging and meals. This per diem fee applies for training or assistance related to Fannie May and Fruit Bouquets
Transfer Fee – Fannie May Franchise	50% of our then-current initial franchise fee	At closing of transfer	We do not charge a transfer fee for a one-time transfer to a corporate entity that you have formed for convenience of ownership of the franchise
Transfer Fee – Fruit Bouquets Program	$5,000, plus expenses	At closing of transfer	To reimburse our administrative costs in effecting the transfer. You must also reimburse our out-of-pocket costs associated with the transfer
Renewal Fee – Fannie May Business	$10,000	At time of renewal	
Renewal Fee – Fruit Bouquets Program	$10,000	At time of renewal	
Interest	1.5% per month or the highest legal rate, whichever is less	At time the overdue payments are paid	Interest is payable on any overdue or underpaid amounts owed to us and/or our affiliates. Interest will accrue from the original due date until the amount is paid in full

Type of Fee (Note 1)	Amount	Due Date	Remarks
Audit	Any underpaid amount revealed by the audit, plus interest. The cost of the audit is reimbursable to us in certain circumstances	Upon demand	You must reimburse our costs for the audit if (a) the audit is done because of your failure to provide required reports, or (b) if the audit reveals an understatement of your Fannie May Gross Revenue and/or Fruit Bouquets Gross Revenue of 2% or more at any time
Costs and Legal Fees	Will vary under circumstances	Upon demand	If you default under your agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating the agreement
Indemnification	Will vary under circumstances	Upon demand	You must reimburse us for the costs we incur if we are sued or held liable for claims that arise from your operation of the Franchised Business or in connection with any offer of your securities, or for costs associated with defending claims that you used the trademarks in an unauthorized manner
Insurance Premiums	The cost of the insurance premiums, plus our expenses incurred in obtaining insurance	Upon demand	We have the right (but not obligation) to buy insurance coverage for you if you do not do so
Product/Supplier Testing	The costs of testing and evaluation	Upon demand if incurred	If you ask us to consider a new product or supplier for our approval, you must pay the costs we incur in evaluating the product or supplier
Store Refurbishment	Will vary under the circumstances, but not more than $40,000	As incurred	In addition to routine maintenance and cleaning of your Store, we may require you to refurbish your Store to comply with our then-current Trade Dress. We will not make this request more frequently than every five years
Liquidated Damages	See Note 4	15 days after termination	

Type of Fee (Note 1)	Amount	Due Date	Remarks
Proprietary Products	Will vary under the circumstances	As incurred	You must buy your entire inventory of Proprietary Products from us. Due to freshness considerations for our Proprietary Products, and depending on your Store's volume, you could place orders as often as twice each week. See Note 5 below and Item 8
Prohibited Product or Service Fine	$250 per day of use of unauthorized products or services	If incurred	In addition to other remedies available to us
Management Fee	5% of Total Gross Revenue, plus expenses	As incurred	If we must step in to temporarily operate your Store for you in certain circumstances, we will be paid a fee for managing your Store, and you must reimburse our representative's expenses, including travel, lodging and meals
Relocation Fee	25% of then-current initial franchise fee	If incurred	If you request to relocate your Store
Mystery Shopper	Our then-current fee Currently up to $150 per month	As incurred	We may engage a mystery shopper service as a means of verifying the quality of products and services provided by Fannie May Stores. We may require you to pay the mystery shopper service directly, or reimburse us
Wire Transaction Fees	As incurred. Currently, $2.25 per order, or $1.50 net of delivery confirmation	As incurred	Related to Fruit Bouquets orders. Payable to BloomNet

Type of Fee (Note 1)	Amount	Due Date	Remarks
BloomNet Monthly Membership Fees	The monthly fee is calculated on a monthly orders received basis and is currently as follows: 0 – 10 orders: $24.99; 11 – 20 orders: $59.99; 21 – 45 orders: $149.99; 46 – 70 orders: $199.99; 71 – 100 orders: $279.99; 101 – 150 orders: $299.99; 151 – 250 orders: $499.99; 251+ orders: $799.99	Monthly	Payable to BloomNet
BloomNet Monthly Network Access Fees	The monthly Network Access fee is calculated on a monthly orders received basis and is currently as follows: 1 - 10 orders: $24.99; 11 – 20 orders: $59.99; and 21+ orders: $104.99. BloomNet Essential License Fee: $5.00 per month. BloomNet Enclosure Card Program: $9.99 per month	Monthly	Payable to BloomNet

1. Except as noted in the chart above, all fees are imposed by and payable to us. All fees paid to us are non-refundable.

2. You must pay your royalties and advertising fund contributions by EFT (electronic funds transfer). To make arrangements for EFT, you must sign our current form of Authorization Agreement for Prearranged Payments (Direct Debits), which is Exhibit J to the Franchise Agreement.

   You must also pay for all purchases of Proprietary Products from us by EFT, which are due within 20 days after you receive the products. If you meet our criteria, including credit score and other factors, we may extend to you a line of credit that you may use to purchase Proprietary

Products from us on an ongoing basis. If you qualify for this line of credit and use it, then any payments that are overdue will accrue interest as described in the chart above, and your account will be placed on hold, meaning that your account must be paid in full before you can access the line of credit again. If any payment is more than 60 days overdue, then in addition to accrued interest that you must pay, your account status will also be changed to "Pay in Advance". Repeated failures to repay this line of credit will give us the option to terminate the line of credit and/or terminate your Franchise Agreement. The application for a line of credit is attached as Exhibit M to the Franchise Agreement.

3. The term "Fannie May Gross Revenue" as used in this Disclosure Document and in the Franchise Agreement means gross revenue from the Fannie May Store and from the sale of the Proprietary Products and the sale of all other products and services by or for you or the Fannie May Store in, upon or from the premises of the Store or through or by means of the business conducted at the Fannie May Store, whether for cash or credit, and including any assumed gross revenue calculated for the purpose of an insurance claim for lost profits if the claim is paid by the insurer. Fannie May Gross Revenue excludes: (a) sales or service taxes collected from customers and paid to the appropriate taxing authority; and (b) all customer refunds, adjustments and credits made by the Fannie May Store.

For purposes of the Royalty payment only, we will deduct from Fannie May Gross Revenue your sales of Proprietary Products, and you will pay Royalties on the remaining amount of Gross Revenue. For example, if 100% of your Fannie May Gross Revenue is derived from the sale of Proprietary Products, then you would not owe a Royalty fee. As described in Note 5 below and in Item 8, we will earn a "royalty" from the sale of Proprietary Products to you and other franchisees in the System.

The term "Fruit Bouquets Gross Revenue" as used in this Disclosure Document and in the Franchise Agreement means all revenues from operating the Fruit Bouquet program, including from the sale of all products and services by you, in, upon or from the Store or through or by any means of the business conducted at the Store, including any orders received from a third party for fulfillment (except for orders forwarded for fulfillment by 1-800-Flowers pursuant to the terms of the Fruit Bouquet Order Fulfillment Agreement), and including any insurance proceeds you receive for loss of business or lost profits due to a casualty or similar event. "Fruit Bouquets Gross Revenue" excludes (a) sales or service taxes collected from customers and paid to the appropriate taxing authority, and (b) all customer refunds, adjustments and credits given to customers in good faith.

The term "Total Revenue" includes both Fannie May Gross Revenue and Fruit Bouquets Gross Revenue, as applicable.

We will debit your account on the first day of each month for the Royalty. If that day is a holiday, we will debit your account on the next business day. Funds must be made available in your account for withdrawal. We may require payment other than by automatic debit, and you must comply with our payment instructions. If you do not report the Store's Fannie May Gross Revenue (and Fruit Bouquets Gross Revenue, if applicable), we may debit your account for 120% of the last Royalty Fee that we debited. If the Royalty Fee we debit is less than the Royalty Fee you actually owe us, we will debit your account for the balance on a day we specify. If the Royalty Fee we debit is greater than the Royalty you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following month.

To insure that we receive the full advertising fund contributions and special events fees that are due based on Fruit Bouquets Gross Revenue, you must pay us, whether in arrears, in advance, in a lump sum or in the same manner that you pay us Royalty Fees and Advertising Fund Contributions, the amount of all taxes we must pay on revenue we earn or collect based upon your use of our intellectual property or other intangibles or based upon the existence of the Franchise Agreement.

If any state imposes a sales or other tax on the royalty fees, then we have the right to collect this tax from you.

Included in the Fruit Bouquets Pricing Guide is a separate fee structure governed by the Fruit Bouquets Order Fulfillment Agreement where you are paid a flat fee commission based on the particular Fruit Bouquets products you provide. This fee structure is updated at least twice a year. The Fruit Bouquets Pricing Guide is provided on-line to franchisees purchasing the Fruit Bouquets program.

4. If we terminate the Franchise Agreement with cause, you must pay us liquidated damages equal to the "royalty" we earn based on your average monthly purchases of Proprietary Products from us (as described in Item 8) plus the average monthly Royalty Fee you paid or owed to us on Fruit Bouquets Gross Revenue (if applicable) during the 12 months of operation before the termination multiplied by (a) 24, being the number of months in two full years, or (b) the number of months remaining in the Franchise Agreement had we not terminated it, whichever is higher.

5. You must purchase Proprietary Products from us. You will be provided with two price lists – the first one is the cost to you to purchase Proprietary Products from us. As described in Item 8, the prices on this list include a mark-up from which we will earn a "royalty" that is roughly equal to 5% of Fannie May Gross Revenue. This first price list is subject to change by us based on certain factors, including changes in commodity prices. The second list provided to you is a suggested retail price list for your customers. Therefore, you will pay a Royalty to us on any non-proprietary products sold at your Store which are included in the term "Fannie May Gross Revenue", as described above, plus any Royalty payable on Fruit Bouquets Gross Revenue (if applicable). Certain fruit products, such as our chocolate covered strawberries, are considered a Fannie May Proprietary Product and not part of the Fruit Bouquets program, and these specific products will be included on the price lists we provide to you.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FANNIE MAY STORE				
Type of Expenditure	**Amount**	**When Due**	**Method of Payment**	**To Whom Payment is to be Made**
Initial Franchise Fee (1)	$40,000	On Signing Franchise Agreement	Lump Sums	Us
Cash Registers and Scales (2)	$2,300 to $4,600	As Incurred	As Agreed	Designated Suppliers

YOUR ESTIMATED INITIAL INVESTMENT FANNIE MAY STORE				
Type of Expenditure	**Amount**	**When Due**	**Method of Payment**	**To Whom Payment is to be Made**
Leasehold Improvements (3)	$40,000 to $95,000	As Incurred	As Agreed	Independent Contractors, Lessor
Fixtures and Equipment (4)	$40,700 to $91,100	As Incurred	As Agreed	Designated Suppliers
Architect Fees (5)	$5,000 to $10,000	As Arranged	As Agreed	Approved Supplier
Rent – 3 months (6)	$5,000 to $15,000	As specified in lease or sublease	Lump Sum	Landlord
Insurance – 3 months (7)	$1,000 to $1,500	As Arranged	As Agreed	Insurance Providers
Opening Inventory and Supplies (8)	$38,000 to $78,000	As Incurred	As Agreed	Us and Designated Suppliers
Signage and Awning (9)	$9,000 to $12,000	As Incurred	As Agreed	Designated Suppliers
Initial Training Expenses (10)	$500 to $5,000	As Incurred	As Incurred	Airlines, Hotel, Restaurants
Grand Opening Program (11)	$10,000	Within first 60 days after Store opens	As Agreed	Us or Outside Suppliers
Professional Fees (12)	$2,500 to $5,000	As Incurred	As Agreed	Attorney; Accountant
Advertising Fund – 3 Months (13)	$1,800	1st of each month	EFT	Us
Additional Funds – 3 months (14)	$15,000 to $20,000	As Incurred	As Incurred	Various
TOTAL ESTIMATED INITIAL INVESTMENT	**$210,800 to $389,000**			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not provide financing for any portion of your initial investment.

Explanatory Notes

1. ***Initial Franchise Fee.*** The Initial Franchise Fee is discussed in Item 5. If you sign our Area Development Agreement, you will pay us a Development Fee based on the number of Fannie May

Stores to be developed within a particular area. The Development Fee is equal to 100% of the Initial Franchise Fee for your first Fannie May Store ($40,000), plus a deposit of $20,000 multiplied by the number of additional Fannie May Stores you agree to develop. You will pay us this total amount when you sign the Area Development Agreement, and each time you sign a Franchise Agreement for a Fannie May Store to be developed in your area, you will pay the balance of the initial franchise fee due, after application of a pro rated portion of the Development Fee.

2. ***Cash Registers and Scales.*** You must purchase at least two cash registers and two scales. Depending on the size of your Store, you may want to have as many as four registers and scales.

3. ***Leasehold Improvements.*** The cost of leasehold improvements will vary depending on numerous factors, including: (i) the size and configuration of the premises; (ii) pre-construction costs (such as demolition of existing walls and removal of existing improvements and fixtures); and (iii) cost of materials and labor, which may vary based on geography and location. These amounts are based on the cost of adapting our prototypical architectural and design plans to remodel and finish-out the Store and the cost of leasehold improvements. These figures are our best estimate based on remodeling/finish-out rates. These amounts may vary substantially based on local conditions, including the availability and prices of labor and materials. These costs may also vary depending on whether certain of these costs will be incurred by the landlord.

4. ***Fixtures and Equipment.*** You must purchase the fixtures and equipment that we specify for your Store. The fixtures and equipment you need include: refrigerated display counters, shelving and display cases, freezers, fire extinguishers, storage racks, locks and phone lines. The low end of our estimate includes fixtures, 3 door freezer, locks, safe, fire extinguishers, phone lines and storage racks. The high end of our estimate includes brand new phone lines, 3 door freezer, walk-in freezer, dipping cabinet, locks, safe, fire extinguishers, phone lines and storage racks.

5. ***Architect Fees.*** You must retain the services of a qualified architect, who we have approved or designated in our operations manual for use by our franchisees, to adapt our standardized plans and specifications to your approved location.

6. ***Rent.*** If you do not own adequate property, you must lease the property for your Store. A typical Fannie May Store will need approximately 1,200 to 1,500 square feet of space for a strip center or free-standing location, or 400 to 600 square feet of space plus additional off-site storage for a mall location. The lease costs will vary widely and may be significantly higher than projected in this table depending on factors such as property location, population density, economic climate, prevailing interest rates and other financing costs, and conditions of the property. You should investigate all of these costs in the area where you wish to establish a Store.

Landlords may vary the base rental rate and charge rent based on a percentage of gross revenue. In addition to base rent, the lease may require you to pay common area maintenance charges ("CAM Charges"), your proportionate share of the real estate taxes and insurance, and your proportionate share of other charges. The actual amount you pay under the lease will vary depending on the size of the Store, the types of charges that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates in the geographic region.

If you choose to purchase real property on which to build your Store, your initial investment will probably be higher than what we estimate above. If you purchase real property, we cannot estimate how this purchase will affect your total initial investment.

7. ***Insurance.*** The estimate represents approximately three months of coverage for the insurance you must have for your Store. Insurance costs will vary depending upon factors such as the size and location of the Store. The insurance you must maintain is described in Item 8.

8. ***Opening Inventory and Supplies.*** You must purchase from us your opening inventory of Proprietary Products, which includes chocolates, truffles, fudge, nuts, sugar-free chocolates, chocolate bars, cakes, gift boxes and assortments. You must also purchase other supplies, such as paper goods, from approved suppliers. You will need to replenish your initial inventory on an as needed basis as Proprietary Products are sold and other supplies are used. The amount and cost of your initial and subsequent orders for all of these items will vary depending on various factors, including the size and anticipated volume and mix of your Store's sales.

9. ***Signage.*** The estimates include the costs for interior and exterior signage. The cost of signage may vary significantly depending on the location of your Store, market conditions and local codes. In some instances, the use of additional or larger signage may be possible, with our prior written approval. The costs of these optional items are not included in the line item total above.

10. ***Initial Training Expenses.*** We provide initial training to up to three people, one of whom must be you, at no additional charge. These estimates include only your out-of-pocket costs associated with attending our initial training program, including travel, lodging, meals and applicable wages for the first three trainees. These amounts do not include any fees or expenses for training any other personnel. Your costs may vary depending on your selection of lodging and dining facilities and mode and distance of transportation. The lower end of our estimate assumes that the trainees live within driving distance of our training facility and therefore no accommodations are necessary.

11. ***Grand Opening Program.*** You must conduct a grand opening advertising campaign to promote the opening of your Store. We reserve the right to approve all advertisements used in your grand opening advertising campaign, and your campaign must be conducted in the first 60 days after your Store opens. At our request, you must give the grand opening advertising money to us and we will conduct the grand opening advertising campaign on your behalf.

12. ***Professional Fees.*** We expect that you will retain an attorney and an accountant to assist you with evaluating this franchise offering, and with negotiating your lease or purchase agreement for the approved location.

13. ***Advertising Fund.*** Because your contributions to the Advertising Fund are a fixed amount as described in Item 6, our estimate includes your first three months of contributions to the Advertising Fund.

14. ***Additional Funds.*** This estimates your initial start up expenses for an initial three-month period, not including payroll costs, and does not include any revenue that your Store may earn in the first three months of operation. These figures are estimates only and we cannot guarantee that you will not have additional expenses starting your business. The amount of revenue you generate in the first three months of operation may depend, in part, on the time of year your Store opens. Your expenses will depend on factors such as how much you follow our methods and procedures, your management skill, experience and business acumen, local economic conditions (including the local market for our products or services), the prevailing wage rate, competition and the sales level reached during the initial period. These are only estimates and your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations. The costs outlined in this Item 7 are not intended to be a forecast of the actual cost to you or to any particular franchisee.

We relied on our affiliates' experience in constructing and opening Fannie May Stores to prepare these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not provide financing arrangements for you. If you obtain financing from others to pay for some of the expenditures necessary to establish and operate the franchise, the cost of financing will depend on your creditworthiness, collateral, lending policies, financial condition of the lender, regulatory environment, and other factors.

We have not included a separate table for the initial investment if you sign an Area Development Agreement. Other than the reduced initial fee payable when the Franchise Agreement is signed, actual start-up costs pertaining to the actual Stores opened under the Area Development Agreement are as estimated above, subject to potential increases over time or other changes in circumstances. The approximate cost for a vehicle to view potential sites, oversee the build-outs, supervise multiple locations, etc. will be $2,100 for 3 months. If you sign an Area Development Agreement, your professional fees such as legal and financial may be higher.

YOUR ESTIMATED INITIAL INVESTMENT
FRUIT BOUQUETS PROGRAM

Type of Expenditure	Amount	When Due	Method of Payment	To Whom Payment is to be Made
Initial Fee (1)	$7,500	On Signing Fruit Bouquets Addendum	Lump Sum	Us
Training Fee (Assumes Two Trainees) (2)	$0 to $600	On Signing Fruit Bouquets Addendum	Lump Sum	Us
Fruit Bouquets Starter Kit	$2,500 to $3,500	On Signing Fruit Bouquets Addendum	Lump Sum	1-800-Flowers Franchise
Equipment and Fixtures (3)	$10,000 to $18,000	As Incurred	As Agreed	Suppliers
Signage (3)	$5,000 to $20,000	As Incurred	As Agreed	Suppliers
Travel & Living Expenses While Training (2)	$500 to $7,250	As Incurred	As Incurred	Airlines, Hotel, Restaurants
Opening Promotional Campaign (4)	$2,000	Before Offering Fruit Bouquets	As Agreed	Suppliers
Product Inventory	$500 to $1,000	As Incurred	As Agreed	Suppliers
TOTAL ESTIMATED INITIAL INVESTMENT (5)	**$28,000 to $59,850**			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of the initial investment for the Fruit Bouquets program.

Explanatory Notes

1. ***Initial Fee.*** The Initial Fee is discussed in Item 5.

2. ***Training Fee.*** If you choose to offer our Fruit Bouquets products and you purchase this program during the term of your Franchise Agreement, you must pay an additional training fee of $300 per person for you and your trainee(s) to attend Fruit Bouquets training at our designated training location. You must also pay travel and living expenses incurred by you and your trainee(s). If you request that we provide you with training at your Store for our Fruit Bouquets products, then in addition to the above training fee of $300, you must pay a per diem training fee of $500 per trainer, plus travel and living expenses incurred by our trainers. The low end of our estimate assumes that you are purchasing the Fruit Bouquets program at the same time you are purchasing the Fannie May franchise, in which case the training fee is waived.

3. ***Equipment and Fixtures; Signage.*** If you purchase the Fruit Bouquets program, you will have additional expenses for required equipment and signage, which may include equipment required for compliance with applicable health laws related to food service businesses. Your costs may be lower if we determine that you have sufficient refrigerator, storage, prep space and/or equipment to accommodate this program. The signage requirements include a vehicle wrap for your delivery vehicle (if you currently have a delivery vehicle), interior signage and exterior signage.

4. ***Opening Promotional Campaign.*** If you purchase the Fruit Bouquets program, you must spend at least $2,000 to promote the offering of these products at your Store.

5. ***Total.*** We have not included a separate line item for additional funds, because we anticipate that you will have an existing cash flow and sufficient operating funds from the Fannie May Store. Revenues during your initial period (estimated to be the first three months after you begin offering Fruit Bouquets) are not taken into account. These figures are estimates and we cannot guarantee that there are no additional expenses to start the business. Your costs depend on factors such as: how closely you follow our methods and procedures; your management skills, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition and the sales level reached at the Store during this initial period.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To insure that the highest degree of quality and service is maintained, you must operate your Fannie May Store in strict conformity with the methods, standards and specifications as we may prescribe in the Manuals or otherwise in writing. You must not deviate from these methods, standards and specifications without our prior written consent. We may revise the contents of the Manuals, and you must comply with each new or changed standard and specification. You must at all times make sure that your copy of the Manuals is kept current and up to date.

You must maintain in sufficient supply (as we may prescribe in the Manuals or otherwise in writing), and use at all times, only the ingredients, products, materials, supplies, paper goods, fixtures, furnishings, equipment, signs and items as conform with our standards and specifications and which are purchased from the suppliers we designate or approve (which may include us or our affiliates), and you must not deviate from those standards and specifications by the use of non-conforming items, without our prior written consent.

You must sell or offer for sale only the Proprietary Products and other products and services as have been expressly approved for sale in writing by us. You must discontinue selling and offering for sale any Proprietary Products or other products or services which we may, in our discretion, disapprove in writing at any time.

You must purchase your Proprietary Products solely from us or other sources that we designate in the Manuals or otherwise in writing. You must purchase the Proprietary Products directly from us and make payments directly to us. You must pay for the Proprietary Products that you purchase at the prices set forth in the then-current price list, which we have the right to change at any time due to increases in inflation, cost increases for ingredients or other items, shortages, catastrophes, strikes, acts of God, etc. The Proprietary Products that you purchase from us are marked up by between 18% to 20%. This mark-up includes the "royalty" that you must pay to us. This "royalty" is roughly equal to 5% of Fannie May Gross Revenue, as defined in Item 6.

During the fiscal year ended July 1, 2012, we had total revenue of $3,732,748, of which $2,870,064 (or 76.9%) was from sales of Proprietary Products to our franchisees. During the fiscal year ended July 1, 2012, 1-800-Flowers Franchise had total revenue of $1,882,055, of which $2,650 (or .0.14%) was from the sale of Fruit Bouquets Starter Kits and other Fruit Bouquets related equipment to our franchisees. BloomNet derives revenue from the sale of designated products, from the licensing of the BloomNet Technologies System, and membership fees. BloomNet's total revenues were $68,038,673 during the fiscal year ending July 1, 2012. BloomNet's total revenues from the sale of their designated products with Fannie May franchisees during this period were $8,802 or 0.013% of its total revenues. BloomNet's total revenues from its software licensing with Fannie May franchisees during this period were $2,809 or 0.004% of its total revenues. BloomNet's total revenues from its membership fees with Fannie May franchisees during this period were $1,180 or 0.0017% of its total revenues.

The following describes the ownership interests that David Taiclet, our CEO, has in certain approved suppliers. Mr. Taiclet is President of Gourmet Food & Gift Baskets, a business segment of our Parent, and the CEO of FMC and FMCB. Mr. Taiclet also has a minority ownership interest in Dynamic Confections, Inc., from which we may purchase some products for resale to our franchisees. Mr. Taiclet's ownership interests predate our Parent's 2006 acquisition of FMCB and were disclosed to our Parent before the closing on that acquisition, and the ongoing relationships were approved by our Parent's Board of Directors. In addition to Mr. Taiclet's interests described above, the following officers listed in Item 2 have an ownership interest in 1-800-Flowers.com, Inc., our ultimate parent and the parent company for both 1-800-Flowers Franchise and BloomNet, which are approved suppliers: David Taiclet, Terry Mitchell, Matthew Anderson, Tom Russell, Edward Fitzpatrick, William Shea and Gerard Gallagher.

You must purchase and install, at your expense, all fixtures, furnishings, equipment, décor and signs as we may reasonably specify from suppliers approved or designated by us; and not install or permit to be installed on or about the premises of your Store, without our prior written consent, any fixtures, furnishings, equipment, décor, signs or other items not previously approved as meeting our standards and specifications. There is no specific computer system that you will need to purchase, but you will need to purchase cash registers and scales. We do not currently require you to purchase or lease a delivery vehicle for the delivery of Fruit Bouquets orders, but we reserve the right to do so in the future.

All products sold or offered for sale at the Store must meet our then-current standards and specifications, as established in the Manuals or otherwise in writing. Other than the Proprietary Products which must be purchased from us, all products and supplies for your Store must be purchased from designated or approved suppliers who demonstrate to our continuing reasonable satisfaction the ability to meet our standards and specifications, who possess adequate quality controls and capacity to supply your

and other franchisees' needs promptly and reliably, and who have been approved by us in the Manuals or otherwise in writing.

If you want to purchase products that we have not approved or if you want to purchase from a supplier who has not been designated or approved by us, you must submit to us a written request to approve the proposed supplier, together with evidence of conformity with our specifications as we may reasonably require. We will have the right to require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility designated by us. You must reimburse our costs related to our evaluation of the proposed product or supplier. We will notify you in writing of our approval or disapproval of the proposed supplier within 60 days after our receipt of your request. We may withhold our approval for any or no reason. If we do not give our written approval within 60 days, we will be deemed to have disapproved the proposed product or supplier. You must not sell or offer for sale any products of the proposed supplier until our written approval of the proposed supplier is received. We may revoke our approval of particular products or suppliers when we determine, in our sole discretion, that these products or suppliers no longer meet our standards. Upon receipt of written notice of revocation, you must stop selling any disapproved products and stop purchasing from any disapproved supplier. We are not required to provide you or any supplier with our specific criteria for approval.

We estimate that your purchases from us or approved suppliers, or that must conform to our specifications, will represent approximately 75% to 85% of your total purchases in establishing the Store, and approximately 90% to 95% of your total purchases in the continuing operation of the Store.

There are no purchasing or distribution cooperatives related to Fannie May Store franchises. We do not provide any material benefit to franchisees for use of approved suppliers. We may negotiate purchase arrangements with some of our suppliers (including pricing and terms) for the benefit of our franchisees, but we are under no obligation to do so and currently do not have any purchase arrangements in place. We may receive payment, in the form of preferred pricing, commissions, or rebates, from designated and approved suppliers due to these suppliers' transactions with us or our franchisees. The amount will vary depending on product usage and volume. We may use any amounts that we receive from our designated and approved suppliers for any purpose that we deem appropriate. During the fiscal year ended July 1, 2012, we had total revenue of $3,732,748 of which $0 was from rebates or commissions paid by approved suppliers, real estate brokers or design firm architects based on purchases or leases from them by our franchisees.

Insurance

You must obtain and maintain at your own expense the insurance coverage that we and your Store's lease periodically require and you must meet the other insurance-related obligations in the Franchise Agreement. Our specific insurance requirements will be included in the Manuals, and these requirements may change over time. You must comply with any modified insurance requirement that we specify. You must obtain the required insurance coverages not later than the date you acquire the approved location for your Store.

As of the date of this Disclosure Document, you must maintain the following insurance coverages: (1) public general liability insurance, including products liability coverage, in the minimum amount of $3,000,000 combined single limit; (2) fire and extended coverage insurance on the premises of your Store with full replacement coverage; (3) fire-legal liability coverage in an amount equal to the value of the franchised location; (4) business interruption insurance in amounts sufficient to cover 12 months of continuing fees payable to us, 12 months of rent, 12 months of insurance premiums and other fixed expenses; (5) worker's compensation insurance and all other insurance required by law; and (6) any other

insurance that may be required by the lease or mortgage for your premises or that we may require in the future.

We may require you to obtain insurance coverage for other risks or increase the required amount of coverage and require different or additional insurance during the tem of you Franchise Agreement. You must purchase your insurance from an insurance provider with an A.M. Best rating of "A" or higher. We reserve the right to designate the specific insurance company or broker that you must use. You must provide us with a certificate of insurance showing that you have obtained the required insurance before your Store opens, and you must provide us with updated certificates of insurance upon renewal of a policy. We have the right to review the required insurance coverage annually and to modify the coverages required or the limits of the required coverages.

Each insurance policy must: (1) name us and our respective officers, directors, partners, and employees as additional named insureds and contain a waiver of all subrogation rights against us; (2) provide at least the types and minimum amounts of coverage specified in the Franchise Agreement or otherwise in the Manuals; and (3) provide for 30 days' prior written notice to us of any material modification, cancellation, or expiration of any policy. Our insurance requirements will not limit your liability under the Franchise Agreement and you must pay all amounts owed to us or our affiliates, regardless of the designated insurance limits. If you fail or refuse to obtain the required insurance coverages, we may obtain insurance on your behalf and you must reimburse us for the premium costs.

Under the Area Development Agreement, in addition to the insurance you must maintain under your Franchise Agreements, you must maintain the insurance coverage that we periodically require and meet the other insurance-related obligations in the Area Development Agreement. You currently must maintain comprehensive general liability insurance for bodily injury, death and property damage caused by or occurring in conjunction with the conduct of your business under the Area Development Agreement and broad form contractual liability coverage. You must also have worker's compensation insurance and all insurance required by law. We may require you to obtain insurance coverage for other risks or increase the required amount of coverage and require different or additional insurance. Each insurance policy required under the Area Development Agreement must meet the same requirements described above for policies pertaining to the Franchise Agreement.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreements	Item in Disclosure Document
(a) Site selection and acquisition/lease	Section 4 of Franchise Agreement; Section 6 of Area Development Agreement	Items 7, 8 and 11
(b) Pre-opening purchases/leases	Section 4 of Franchise Agreement	Items 5, 7 and 11
(c) Site development and other pre-opening requirements	Section 4 of Franchise Agreement	Items 8 and 11

Obligation	Section in Agreements	Item in Disclosure Document
(d) Initial and ongoing training	Section 5 of Franchise Agreement	Items 5, 6, 7 and 11
(e) Opening	Section 4 of Franchise Agreement	Item 11
(f) Fees	Sections 10, 12.1 and 12.2 of Franchise Agreement; Section 5 of Area Development Agreement; Sections "Reception of Orders" and "Clearing House Statement" of BloomNet Membership Agreement; Section 5 of BloomNet Technologies Systems Agreement	Items 5, 6, 7 and 11
(g) Compliance with standards and policies/Operations Manual	Sections 5.4 and 11 of Franchise Agreement; Section 3 of Fruit Bouquets Order Fulfillment Agreement; Sections "Appearance", "Capabilities", "Attitude", and "General" of BloomNet Membership Agreement; Section 4 of BloomNet Technologies Systems Agreement	Item 11
(h) Trademarks and proprietary information	Sections 6, 7, 8 and 9 of Franchise Agreement; Sections 7 and 8 of Area Development Agreement; Section 2 of Fruit Bouquets Order Fulfillment Agreement; Sections "Confidential Information" and "Trademarks" of BloomNet Membership Agreement; Sections 3, 6 and 9 of BloomNet Technologies Systems Agreement	Items 13 and 14
(i) Restrictions on products/services offered	Sections 11.2 and 11.3 of Franchise Agreement; Section 1 of Fruit Bouquets Order Fulfillment Agreement; Section 4 of BloomNet Technologies Systems Agreement	Items 8 and 16
(j) Warranty and customer service requirements	Section 1 of Fruit Bouquets Order Fulfillment Agreement; Section "Attitude" of BloomNet Membership Agreement; Section 4 of BloomNet Technologies Systems Agreement	Not applicable
(k) Territorial development and sales quotas	Section 3 of Area Development Agreement	Item 12
(l) On-going product/service purchases	Sections 11.2 and 11.3 of Franchise Agreement; Section 4 of BloomNet Technologies Systems Agreement	Item 8
(m) Maintenance, appearance and remodeling requirements	Sections 4.11 and 11.1 of Franchise Agreement; Section 4 of BloomNet Technologies Systems Agreement	Item 6

Obligation	Section in Agreements	Item in Disclosure Document
(n) Insurance	Section 11.9 of Franchise Agreement; Section 9.4 of Area Development Agreement; Section 10 of Fruit Bouquets Order Fulfillment Agreement	Items 6 and 8
(o) Advertising	Sections 4.9 and 12 of Franchise Agreement	Items 6, 8 and 11
(p) Indemnification	Sections 6.5 and 15 of Franchise Agreement; Section 13 of Area Development Agreement; Section 9 of Fruit Bouquets Order Fulfillment Agreement; Section "Indemnification" of BloomNet Membership Agreement; Section 4 of BloomNet Technologies Systems Agreement	Item 6
(q) Owner's participation/management / staffing	Section 11.8 of Franchise Agreement; Section 9 of Area Development Agreement	Items 11 and 15
(r) Records/reports	Section 13 of Franchise Agreement; Section 9.5 of Area Development Agreement; Section 11 of Fruit Bouquets Order Fulfillment Agreement; Section 5 of BloomNet Technologies Systems Agreement	Item 11
(s) Inspections/audits	Section 14 of Franchise Agreement; Sections 9.4 and 9.5 of Area Development Agreement	Items 6 and 8
(t) Transfer	Section 16 of Franchise Agreement; Section 10 of Area Development Agreement; Section 13(g) of Fruit Bouquets Order Fulfillment Agreement; Section "Change of Ownership" of BloomNet Membership Agreement; Section 9 of BloomNet Technologies Systems Agreement	Items 6 and 17
(u) Renewal	Section 17 of Franchise Agreement; Section 4 of Fruit Bouquets Order Fulfillment Agreement; Section 2 of BloomNet Technologies Systems Agreement	Items 6 and 17
(v) Post-termination obligations	Section 19 of Franchise Agreement; Section 12 of Area Development Agreement; Section 2 of Fruit Bouquets Order Fulfillment Agreement; Section "Termination" of BloomNet Membership Agreement; Section 8 of BloomNet Technologies Systems Agreement	Item 17

Obligation	Section in Agreements	Item in Disclosure Document
(w) Non-competition covenants	Sections 9, 16.3 and 19.4 of Franchise Agreement; Sections 3.6, 8 and 12.4 of Area Development Agreement; Section 14 of Fruit Bouquets Order Fulfillment Agreement	Item 17
(x) Dispute resolution	Section 21 of Franchise Agreement; Section 14 of Area Development Agreement; Section 13(f) of Fruit Bouquets Order Fulfillment Agreement; Section "Errors, Omissions and Disputes" of BloomNet Membership Agreement; Section 9 of BloomNet Technologies Systems Agreement	Item 17
(y) Liquidated damages	Section 19.7 of Franchise Agreement	Item 6

ITEM 10
FINANCING

We do not offer direct or indirect financing, except as described below. We do not guarantee your note, lease or obligation.

As described in Note 2 of Item 6, if you meet our criteria, including credit score and other factors, we may extend to you a line of credit that you may use to purchase Proprietary Products from us on an ongoing basis. If you are a corporation, limited liability company or partnership, each Principal Owner must personally guarantee your obligations under the line of credit. The line of credit does not contain waivers of defenses of presentment and notice.

We permit you to pay the calculated amount over the contract period. We do not take any security interests from you. If you elect to pay off the line of credit during the contract period, you will not be penalized for the remaining months as long as you pay the principal portion due on the line of credit in full. All interest earned prior to this conversion is considered earned by us.

If you qualify for this line of credit and use it, then any payments that are overdue will be assessed a 1.5% per month service charge on all past due invoices, and your account will be placed on hold, meaning that your account must be paid in full before you can access the line of credit again. If any payment is more than 60 days overdue, then in addition to accrued interest that you must pay, your account status will also be changed to "Pay in Advance". Repeated failures to repay this line of credit will give us the option to terminate the line of credit, declare all sums outstanding immediately due and payable and/or terminate your Franchise Agreement. In the event any legal action is necessary to enforce or interpret the line of credit, the prevailing party shall be entitled to reasonable costs and attorney's fees. The application for a line of credit is attached as Exhibit M to the Franchise Agreement.

ITEM 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Pre-Opening Obligations

Franchise Agreement. Before you open your Store under the Franchise Agreement, we will:

1. Consent to sites that meet our requirements. You must submit to us a complete site report, including our site request form, as described below. (Franchise Agreement – Section 4.1) We reserve the right to use our Parent's real estate department to assist us with all phases or locating, approving and developing sites for Fannie May Stores. We may also refer you to approved real estate brokers that are listed in the operations manual to assist you in finding a location, if you request this assistance.

2. Approve a lease or purchase agreement for the approved site, if the lease or purchase agreement meets our criteria. (Franchise Agreement – Section 4.2)

3. Furnish specifications of our requirements for design, decoration, layout, equipment, furnishings, fixtures, color scheme, signs and other operating materials needed for the Fannie May Store to open. You must hire your own architect or employ a design firm and/or architecture firm approved by us to adapt the plans to your site with our approval, and you must hire a contractor to build the Fannie May Store in accordance with those approved plans. You must also make sure that your Store complies with all local and other requirements relating to the plans, including zoning, local building codes, and the Americans with Disabilities Act. (Franchise Agreement – Section 4.3)

4. Loan you for your sole use one copy of the Manuals which may consist of one or more handbooks or manuals as may be periodically modified by us. The Manuals may be provided to you electronically, such as on CD-ROM or via a password-protected intranet website. (Franchise Agreement – Section 5.4) If you purchase the Fruit Bouquets program, we will also loan to you the Fruit Bouquets Franchise Operations and Brand Standards Manual.

5. Provide our standard initial training program for the operation of your Fannie May Store to you, your manager and one additional employee. See Training later in this Item 11 for more information. (Franchise Agreement – Section 5.1)

6. Provide a representative to assist in the operation of the Fannie May Store for up to five days around the opening date of your Fannie May Store, at our cost. (Franchise Agreement – Section 5.1.4)

7. Sell or have our designated suppliers sell your initial supply of Proprietary Products to you. (Franchise Agreement – Section 4.7)

Area Development Agreement. Before you begin operating under the Area Development Agreement, we will:

1. Grant you the right to develop a specific number of Fannie May Stores at locations we approve within your Development Area. (Area Development Agreement – Section 3.1) (See Item 12.)

2. Consent to sites that meet our requirements. (Area Development Agreement – Section 6.1)

3. If you are in full compliance with the Area Development Agreement and all franchise agreements, and you or a Controlled Affiliate obtain lawful possession of the site we approved, we will offer to you or the Controlled Affiliate a franchise to operate a Fannie May Store at the approved site by

delivering to you our then-current form of franchise agreement in form for signature by you and your Principal Owners or by the Controlled Affiliate and its Principal Owners. If the Franchise Agreement is not fully signed and returned to us along with payment of any fees due us within 15 days, we may terminate our offer to grant a franchise for a Fannie May Store at the approved site and withdraw our approval of the site. (Area Development Agreement – Section 6.3)

Continuing Obligations

Franchise Agreement. During the operation of your Fannie May Store, we will:

1. Furnish guidance to you with respect to: (i) specifications, standards and operating procedures utilized by Fannie May Stores and any modifications of them; (ii) purchasing approved equipment, fixtures, signs, inventory, and operating materials and supplies; (iii) development and implementation of local advertising and promotional programs; (iv) administrative, bookkeeping, accounting, inventory control, and general operating and management procedures of Fannie May Stores; and (v) establishing and conducting employee training programs at the Fannie May Store. This guidance will, in our discretion, be furnished in the form of the Manuals, bulletins, written reports and recommendations, other written materials, electronic reporting, refresher training programs and/or period consultations by phone, at our offices or at your Fannie May Store. (Franchise Agreement – Section 5)

2. At your request, we will provide additional assistance or training at the premises of your Fannie May Store. You must pay our then-current per diem fee for each trainer we send to your Store, and you must reimburse our trainers' expenses, including travel, lodging and meals. (Franchise Agreement – Sections 5.1 and 5.2)

3. License to you the right to use the Proprietary Marks and certain copyrighted works, and indemnify you from certain claims relating to your use of the Proprietary Marks as more fully described in Items 13 and 14. (Franchise Agreement – Sections 6 and 7)

4. Sell or direct our designated suppliers to sell you your entire supply of Proprietary Products on an ongoing basis. (Franchise Agreement – Section 11.3)

5. Conduct, as we deem advisable, periodic inspections of the Franchised Business and provide evaluations of the products sold and services rendered at the Franchised Business.

6. Provide refresher training courses, which may be mandatory for you and/or your manager(s). We will not charge a fee for any refresher training, but you must pay for your trainees' expenses, including travel, lodging, meals and wages.

7. Present periodic regional or national meetings for all Fannie May Store owners, including Stores owned by us, our affiliates and our franchisees, to discuss new products, provide training and to discuss other matters relevant to the Fannie May System. Attendance at these meetings may be mandatory for you and/or your manager(s). We may use money from the Fund (described below) to pay for the cost of presenting these meetings, but you must pay the expenses incurred by your attendees, including travel, lodging, meals and wages.

8. Set the minimum and maximum prices that you may charge to your customers, to the extent allowed by applicable law. (Franchise Agreement – Section 11.4)

Site Selection, Development and Opening

Site Selection

Under the Franchise Agreement, you select the site for your Fannie May Store. You must submit to us a completed site evaluation report including the information and materials as we may reasonably request for each proposed site and our site request form. We will consider the site using factors such as general location and neighborhood, demographic and traffic patterns, parking, volume and speed of traffic, predominant character of the neighborhood, size and ease of access to the proposed site, proximity to competition, exclusive territories granted to our area developers, the nature of other businesses in proximity to the site, the purchase price or terms of the proposed lease, other commercial characteristics, the size of the premises, appearance, other physical characteristics of the proposed site, and zoning issues. We will deliver written notice of approval or disapproval of the proposed site to you within 30 days after receipt of the complete site report by us. We will not unreasonably withhold our approval of a site that meets our standards and specifications. Unless we provide our specific approval of the proposed site, it is deemed not approved.

We reserve the right to use the resources of our Parent's real estate department to assist us in evaluating proposed Store locations, reviewing leases, and other similar tasks. If you request it, we will provide you with the names of approved real estate brokers who can assist you in locating a site for your Fannie May Store.

If you do not locate an acceptable location for your Store within 90 days after you sign the Franchise Agreement, we have the right to terminate your agreement and retain 100% of your Initial Franchise Fee. We may grant you a 30-day extension to locate a suitable site if (a) you do not locate a suitable site for your Store within 90 days from the date you sign the Franchise Agreement, (b) we locate a suitable site for your Store but you reject the site for whatever reason, or (c) we do not approve a site for your Store and you do not locate another suitable site. If, after the 30 day extension, you have still not located a suitable site for your Store, your Franchise Agreement with us will be terminated without further notice to you.

Our approval of a site or lease for your Store is not a representation, warranty or guaranty that you will be successful at that site or that you will achieve any particular level of sales. Our approval of a site or lease only means that the site meets our minimum requirements at the time of our review.

We also have the right to approve the lease or sublease for your Store. The lease or sublease for the Store must include certain provisions, such as: (a) provide for concurrent, written notice to us of your default under the lease or sublease; (b) provide for our right, in our sole discretion, to cure your default under the lease or sublease; (c) provide for your right to assign your interest under the lease or sublease to us without the lessor's or sublessor's consent; (d) authorize and require the lessor or sublessor to disclose to us upon our request sales and other information furnished to the lessor or sublessor by you; (e) provide that we shall have the right, in our sole discretion, upon termination or expiration of the Franchise Agreement, without the grant of a successor franchise, to assume the lease or sublease; (f) provide for the lessor's or sublessor's consent to your display of the Marks in accordance with our specifications, subject only to applicable law; (g) provide that it may not be materially modified without our prior written consent and that we will receive copies of any modifications when proposed and when signed; and (h) include a signed copy of our Collateral Assignment of Lease, which is attached to the Franchise Agreement as Exhibit D. We will have 30 days after our receipt of the proposed lease or sublease to approve or disapprove of it, but our approval will not be unreasonably withheld. Unless we provide our specific approval of the lease, it is deemed not approved. You must obtain possession of the site for the

Store within 180 days after you sign the Franchise Agreement, and you must provide us with a copy of the signed lease or sublease within 15 days after it is signed.

Site Development

We will provide our standard plans and specifications for a prototype Fannie May Store, including interior design and layout, to you or to the design firm or architect that we have designated or approved. These plans and layouts are not intended, with respect to your particular location, to contain, address or comply with the requirements of any federal, state or local law, code or regulation, including those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations for persons with disabilities. We may occasionally change our prototypes and plans (including our specifications for the interior and exterior appearances) for Fannie May Stores, and develop or approve variations on our prototypes and plans to reflect locations with differing sizes, structural elements, visibility and other relevant factors.

You must hire a licensed architect to prepare all required construction plans and specifications to suit the shape and dimensions of the site. We have the right to designate one or more suppliers of design and/or architecture services to perform these services for our System. If we have not designated suppliers for design and architecture services for your geographic area, you must locate and employ a qualified design consultant and architect who are licensed in your jurisdiction and who are reputable and experienced in providing design and architecture services. You must pay for all design and architecture services.

You must make sure that the plans and specifications for your Store comply with the ADA and all other applicable regulations, ordinances, building codes and permit requirements and with lease or sublease requirements and restrictions, if any. You must submit final plans and specifications to us for approval before construction of the Fannie May Store. Our review is not designed to assess compliance with federal, state or local laws and regulations and is limited to review of your plans to access compliance with our design standards for Fannie May Stores, including items such as trade dress, presentation of Proprietary Marks, and the provision to the potential customer of certain products and services that are central to the functioning of Fannie May Stores. We may inspect the Fannie May Store during its development.

Additionally, before opening the Fannie May Store (and before renovating it after the initial opening), you must sign and deliver to us an ADA Certification (in the form that is attached as Exhibit I to the Franchise Agreement), certifying to us that the Fannie May Store and any proposed renovations comply with the ADA.

Opening

We estimate that there will be an interval of approximately four to seven months between when you sign the Franchise Agreement and when your Fannie May Store opens for business. The interval may vary depending upon factors including your ability to secure a suitable site, the location and condition of the site, weather, equipment or materials shortages, construction schedules, labor issues, and the like. You will sign your own lease and our Conditional Lease Assignment which is an exhibit to your Franchise Agreement. You must open your Store within four months after we approve the location for your Store or seven months after signing the Franchise Agreement, whichever occurs first. If your Store is not open to the public within the timeframe we require, we may terminate your Franchise Agreement without providing you a refund of the Initial Franchise Fee.

If you purchase the Fruit Bouquets program after you purchase the Franchise for a Fannie May Store, we estimate that there will be an interval of approximately two to eight weeks between when you sign the Fruit Bouquets Addendum to the Franchise Agreement and when you begin offering Fruit Bouquets products.

Advertising

Advertising Fund

We have established two advertising funds (referred to as the "Fannie May Fund" and "Fruit Bouquets Fund", and collectively as the "Funds") for advertising, marketing and public relations programs on a regional or national basis as we, in our sole discretion, may deem necessary or appropriate to promote Fannie May Stores and the Fruit Bouquets program. You must contribute to the Fannie May Fund each month and, if you purchase the Fruit Bouquets program, you must also contribute to the Fruit Bouquets Fund (see Item 6). Fannie May Stores owned by us or our affiliates may, but are not required to, contribute to the Fannie May Fund. We reserve the right to modify an individual franchisee's monthly contribution based on individual circumstances. As described in Item 6, the Fannie May Fund contributions are also subject to annual adjustment based on the Consumer Price Index.

We will direct all advertising and public relations programs financed by the Funds, with discretion over the creative concepts, materials, and endorsements it uses, and the geographic, market, and media placement and allocation of the advertising. The Funds may be used to pay the costs of developing advertising ideas and concepts; developing market research and merchandising programs; preparing advertising campaigns; developing promotional ideas and strategies; preparing collateral creative materials; preparing advertisements; preparing public relations campaigns; establishing and maintaining a website; providing technical and professional advice in connection with any of the above; and placement of advertising. We may also use monies from the Funds to present refresher training courses and periodic meetings for all Store owners. Advertising may be developed in-house and/or by regional and national advertising agencies. We will not spend any contributions to the Funds on the solicitation of new franchisees.

Monies in the Funds are maintained by us and may be used to cover administrative costs and overhead we may incur including salary costs of employees working exclusively for the Funds and collecting and accounting for contributions to the Funds. You must participate in all advertising and public relations programs instituted by the Funds. The Funds may furnish you with samples of certain marketing, advertising and promotional formats and other such materials without charge.

The Funds will be accounted for separately from our other funds. We may spend in any fiscal year an amount greater or less than the aggregate contribution of all Fannie May Stores to the Funds in that year and the Funds may borrow from us or other lenders at standard commercial interest rates to cover deficits of the Funds or we may cause the Funds to invest any surplus for future use by the Funds. Any monies remaining in the Funds at the end of any year will carry over to the next year.

You authorize us to collect and contribute to the Funds any advertising or promotional monies or credits offered by any supplier based upon your purchases. These advertising or promotional monies or credits will not be credited toward your required contribution to the Funds.

An unaudited statement of monies collected and costs incurred by the Funds will be prepared annually by us and will be furnished to you upon written request. We will have the right to cause the Funds to be incorporated or operated through an entity separate from us when we deem it to be appropriate, and the successor entity will have all our rights and duties.

The Funds are intended to maximize recognition of the Proprietary Marks and patronage of Fannie May Stores and the Fruit Bouquets program generally. Although we will attempt to utilize the Funds to develop advertising and marketing materials and programs, and to place advertising, to benefit all Fannie May Stores and participants in the Fruit Bouquets program, as applicable, we have no obligation to make sure that expenditures by the Funds in or affecting any geographic area are proportionate or equivalent to the contributions to the Funds by the Fannie May Stores operating in that geographic area, or that any Fannie May Store will benefit directly or in proportion to its contribution to the Funds from the development of advertising and marketing materials or the placement of advertising. Your failure to derive any benefit will not serve as a basis for a reduction or elimination of your obligation to contribute to the Fannie May Fund and, if applicable, the Fruit Bouquets Fund. We have no fiduciary obligation to you or any other Fannie May Store in connection with the establishment of the Funds or the collection, control or administration of monies paid into the Funds. Except as expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction, or administration of the Funds. (Franchise Agreement – Section 12.1)

For the fiscal year ending July 1, 2012, the Fannie May Fund had the following expenditures: 40.8% for production; 35.6% for media placement; and 23.6% for administration. For the fiscal year ending July 1, 2012, no money was collected or spent by the Fruit Bouquets Fund.

Advisory Council

We may, in our discretion, form an advisory council to work with us to improve the System, the products offered by Fannie May Stores, advertising conducted by the Fund, and any other matters that we deem appropriate. The advisory council will be comprised of our representatives and franchisee representatives. The franchisee representatives may be chosen by us or by other franchisees in the System. If you participate in an advisory council, you must pay any expenses you incur related to this participation, which may include travel, lodging and meals related to council meetings.

If an advisory council is formed, it will act solely in an advisory capacity, and will not have decision making authority. We will have the right to form, change, merge or dissolve any advisory council.

Local Advertising

You must conduct local advertising to promote your Store and the Proprietary Products (see Item 6 for the amount you must spend). We will designate the area in which you may conduct your local advertising. While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your area, you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your designated advertising area.

If your landlord requires you to participate in any marketing or promotion fund, the amounts you pay may be applied towards satisfying your local advertising obligations, if first approved in writing by us. We must approve all advertising before you use it. You must not advertise or use the Proprietary Marks in any fashion on the Internet, World Wide Web or via other means of advertising through telecommunication without our express written consent, which we are not required to provide. You must provide us with an advertising expenditure report within 30 days of our request to show that you have complied with the local advertising requirements.

Any advertising that you propose to use that has either not been prepared by us or has not been approved by us in the immediately preceding 12 month period must be submitted to us for our approval before you may use it. We will have five business days after receipt of all materials to approve or disapprove of the proposed advertising materials. Our review of your proposed materials includes where you intend to place the advertising. Unless we provide our specific approval of the proposed advertising materials, the materials are deemed not approved. Any materials you submit to us for our review will become our property, and there will be no restriction on our use or distribution of these materials.

We reserve the right to require you to include certain language in your local advertising, such as "Franchises Available" and our website address and telephone number.

Advertising Cooperative

We may designate any geographic area in which two or more Stores are located as a region for purposes of establishing an advertising Cooperative, or we may approve of the formation of an advertising Cooperative by our franchisees. The members of the Cooperative for any area will consist of all Fannie May Stores, whether operated by us, our affiliates or our franchisees. We have the right to dissolve, merge or change the structure of the Cooperatives. Each Cooperative will be organized for the exclusive purposes of administering advertising programs and developing, subject to our approval as described above, promotional materials for use by the members in local advertising. If a Cooperative has been established for a geographic area where your Store is located when the Franchise Agreement is signed, or if any Cooperative is established during the term of the Franchise Agreement, you must become a member of the Cooperative. If the Cooperative will operate according to written documents, we must approve of these documents, and a copy of the Cooperative documents applicable to the geographic area in which your Store will be located will be provided to you if you request it.

The payments you make to a Cooperative may be applied by you toward satisfaction of your local advertising requirement. If the amount you contribute to a Cooperative is less than the amount you must spend on local advertising, you must spend the difference locally so that your local advertising requirement is met. All contributions to the Cooperative will be maintained and administered in accordance with the documents governing the Cooperative, if any. The Cooperative will be operated solely as a conduit for the collection and expenditure of the Cooperative fees for the purposes outlined above. No advertising or promotional plans or materials may be used by the Cooperative or furnished to its members without first obtaining our approval, as described above. Currently there are no Cooperatives in the System. The Cooperative is not required prepare an annual financial statement.

Grand Opening Advertising

You must conduct a grand opening advertising campaign to promote the opening of your Store. See Item 7 for the amount you must spend. Your grand opening advertising campaign must be approved by us before you may run it, including the types of advertising to be conducted and the design of the advertising. Your grand opening advertising campaign must be conducted during the first 60 days after your Store opens for business. At our request, you must give the money to us and we will conduct the grand opening advertising campaign on your behalf.

If you purchase the Fruit Bouquets program, you must spend an additional $2,000 to promote your Store offering these products.

Website, Intranet, Telephone Numbers

Websites (as defined below) are considered as "advertising" under the Franchise Agreement, and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement, the term "Website" means an interactive electronic document contained in a network of computers linked by communications software, that you operate or authorize others to operate and that refers to your Store, the Proprietary Marks, us, or the System. The term Website includes Internet and World Wide Web home pages.

In connection with any Website, the Franchise Agreement provides that you may not establish a Website, nor may you offer, promote, or sell any products or services, or make any use of Proprietary Marks, through the Internet without our prior written approval, which we are not required to provide. Your only presence on the Internet will be through one or more web pages that we establish on our Website. You may not advertise or sell products via a Website, and you will not earn any revenue from our sales of Proprietary Products from our Website.

We will have the right to establish a website or other electronic system providing private and secure communications (*e.g.*, an intranet) between us, our franchisees, and other persons and entities that we decide are appropriate. If we require, you must establish and maintain access to the intranet in the manner we designate. Additionally, we may periodically prepare agreements and policies concerning the use of the intranet that you must acknowledge and/or sign.

You must, at our option, sign the forms and documents that we deem necessary to appoint us your true and lawful attorney-in-fact with full power and authority for the sole purpose of assigning to us upon the termination or expiration of the Franchise Agreement: (i) all rights to the telephone numbers of the Store and any related and business listings or advertisements; and (ii) Internet listings, domain names, Internet Accounts, advertising on the Internet or World Wide Web, websites, listings with search engines, e-mail addresses or any other similar listing or usages related to the Store (if we permit you to establish these Internet-related items). If you establish your own Website, this is a material default of your Franchise Agreement and you will have 30 days to take down the Website. If the Website is not removed in this 30 day period, your Franchise Agreement will automatically terminate.

We may, but are not obligated to, initiate an electronic commerce program. You may have the opportunity to participate in the program if you are in good standing under the Franchise Agreement and any other agreement with us or our affiliates. We have the sole right to market on the Internet and use the Proprietary Marks on the Internet, including all use of websites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, cobranding and other arrangements, and in all other forms of electronic media. You may not separately register any domain name or any portion of a domain name containing the Proprietary Marks or participate or market on any Website or other form of electronic media (including social technology, social media and social networking platforms) using the Proprietary Marks unless you first obtain written approval from us. Your general conduct on the Internet or other forms of electronic media, including your use of the Proprietary Marks or any advertising, is subject to the terms and conditions of the Franchise Agreement and any other rules, requirements or policies that we may periodically identify.

You are strictly prohibited from promoting your Store or using the Proprietary Marks in any manner on social and/or networking Websites, such as Facebook, LinkedIn, MySpace and Twitter, without our express written consent.

Computer & POS Systems

We currently do not designate a specific make or model of the cash register system that you must purchase, but you will need two cash registers with two scales connected to the cash registers. We must approve of the cash registers and scales before you purchase them. We anticipate that the initial cost of these items will be between $2,300 and $4,600.

We recommend, but do not require, that you have an on-site maintenance contract for your cash registers and scales. We cannot estimate the cost of this contract, since it will depend on the services you choose, the rates charged by your provider and the length of the contract term. Neither we nor any of our affiliates will have any responsibility to provide you with updates, upgrades or maintenance for your cash registers or scales.

We reserve the right to designate a specific point of sale system and/or computer system in the future, which you must purchase. Our requirements may include that you have a Modem and Internet access to be able to interface with our computer system so we may download sales based data from your computer system on a monthly basis. We may also change our requirements for your computer system as technologies change and as our System matures. There are no contractual limitations on our right to require you to make changes to your point of sale or computer system or the cost of those changes.

Training

You must staff and operate the Fannie May Store with properly trained personnel. Not later than 60 days before your Store opens, you, your manager and one additional employee (a maximum of three persons) must complete to our satisfaction our initial training program in the operation of the Fannie May Store. The cost to train the first three people is included in the Initial Franchise Fee. If you request that we provide our training program to additional employees, whether before your Store opens or while it is operating, you must pay our then-current training fee (see Item 6). You must also pay all of the expenses your trainees incur while attending training, including travel, lodging, meals and wages. If you are purchasing the Fruit Bouquets program at the same time you purchase the Fannie May Franchise, then training for this program will be included with the Fannie May initial training program and our training fee will be waived.

If your initial manager does not complete the initial training program to our satisfaction, you will have 30 days to replace the manager and send the replacement manager to our training program, at your cost. The manager responsible for the day-to-day operation of your Store must complete our initial training program to our satisfaction and must be approved by us.

We will also provide one of our representatives to provide you with assistance for up to five days around the opening of your Store, at our expense. If you request additional days of opening assistance, you must pay our then-current per diem fee and reimburse our representative's expenses (see Item 6).

If you purchase the Fruit Bouquets program during the term of your Franchise Agreement, then (a) the training includes an additional four days of training at an existing facility offering Fruit Bouquets products; (b) you must also pay us a training fee of $300 per person, if you and any other trainee travel to the training location; and (c) if we provide training on-site at your Store, then in addition to the training fee, you must pay us $500 per diem for each trainer we send to your Store and reimburse each trainer's expenses.

If you request additional on-site assistance or training at any time, you must pay our then-current per diem fee for each trainer we send to you. You must also reimburse the expenses our trainers incur while providing the additional on-site assistance or training, including travel, lodging and meals.

We may offer refresher training programs at various times, and we may designate that attendance at the refresher training is mandatory for you and/or your manager(s). We may use money from the Fund to pay for the cost of presenting the refresher training, but you must pay for all expenses incurred by your attendees, including travel, lodging, meals and wages. You will not have to attend more than five days of refresher training in any calendar year.

We may choose to conduct System-wide regional or national meetings to get feedback from franchisees, to provide additional training, to roll out new promotions, to meet with suppliers that are important to company success, to hear opinions and suggestions from guest speakers, and other activities of our choosing. We may designate that attendance at the refresher training is mandatory for you and/or your manager(s). We may use money from the Fund to pay for the cost of presenting these meetings, but you must pay for all expenses incurred by your attendees, including travel, lodging, meals and wages. A regional or national meeting will not be longer than three days in any calendar year.

Initial Training Program

The initial training program is held at our headquarters in North Canton, Ohio, at one of FMCB's Stores, or another location that we designate, will involve both in-store/on-the-job and classroom training and will last for approximately one week. We expect to conduct the initial training after you sign the Franchise Agreement and while your Fannie May Store is being developed. We reserve the right to modify our training program at any time as part of an overall change to the program, or to take into account the particular needs or experience of any individual trainee. We may train multiple franchisees and their staff at the same time. We do not compensate training attendees for any incidental services they may perform while attending our training program.

The instructional materials used in the initial training consist of our Manuals, marketing and promotion materials, programs related to the operation of the point of purchase system, and any other materials that we believe will be beneficial to our franchisees in the training process. We do not currently have a set training schedule (such as monthly or bi-monthly classes). Initial training programs will be offered at various times during the year depending on the number of new franchisees entering the System, replacement operating principals and general managers and other personnel needing training, and the timing of the scheduled openings of Fannie May Stores generally. It is anticipated that the initial training program will be offered five or six times a year. The initial training program schedule is displayed on the chart that follows:

TRAINING PROGRAM

FANNIE MAY STORE			
Subject	**Hours Of Classroom Training**	**Hours of On-The-Job Training**	**Location**
Operational Training	12	0	North Canton, Ohio
Personnel – Safety & Security	4	0	North Canton, Ohio
Merchandising – Advertising	8	0	North Canton, Ohio

FANNIE MAY STORE			
Subject	**Hours Of Classroom Training**	**Hours of On-The-Job Training**	**Location**
Retail Store Operations	0	24	North Canton, Ohio

Our training program is overseen by Ed Fitzpatrick. We may also draw on the substantial experience of our other personnel in conducting Store operations training. The minimum experience of Ed Fitzpatrick and the instructors in the field that is relevant to the subject taught and our operations is from 1 to 9 years.

FRUIT BOUQUETS		
Subject	**Hours of Classroom Training**	**Location**
Introduction	0.5	Current Training Facilities Jacksonville, FL Stanton, CA Dallas, TX
Mission Statement, Vision Statement & History of Fruit Bouquets by 1-800-Flowers.com	1	
Use of the Training Manual, Roles and Responsibilities	0.5	
Customer Service Procedures, Selling Skills	1	
Job Descriptions and Recruitment, Employee Orientation	1	
Operational & Financial Reporting	1	
Loss Prevention Techniques	0.5	
Electronic Funds Transfer/ Direct Pay	0.5	
Finance	1	
BloomNet	1	
Use of a Marketing Calendar	1	
Importance of Retail and local marketing	1	
Website Standards	0.5	
Using the Marks	0.25	
Required Advertising Expenditures	0.25	
Public Relations	0.25	

FRUIT BOUQUETS		
Subject	**Hours of Classroom Training**	**Location**
Community Involvement	0.25	
Obtaining Advertising Approval	0.25	
Marketing Plan for the Year and 123 Print	1	
Prepare for On-the-Job Training	0.5	
Health, Sanitation and Safety	1	
Location Set-up	0.75	
Design Resource Guide	0.5	
Production	1	
Fruit and Supply Purchasing	.5	
Storage, Equipment and Work Flow	1	
Delivery Procedures, Delivery Vehicles	0.5	
Training Video	0.5	
Kitchen Basics, Cleaning Practices	0.5	
Selecting Fruit	0.5	
Washing Fruit. Preparing Fruit for Cutting	0.25	
Fruit Cutting, Slices and Shapes	0.5	
Fruit Storage	0.25	
Arranging	3	
Cutting Apples, Oranges and Pears	0.25	
Skewering Fruit	0.25	
Chocolate – Storage, Prep, Dipping	1	
Decorating with Chocolate	1	
Toppings	0.50	
Containers, Preparing Bases	0.25	
Skewering Other Fruit	0.5	
Arranging	3	
Wrapping	0.25	
Wrap-up	1	

The instructors for Fruit Bouquets training include Susan Barnett, Joan DeAvila, Stephen Lenzovich, Robert Jackson, Mike Cline, Steven Seniow, Brent Jardine, Art Herrera, Diana Wrenn, Elmerinda Phillips, Phil DeVito, Kerry Stock, Leslie Convey and Maria Donado. Each of our instructors

has at least one year of experience in the subject they are teaching and they have all been with us for more than one year.

Confidential Operations Manual

The table of contents to the Fannie May Operations Manual is attached to this Disclosure Document as Exhibit G-1. Our Fannie May Operations Manual includes approximately 220 pages. The table of contents to the Fruit Bouquets Franchise Operations and Brand Standards Manual is attached to this Disclosure Document as Exhibit G-2. The Fruit Bouquets Franchise Operations and Brand Standards Manual includes approximately 294 pages. The Fruit Bouquets Pricing Guide is provided on-line to all franchisees purchasing the Fruit Bouquets program.

ITEM 12
TERRITORY

Franchise Agreement

The Franchise Agreement grants you the right to operate your Store only at the location we approve ("Approved Location"). If, when you sign the Franchise Agreement, a location for your Store has not been found by you and approved by us, you will be given an area in which you may obtain your Approved Location. While we will not grant exclusive territories, we will use our best efforts to make sure that location decisions for your Store and other Stores are made wisely so that our franchisees within the same metropolitan area are not adversely affected.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You may not relocate your Store without our prior approval, which will not be unreasonably withheld. Our approval should not be construed as an assurance or guaranty that the new site will be successful. Our review of a proposed relocated site is based on the same factors we use in reviewing your initial site (see Item 11). The Store at the relocated site must be open to the public as soon as practicable, but not more than 90 days after the original location closes.

You may sell our Proprietary Products and related merchandise to retail customers and prospective retail customers who live anywhere but who choose to shop in your Store. You may not engage in any promotional activities or sell our proprietary products or similar products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the "Electronic Media"); through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your area, you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your area. You have no options, rights of first refusal, or similar rights to acquire additional franchises.

We and our affiliates may sell products under the Proprietary Marks anywhere and through any method of distribution other than a dedicated Fannie May Store, including sales through channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing sales (together, "alternative distribution channels"). You may not use alternative distribution channels to make sales

anywhere and you will not receive any compensation for our sales through alternative distribution channels. Alternative distribution channels specifically include the 1-800-Flower Business Gift Services Group, which solicit group sales for all of the 1-800-Flowers brands.

If we engage in electronic commerce through any Internet, World Wide Web or other computer network site or sell through any other alternative distribution channel, and we receive orders for any products offered by a Fannie May Store, then we will have the responsibility for fulfilling the orders, and we are not required to offer you the opportunity to fulfill an order in your area nor are we required to compensate you for any sales we make within your area.

You are strictly prohibited from selling any products, including Proprietary Products, on a wholesale basis.

We have not yet established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 what we may do anywhere and at any time.

Except for the Stores operated by FMCB, neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned Stores which sell our Proprietary Products under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

There are no minimum sales goals, market penetration or other contingency that you must meet to maintain your rights under the Franchise Agreement.

Area Development Agreement

Under the Area Development Agreement we grant you the right to develop the number of Fannie May Stores in the Development Area that is specified in the Development Schedule, which is an exhibit to the Area Development Agreement. The Development Area is typically described in terms of municipal or county boundaries but may be defined as a specified trade area in a municipality. The actual size of the Development Area will vary depending upon the availability of contiguous markets, our long range development plans, your financial and operational resources, population and market conditions. Our designation of a particular Development Area is not an assurance or warranty that there are a sufficient number of suitable sites for Fannie May Stores in the Development Area for you to meet your Development Schedule. The responsibility to locate and prepare a sufficient number of suitable sites is solely yours and we have no obligation to approve sites which do not meet our criteria in order for you to meet the Development Schedule. (Area Development Agreement – Exhibit B.)

During the term of the Area Development Agreement, we and our affiliates will not establish or operate, nor grant a franchise for the operation of, Fannie May Stores to be located within the Development Area except the franchises granted to you or a Controlled Affiliate under the Area Development Agreement and as provided below. However, we have the right to terminate this exclusivity if you or your Controlled Affiliates are not in full compliance with all of the terms and conditions of the Area Development Agreement and all of the Franchise Agreements.

If you do not comply with a deadline under the Development Schedule (a "Missed Deadline"), you will be in default under the Area Development Agreement. For one Missed Deadline, we will provide you with an opportunity to cure your default and we will determine and notify you of a new deadline for that one Missed Deadline (without changing the remainder of the Development Schedule). If you fail to come into compliance by that new deadline, and/or upon the occurrence of a second Missed

Deadline, we may terminate your Area Development Agreement, or we may elect to take one or more of the following actions: (a) eliminate the limited exclusivity or reduce the scope of protections granted to you within the Development Area; (b) reduce the scope of the Development Area; or (c) reduce the number of Stores for you to develop. If we choose to take one or more of these actions, we will provide written notice of our decision, and the Area Development Agreement will be amended to reflect the changes.

There are no other circumstances that permit us to modify your territorial rights.

ITEM 13
TRADEMARKS

Under the Franchise Agreement, we grant you the non-exclusive right to use the Proprietary Marks. The Area Development Agreement does not grant to you the right to use the Proprietary Marks or the System. The Proprietary Marks that you will use and which have been registered or applied for registration with the United States Patent and Trademark Office ("USPTO") are as follows:

Mark	Application Date	Serial Number	Registration Date	Registration Number
Fannie May (word mark)	2/28/2006	78/825,713	1/2/2007	3,193,615
Fannie May (stylized design)	1/27/1997	75/231,420	12/16/1997	2,121,790
Trinidad (word mark)	9/29/1989	73/828,253	7/24/1990	1,607,576
Trinidads (word mark)	8/9/1985	73/552,664	7/8/1986	1,400,579
Pixies	10/29/1951	71/620,600	7/27/1954	593,071

Fannie May Confections, Inc. is the owner of all of the Proprietary Marks and has licensed the Proprietary Marks to us via a non-cancelable license agreement dated July 2009. Fannie May Confections, Inc. has filed all affidavits required by the USPTO related to the Proprietary Marks, and intends to renew its registrations for the Proprietary Marks when they become due.

Fannie May Confections, Inc. has submitted the following marks to the USPTO, but these marks have not yet been registered on the USPTO's Principal Register:

Mark	Application Date	Serial Number	Registration Date	Registration Number
FM | Fruit Bouquets (and design)	11/14/2011	85/471,556	Pending	Pending
FM | Fruit Bouquets (and design)	11/14/2011	85/471,537	Pending	Pending

WE DO NOT HAVE A FEDERAL REGISTRATION FOR THE TRADEMARKS SHOWN IN THE ABOVE TABLE. THEREFORE, THESE TRADEMARKS DO NOT HAVE MANY LEGAL BENEFITS AND RIGHTS AS A FEDERALLY REGISTERED TRADEMARK. IF OUR RIGHT TO USE THE TRADEMARK IS CHALLENGED, YOU MAY HAVE TO CHANGE TO AN ALTERNATIVE TRADEMARK, WHICH MAY INCREASE YOUR EXPENSES.

Edible Arrangements, LLC v. 1-800-Flowers.com, Inc. (United States Patent and Trademark Office Trademark Trial and Appeal Board, Matter #s 91203846, 91203866, 91203868, 91203873, 91203891, 91203907). On February 13, 2012, Edible Arrangements, LLC filed Notices of Opposition with the USPTO Trademark Trial and Appeal Board opposing 1-800-Flowers' registration of the FRUIT BOUQUETS trademarks, claiming that registration and use of the marks are likely to cause confusion based on certain trademarks owned by Edible Arrangements, LLC. 1-800-Flowers intends to vigorously defend its trademark applications and rights. In connection with its defense, 1-800-Flowers has filed a Complaint for Declaratory Judgment in the United States Federal District Court for the Eastern District of New York (*1-800-Flowers.com, Inc. v. Edible Arrangements, LLC, CV-12-1483* filed March 27, 2012) requesting a Declaratory Judgment that the FRUIT BOUQUETS marks do not violate or infringe Edible Arrangements' rights, and that Edible Arrangements does not have the authority to object to 1-800-Flowers' use or registration of the FRUIT BOUQUETS marks on the basis of alleged infringement, unfair competition or deceptive trade practices. 1-800-Flowers is also seeking a permanent injunction restraining Edible Arrangements from seeking to prevent registration of the FRUIT BOUQUETS marks and from interfering with either the trademark applications or 1-800-Flowers' use of the marks. Edible Arrangements is opposing the Declaratory Judgment Action and has moved to dismiss it. 1-800-Flowers has also filed with the TTAB Answers in defense of the Notices of Opposition, and its motion seeking to Stay the TTAB proceeding while the Complaint for Declaratory Judgment is litigated has been granted.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringements, opposition or cancellation proceedings or material litigation involving the Proprietary Marks, except as described above. There are no agreements currently in effect which significantly limit our right to use or license the use of the Proprietary Marks in any manner material to you, except for the license agreement with FMC.

Your right to use the Proprietary Marks is derived solely from the Franchise Agreement and is limited to your operation of a Fannie May Store in compliance with the agreement and all applicable standards, specifications and operating procedures we prescribe during the term of your agreement. Any unauthorized use of the Proprietary Marks by you constitutes a breach of your agreement and an infringement of our rights in and to the Proprietary Marks. Your use of the Proprietary Marks and any goodwill established by your use will inure to our and FMC's exclusive benefit. The Franchise Agreement does not confer any goodwill or other interests in the Proprietary Marks on you. All provisions of the Franchise Agreement applicable to the Proprietary Marks will apply to any other trademarks, service marks, commercial symbols and trade dress we authorize in writing for use by and licensed to you after you sign the agreement.

You must use the Proprietary Marks as the sole trade identification of the Fannie May Store and must identify yourself in the form we prescribe as the independent owner of the Fannie May Store. You may not use any Proprietary Mark or variation thereof as part of any corporate name or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form. You may not use any Proprietary Mark or any variation of it in connection with the performance or sale of any unauthorized services or products, as part of the domain name or address of a Website, or in any other manner we have not expressly authorized in writing. You must display the Proprietary Marks

prominently in the manner we prescribe. You must give the notices of trademark and service mark registrations that we specify and obtain the business name registrations as required under applicable law.

You must immediately notify us of any apparent infringement of or challenge to your use of any Proprietary Mark or claim by any person of any rights in any Proprietary Mark. You may not communicate with anyone except us and our counsel with respect to any infringement, challenge or claim. We will have sole discretion to take the action we deem appropriate in connection with any infringement, challenge or claim, and the sole right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Proprietary Mark. You must sign any and all instruments and documents, give assistance, and do any acts and things as may in the opinion of our counsel be necessary or advisable in order to protect and maintain our interests in any litigation or proceeding or otherwise to protect and maintain our interests in the Proprietary Marks.

The Franchise Agreement requires us to take affirmative action when notified of any infringements of or challenges to the Proprietary Marks. We have the right to control any litigation or administrative proceedings involving the Proprietary Marks. We will indemnify you against and reimburse you for all damages for which you are held liable in any proceeding arising out of your use of any Proprietary Mark pursuant to and in compliance with your agreement, and for all costs you reasonably incur in the defense of any claim in which you are named as a party, if you have timely notified us of the claim, have given us sole control of the defense and settlement of the claim and have otherwise complied with the Franchise Agreement. We will reimburse you for the reasonable out-of-pocket expenses you incur and pay in complying with these requirements; except if any action we take with respect to any claim or proceeding results in any monetary recovery for you which exceeds your costs, then you must pay your own costs and share pro-rata in our costs up to the amount of the monetary recovery.

If it becomes advisable at any time in our sole judgment for you to modify or discontinue the use of any Proprietary Mark and/or for the Fannie May Store to use one or more additional or substitute trade or service marks, you must immediately comply with our directions to modify or otherwise discontinue the use of the Proprietary Marks and/or to use one or more additional or substitute trademarks, service marks, logos or commercial symbols or substitute trade dress after our notice to you. Neither we nor any of our affiliates have any obligation to reimburse you for any expenditure made by you in connection with any discontinuance or modification.

As of the date of this Disclosure Document, we do not actually know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks in any state.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or registered copyrights that are material to the franchise.

Confidential Manuals

You must operate the Store in accordance with the standards and procedures specified in the Manuals. One copy of the Manuals will be loaned to you by us for the term of the Franchise Agreement. We may provide the Manuals to you by CD-ROM, by password-protected access to an extranet, or by another method.

You must treat the Manuals and any other manuals created or approved for use in your operation of the Store, and the information contained in them, as confidential. You must also use all reasonable

efforts to maintain this information as secret and confidential and you must not duplicate, copy, record or otherwise reproduce these materials, in whole or in part, or make them available to any unauthorized person. The Manuals remain our sole property and must be kept in a secure place on the Store premises.

We may revise the contents of the Manuals and you must comply with each new or changed standard. You must also make sure that the Manuals are kept current at all times. If there is a dispute as to the contents of the Manuals, the terms of the master copy maintained by us at our home office will be controlling. You must return to us all pages that are replaced in the Manuals, if we provide you with a hard copy of the Manuals.

Confidential Information

We claim proprietary rights in certain recipes and other information which are included in the Manuals and which are trade secrets. You and each of your principals are prohibited, during and after the term of the Franchise Agreement, from communicating, or using for the benefit of any other person or entity, and, after the term of the Franchise Agreement or Area Development Agreement, from using for your or their own benefit, any confidential information, knowledge or know-how concerning the methods of operation of the Store that may be communicated to you or any of your principals or that you may learn about, including these trade secrets. You and each of your principals may divulge this confidential information only to your employees who must have access to it to operate the Store. Neither you nor your principals are permitted at any time, without first obtaining our written consent, to copy, record or otherwise reproduce the materials or information nor make them available to any unauthorized person. Any and all information, knowledge, know-how and techniques related to the System that we communicate to you, including the Manuals, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, are considered confidential.

If we ask, you must have your manager(s) and any of your personnel who have received or will have access to confidential information sign similar covenants of confidentiality. (See Item 17.) Your principals also must sign these covenants.

If you, your principals or your employees develop any new concept, process or improvement in the operation or promotion of the Store, you must promptly notify us and give us all necessary information, free of charge. You, your principals and/or your employees must acknowledge that any of these concepts, processes or improvements will become our property and we may give the information to other franchisees.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Under the Franchise Agreement and Area Development Agreements, you must exert your best efforts to develop and expand the market for the Proprietary Products and other products and services offered by Fannie May Stores and to cooperate with us to accomplish the purposes of the Franchise Agreement and Area Development Agreement.

Under the Area Development Agreement, you must designate a person acceptable to us to act as Senior Operating Manager. The Senior Operating Manager will be identified in an exhibit to the Area Development Agreement and may, if you choose, own at least 10% of the voting equity interests in the area developer. If your relationship with the Senior Operating Manager terminates, you must promptly designate a replacement acceptable to us who shall, at your expense and subject to our then-current charges, satisfactorily complete training. You must hire and maintain the number and level of

management personnel required for the conduct of business under the Area Development Agreement and adequate management and supervisory personnel for all Fannie May Stores developed under the Area Development Agreement. You must make sure that your personnel are properly trained to perform their duties. As described in Item 14, we may require you to obtain signed confidentiality and/or non-competition agreements from certain of your employees.

Under the Franchise Agreement, you or a Principal Owner who owns at least 10% of the franchisee and whom we approve must personally supervise the operation of the Fannie May Store, but are not required to participate in its day-to-day operations. You or this Principal Owner will be our primary contact for all operational issues. If the Principal Owner leaves or is no longer associated with you, you must designate a new Principal Owner within 30 days.

You must maintain a full-time manager who has completed our training and the number of employees required for adequate staffing of the Fannie May Store. We prefer, but do not require, that you act as the manager for your Store. You must keep us informed of the identity of the manager at all times. The Fannie May Store must at all times be under the direct, on-site supervision of a manager whose identity has been disclosed to us, who has completed our training program to our satisfaction, and of whom we approve. Your manager does not need to have an ownership interest in you. We may require you to obtain confidentiality and/or non-competition agreements from your managers and from some of your other employees.

We expect that each Store will have a primary manager plus several part-time employees. During off-peak periods a Store may be run by one employee. During peak seasonal sales cycles, however, as many as 10 employees per shift may be needed in the Store.

If you are a corporation, limited liability company or partnership, each Principal Owner must personally guarantee your obligations under the Franchise and Area Development Agreements and also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement pursuant to the Principal Owner's Agreement attached to the Franchise Agreement and to the Area Development Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL

There is no provision in the Area Development Agreement restricting the goods or services offered by you, because these things are controlled by the Franchise Agreement. However, you will be bound by the provisions of each Franchise Agreement signed under the Area Development Agreement with respect to restrictions on goods and services offered by each Fannie May Store you develop.

You must offer all Proprietary Products and certain complementary products and services that we designate as required for Fannie May Stores. (See Items 8 and 9.) If you purchase the Fruit Bouquets program, you must also offer all Fruit Bouquets products. We have the right to change the types of authorized products and services and there are no limits on our right to do so. We do not impose restrictions regarding the customers to whom you may sell, except as described in Item 12.

We reserve the right to review or approve any product or any other item or service. You must promptly stop selling or providing any product or any other such item we disapprove.

You are prohibited from offering at the Fannie May Store or any other location in conjunction with the Proprietary Marks any other products or services which we have not approved for Fannie May Stores.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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.

FRANCHISE AGREEMENT (INCLUDING FRUIT BOUQUETS ADDENDUM)		
Provision	**Section in Franchise Agreement**	**Summary**
(a) Length of the franchise term	Section 3.1	Five years under the Franchise Agreement. The Fruit Bouquets Addendum will terminate at the same time as the Franchise Agreement
(b) Renewal or extension of the term	Section 17.1	Two renewal terms of five years each if you meet certain requirements.
(c) Requirements for franchisee to renew or extend	Section 17	You provide notice, maintain possession and remodel or obtain new approved location and develop in compliance with standards, full compliance during the initial term of the agreement and at the time of renewal, sign then current form of Franchise Agreement and ancillary agreements, pay fee, sign a general release. You may be asked to sign a contract with materially different terms and conditions than your original contract, but the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees
(d) Termination by franchisee	Not Applicable	You may terminate the Franchise Agreement on any grounds available by law.
(e) Termination by franchisor without cause	Not Applicable	
(f) Termination by franchisor with cause	Section 18.1	We can terminate if you fail to comply with the Franchise Agreement or any mandatory specification, standard or operating procedure we prescribe.
(g) "Cause" defined – curable defaults	Section 18.1	10 days for monetary and reporting defaulting and 15 days for all other curable defaults, but if it cannot be cured within 15 days, begin efforts to cure within 10 days and continue cure efforts until completion
(h) "Cause" defined – non-curable defaults	Section 18.1	(1) Fail to obtain possession of the approved site or develop Fannie May Store and begin operations within time provided; (2) abandon, surrender or transfer

FRANCHISE AGREEMENT (INCLUDING FRUIT BOUQUETS ADDENDUM)		
Provision	**Section in Franchise Agreement**	**Summary**
		control without our prior written approval; (3) make material misrepresentation or omission on application; (4) conviction of you or any of your owners of a felony or other crime, offense or misconduct which adversely affects your or our reputation or the goodwill of the Proprietary Marks; (5) unauthorized transfer; (6) you or your affiliates or owners make any unauthorized use, duplication or disclosure of Confidential Information, the Proprietary Marks, the Copyrighted Works, the Manuals or challenge or seek to challenge our rights in any of these items; (7) lose the right to possess the premises and fail to relocate in accordance with the Franchise Agreement; (8) insolvency, receivership or a judgment against you is unsatisfied for more than 30 days; (9) violation by you, your Principal Owners or members of their immediate families of the in-term non-compete provision or other non-compete agreement; (10) knowingly maintain false records or submit false reports to us; (11) three or more defaults within 12 months or two or more of the same default within 12 months whether or not cured; (12) fail to purchase or maintain required insurance; (13) pose a threat to public health or safety; (14) refuse us permission to inspect the Fannie May Store or your books and records; (15) you or any of your affiliates or owners interfere with our ability to license the Proprietary Marks or the System to others; (16) you or any of your affiliates or owners interfere with our contractual relations with others; or (17) a Franchise Agreement or Area Development Agreement with you or your affiliates is terminated by us, or is terminated by you in a way that is not in compliance with the applicable agreement.
(i) Franchisee's obligations on termination/non-renewal	Section 19	Pay all amounts owed; stop using Proprietary Marks; remove all signs; return to us or destroy all materials containing any Proprietary Marks; cancel assumed or fictitious name registrations; transfer all telephone numbers to us; stop using all Copyrighted Works; if we do not purchase the Fannie May Store you must make de-identify the premises; furnish us evidence of compliance with the above; return Manuals; comply with post-term covenant not to compete; pay liquidated damages (if applicable).

FRANCHISE AGREEMENT (INCLUDING FRUIT BOUQUETS ADDENDUM)			
	Provision	**Section in Franchise Agreement**	**Summary**
(j)	Assignment of contract by franchisor	Section 16.1	No restriction on our right to assign.
(k)	"Transfer" by franchisee – defined	Section 16.2	Includes transfer of any interest in the Agreement, the Franchise, you, the Fannie May Store and some or all of its assets.
(l)	Franchisor approval of transfer by franchisee	Section 16.2 through 16.7	We have the right to approve all transfers.
(m)	Conditions for franchisor approval of transfer	Section 16.3	You and your owners must be in full compliance with the Franchise Agreement; transferee meets our criteria; transferor signs or delivers other required documents, including a general release. If the transfer is of the Agreement, a Principal Owner's interest in you or a controlling interest in you, transferee may not engage in a competitive business; all amounts due from you and the transferee are paid in full; personnel of transferee sign non-compete and confidentiality agreement; completion of training; transferee and its owners agree to be bound by all obligations under the Franchise Agreement or sign our then-current form of franchise agreement, at our option; pay transfer fee; lessor consents to assignment of lease; we approve the terms and conditions of the transfer; all obligations of the transferee to you are subordinate to us; transferor and Principal Owner sign non-competition covenant; transferee agrees to upgrade the Fannie May Store to then-current standards; transferee signs guarantee of obligations under Franchise Agreement; transfer is made in compliance with all laws.
(n)	Franchisor's right of first refusal to acquire franchisee's business	Section 16.8	We have the right to match offers from third parties to buy an interest in the Franchise Agreement, the Franchise, the Fannie May Store, assets of the Fannie May Store or ownership interests in you.
(o)	Franchisor's option to purchase franchisee's business	Section 19.6	We have the right to purchase the assets of the Fannie May Store on termination or non-renewal for fair market value.
(p)	Death or disability of franchisee	Section 16.5	Interest must be transferred to approved party within six months.

FRANCHISE AGREEMENT (INCLUDING FRUIT BOUQUETS ADDENDUM)			
	Provision	**Section in Franchise Agreement**	**Summary**
(q)	Non-competition covenants during the term of the franchise	Section 9	No involvement by you, your Principal Owners and members of their immediate families in a Competitive Business anywhere. If you are a corporation or partnership, you may not engage in any business other than the development and operation of Fannie May Stores.
(r)	Non-competition covenants after the franchise is terminated or expires	Section 19.4	No involvement by you, your Principal Owners or members of their immediate families in a Competitive Business for two years within 25 miles of any Fannie May Store in the System.
(s)	Modification of the agreement	Section 21.8	No modifications unless in writing and signed, but Operating Manual subject to change.
(t)	Integration/merger clause	Section 21.9	Only terms of the Franchise Agreement are binding (subject to federal law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
(u)	Dispute resolution by arbitration or mediation	Section 21.5	Arbitration in New York
(v)	Choice of forum	Section 21.5	New York or the court nearest our executive office at the time action is filed. (see Exhibit H – State Specific Addendum for exceptions)
(w)	Choice of law	Section 21.5	New York law applies. (see Exhibit H – State Specific Addendum for exceptions)

AREA DEVELOPMENT AGREEMENT			
	Provision	**Section in Area Development Agreement**	**Summary**
(a)	Length of the franchise term	Section 4	Until the end of the Development Schedule.
(b)	Renewal or extension of the term	Not applicable	If you wish to develop more Fannie May Stores, you may negotiate a new agreement with us.
(c)	Requirements for area developer to renew or extend	Not applicable	
(d)	Termination by area developer	Not applicable	You may terminate the Agreement on any grounds available by law.

AREA DEVELOPMENT AGREEMENT			
	Provision	**Section in Area Development Agreement**	**Summary**
(e)	Termination by franchisor without cause	Not applicable	
(f)	Termination by franchisor with cause	Article 11	We can terminate only if you fail to comply with the Area Development Agreement
(g)	"Cause" defined – curable defaults	Section 11.1	10 days for monetary defaults and 15 days cure for all other curable defaults, but if not possible to cure within 15 days, begin efforts to cure within 10 days and continue until completion.
(h)	"Cause" defined – non-curable defaults	Section 11.3	(1) fail to meet the Development Schedule; (2) fail to make payments due; (3) insolvency, receivership or a judgment against you is unsatisfied for more than 30 days; (4) material misrepresentation or omission on application; (5) conviction of you or any of your owners of a felony or other crime, offense or misconduct which adversely affects yours or our reputation or the goodwill of the Proprietary Marks; (6) unauthorized transfers; (7) notice of termination of a Franchise Agreement delivered or you or your Controlled Affiliate improperly terminates a Franchise Agreement; (8) you or your owners or affiliates interfere with our ability to franchise or license others to use the Proprietary Marks or System; (9) you or your owners or affiliates interfere with our contractual relations with others; (10) you or your owners or affiliates make any unauthorized use, duplication or disclosure of Confidential Information, the Proprietary Marks, the Copyrighted Works, the Manuals or challenge or seek to challenge our rights in any of these items; (11) violation of the in-term non-compete provision; (12) three or more defaults within 12 months whether or not cured or two or more of the same default within 12 months whether or not cured.
(i)	Area developer's obligations on termination/non-renewal	Section 12	Pay amounts owed to us, stop using Marks and Copyrights, comply with covenants to maintain confidentiality of confidential information and covenants not to compete
(j)	Assignment of contract by franchisor	Section 10.1	No restriction on our right to assign. However, no assignment will be made except to an assignee who, in our good faith and judgment, is willing and able to assume our obligations under the Area Development Agreement.

AREA DEVELOPMENT AGREEMENT			
	Provision	**Section in Area Development Agreement**	**Summary**
(k)	"Transfer" by area developer – defined	Section 10.2	Includes transfer of any interest in the Area Development Agreement and in you.
(l)	Franchisor approval of transfer by area developer	Section 10.2	No transfers permitted.
(m)	Conditions for franchisor approval of transfer	Not applicable	
(n)	Franchisor's right of first refusal to acquire area developer's business	Not applicable	
(o)	Franchisor's option to purchase area developer's business	Not applicable	
(p)	Death or disability of area developer	Section 10.4	Interest must be transferred to an approved party within six months.
(q)	Non-competition covenants during the term of the franchise	Sections 3.6 and 8	No involvement by you, your Principal Owners and members of their immediate family in a Competitive Business anywhere. If you are a corporation or partnership, you may not engage in any business other than the development and operation of Fannie May Stores.
(r)	Non-competition covenants after the franchise is terminated or expires	Section 12.4	No involvement by you, your Principal Owners or their immediate families in a Competitive Business for two years within 25 miles of any Fannie May Store in the System
(s)	Modification of the agreement	Section 14.9	No modifications unless in writing and signed, but Operating Manual subject to change.
(t)	Integration/merger clause	Section 14.10	Only terms of Area Development Agreement are binding (subject to federal law). Any representations or promises outside of the Disclosure Document and Area Development Agreement may not be enforceable.
(u)	Dispute resolution by arbitration or mediation	Section 14.5	Arbitration in New York
(v)	Choice of forum	Section 14.5	New York or the court nearest our executive office at the time action is filed. (see Exhibit H – State Specific Addendum for exceptions)

AREA DEVELOPMENT AGREEMENT		
Provision	**Section in Area Development Agreement**	**Summary**
(w) Choice of law	Section 14.5	New York law applies. (see Exhibit H – State Specific Addendum for exceptions)

FRUIT BOUQUETS ORDER FULFILLMENT AGREEMENT		
Provision	**Section in Agreement**	**Summary**
(a) Length of the term	Section 4	Three years
(b) Renewal or extension of the term	Section 4	Automatically renewed for successive one year terms
(c) Requirements for operator to renew or extend	Not applicable	
(d) Termination by operator	Section 4	You may terminate on 30 days' notice
(e) Termination by 1-800-Flowers without cause	Section 4	We can terminate on 30 days' notice
(f) Termination by 1-800-Flowers with cause	Section 4	We can terminate if you are in default
(g) "Cause" defined – curable defaults	Section 4	Defaults in performance of obligations under Agreement
(h) "Cause" defined – non-curable defaults	Section 4	Failure to meet performance standards
(i) Operator's obligations on termination/non-renewal	Section 2	You must stop using Licensed Property
(j) Assignment of contract by 1-800-Flowers	Section 13(g)	No restriction on our right to assign.
(k) "Transfer" by operator – defined	Section 13(g)	Includes ownership change
(l) 1-800-Flowers' approval of transfer by operator	Section 13(g)	No transfers permitted
(m) Conditions for 1-800-Flowers' approval of transfer	Not applicable	

FRUIT BOUQUETS ORDER FULFILLMENT AGREEMENT		
Provision	**Section in Agreement**	**Summary**
(n) 1-800-Flowers' right of first refusal to acquire operator's business	Not applicable	
(o) 1-800-Flowers' option to purchase operator's business	Not applicable	
(p) Death or disability of operator	Not applicable	
(q) Non-competition covenants during the term of the franchise	Section 14	Cannot create or deliver cut fruit arrangements or similar products for or to any third party, except for orders you receive directly from the consumer and orders you are fulfilling on behalf of another franchisee or a fulfiller who has signed the Fruit Bouquets Order Fulfillment Agreement
(r) Non-competition covenants after the franchise is terminated or expires	Section 14	Cannot create or deliver cut fruit arrangements or similar products for any third party for two years after termination or expiration, anywhere in the United States, and cannot create or delivery cut fruit arrangements or similar products for any floral or cut fruit arrangement competitor for five years after termination or expiration, anywhere in the United States
(s) Modification of the agreement	Section 13(a)	No modifications generally without written agreement of both parties
(t) Integration/merger clause	Section 13(a)	Any representations or promises outside the Disclosure Document and Fruit Bouquets Order Fulfillment Agreement may not be enforceable
(u) Dispute resolution by arbitration or mediation	Not applicable	
(v) Choice of forum	Section 13(f)	Must be in Nassau County, New York (subject to state law)
(w) Choice of law	Section 13(f)	New York law applies (subject to state law

BLOOMNET MEMBERSHIP AGREEMENT & BLOOMNET TECHNOLOGIES SYSTEMS AGREEMENT			
	Provision	**Section in Agreement**	**Summary**
(a)	Length of the term	Section 2	Agreement continues in effect until terminated
(b)	Renewal or extension of the term	Section 2	Agreement continues in effect until terminated
(c)	Requirements for customer to renew or extend	Not applicable	
(d)	Termination by customer	Section "Termination" of BloomNet Membership Agreement; Section 8 of BloomNet Technologies Systems Agreement.	You may terminate on 30 days' notice
(e)	Termination by BloomNet without cause	Section "Termination" of BloomNet Membership Agreement; Section 8 of BloomNet Technologies Systems Agreement.	BloomNet can terminate on 30 days' notice
(f)	Termination by BloomNet with cause	Section "Termination" of BloomNet Membership Agreement; Section 8 of BloomNet Technologies Systems Agreement.	BloomNet may terminate the Agreement if you fail to make payments within 10 days, fail to abide by the terms of the Agreement, cease to operate business, and upon insolvency and bankruptcy.
(g)	"Cause" defined – curable defaults	Section 8 of BloomNet Technologies Systems Agreement.	Failure to make payments within 10 days, failure to abide by the terms of the Agreement, cease to operate business, and upon insolvency and bankruptcy.
(h)	"Cause" defined – non-curable defaults	Section 8 of BloomNet Technologies Systems Agreement.	Repeated violations by you
(i)	Customer's obligations on termination/non-renewal	Section "Termination" of BloomNet Membership Agreement; Section 8 of BloomNet Technologies Systems Agreement.	Cease using licensed material, return hardware, software and manuals
(j)	Assignment of contract by BloomNet	Section 9 of BloomNet Technologies Systems Agreement	BloomNet may assign without restriction

BLOOMNET MEMBERSHIP AGREEMENT & BLOOMNET TECHNOLOGIES SYSTEMS AGREEMENT		
Provision	**Section in Agreement**	**Summary**
(k) "Transfer" by customer – defined	Section "Change of Ownership" of BloomNet Membership Agreement; Section 9 of BloomNet Technologies Systems Agreement	Any assignment of rights, duties or obligations under the Agreement.
(l) BloomNet's approval of transfer by customer	Section "Change of Ownership" of BloomNet Membership Agreement; Section 9 of BloomNet Technologies Systems Agreement	BloomNet has the right to approve all transfers
(m) Conditions for BloomNet's approval of transfer	Section 9 of BloomNet Technologies Systems Agreement	BloomNet has the right to approve all transfers
(n) BloomNet's right of first refusal to acquire customer's business	Not applicable	
(o) BloomNet's option to purchase customer's business	Not applicable	
(p) Death or disability of customer	Not applicable	
(q) Non-competition covenants during the term of the franchise	Not applicable	
(r) Non-competition covenants after the franchise is terminated or expires	Not applicable	
(s) Modification of the agreement	Section 9 of BloomNet Technologies Systems Agreement	No modifications generally without written agreement of both parties
(t) Integration/merger clause	Section 9 of BloomNet Technologies Systems Agreement	Only the terms of Agreement are binding. Any other promises may not be enforceable.
(u) Dispute resolution by arbitration or mediation	Section 9 of BloomNet Technologies Systems Agreement	We both agree to submit disputes to binding arbitration.
(v) Choice of forum	Section 9 of BloomNet Technologies Systems Agreement	Must be in Nassau County, New York (subject to state law)

BLOOMNET MEMBERSHIP AGREEMENT & BLOOMNET TECHNOLOGIES SYSTEMS AGREEMENT		
Provision	**Section in Agreement**	**Summary**
(w) Choice of law	Section 9 of BloomNet Technologies Systems Agreement	New York law applies (subject to state law

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise, except that Jim McCann, founder and Chairman of 1-800-Flowers, and Christopher McCann, President of 1-800-Flowers, may promote our company in media advertisements. They are not compensated over and above their normal compensation as Chairman and President, respectively, of 1-800 Flowers.

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.

Fannie May Franchise, LLC does not make any financial performance representations. 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 Edward Fitzpatrick at 5353 Lauby Road, North Canton, Ohio 44720 and (800) 321-0444, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For fiscal years ending 2010, 2011, 2012

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2010	0	0	0
	2011	0	0	0
	2012	0	22	+22

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Company-Owned	2010	0	0	0
	2011	0	0	0
	2012	0	0	0
Total Outlets	2010	0	0	0
	2011	0	0	0
	2012	0	22	+22

Of the 22 outlets opened in the fiscal year ending July 1, 2012, 17 were existing Stores operated by our parent, FMC, and sold to a franchisee.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For fiscal years ending 2010, 2011, 2012

State	Year	Number of Transfers
None	2010	0
	2011	0
	2012	0
Total	2010	0
	2011	0
	2012	0

Table No. 3A
Status of Franchised Outlets
For fiscal years ending 2010, 2011, 2012

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Florida	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
Illinois	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	8	0	0	0	0	8
Indiana	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	5	0	0	0	0	5

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Iowa	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
Michigan	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
Minnesota	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	3	0	0	0	0	3
Wisconsin	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	2	0	0	0	0	2
Canada	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
Total	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	22	0	0	0	0	22

Of the 22 outlets opened in the fiscal year ending July 1, 2012, 17 were existing Stores operated by our parent, FMC, and sold to a franchisee.

Table No. 3B
Status of Area Developers
For fiscal years ending 2010, 2011, 2012

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Florida	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
Minnesota	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Canada	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
Total	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	3	0	0	0	0	3

Table No. 4
Status of Company-Owned Outlets
For fiscal years ending 2010, 2011, 2012

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
None	2010	0	0	0	0	0	0
	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
Total	2010	0	0	0	0	0	0
	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0

As of July 1, 2012 FMC owns and operates 71 Stores in Illinois, Indiana, Missouri and Ohio, and Harry London owns and operates one Store in Ohio.

Table No. 5
Projected Openings as of July 2012

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Florida	0	2	0
Minnesota	0	8	0
Canada	0	2	0
TOTAL	0	12	0

A list of the names of all franchisees and area developers and the addresses and telephone numbers of their businesses will be provided in Exhibit D to this Disclosure Document when applicable.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee or area developer who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or Area Development Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit E to this Disclosure Document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Fannie May System.

There are no trademark-specific organizations formed by our franchisees that are associated with the Fannie May System.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit F are our audited financial statements as of June 27, 2010, July 3, 2011 and July 1, 2012.

Our fiscal months operates on a 4-4-5 week basis. Our fiscal year is a 52-or-53 week period ending on the Sunday nearest to June 30th. Fiscal year 2012 ended July 1, 2012.

ITEM 22
CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

Franchise Agreement – Exhibit B
Area Development Agreement – Exhibit C
Form of General Release – Exhibit I
Fruit Bouquets Order Fulfillment Agreement – Exhibit K
BloomNet Application and BloomNet Membership Agreement – Exhibit L-1
BloomNet Technologies Systems Agreement and User Agreement – Exhibit L-2

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.