FRANCHISE DISCLOSURE DOCUMENT

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DEPARTMENT OF
BUSINESS OVERSIGHT

XD COFFEE, LLC
a Delaware limited liability company
28 Liberty Street, 6th Floor
New York, New York 10005
(347) 421-4196 nigell.lee@xpressodelight.com
www.xpressodelight.com

As a franchisee you will operate a business under the XPRESSO DELIGHT® name and system for the sale of espresso and related coffee products and services to offices and workplaces and cold brew to consumers.

The total investment necessary to begin operation of the Xpresso Delight® franchise is $84,750 to $115,000. This includes $63,500 to $72,500 that must be paid to the franchisor. If you want development rights, you must also pay us a development fee equal to the sum of additional initial franchise fees for each additional franchise you commit to develop. The initial franchise fee is $32,500 for the second franchise, $30,000 for the third franchise, and $25,000 for the fourth and any additional franchises. For example, the total investment necessary to begin operation if you acquire development rights for 3 franchises is $147,250 to $177,500. This includes $126,000 to $135,000 that must be paid to the franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact us at 28 Liberty Street, 6th Floor, New York, NY 10005, (347) 421-4196.

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, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 24, 2020

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation and litigation only in New York. Out-of-state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in New York than in your own state.

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

ADDENDUM TO XPRESSO DELIGHT
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MICHIGAN

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

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

(a) A prohibition on your right to join an association of franchisees.

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

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

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

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

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

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

(i) The failure of the proposed transferee to meet our then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of us or our subfranchisor.

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

(iv) Your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

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

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

Any questions regarding this Notice shall be directed to the Department of Attorney General, Consumer Protection Division, P.O. Box 30213, Lansing, Michigan 48909 and (517) 335-7567.

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

The franchisor is XD Coffee, LLC ("we," "us," "our," or the "Franchisor"). We offer franchises to qualified entities for the right to provide and service espresso and other coffee systems in offices and workplaces and to sell cold brew only direct to consumers (the "Franchise" or "Franchise Business").

In this Disclosure Document, "you", "your", or "Franchisee" refers to you, the purchaser of the Franchise. We only offer Franchises to business entities. We do not grant Franchises to individuals or sole proprietorships. Each of your owners must sign a personal guaranty agreeing to comply with all provisions of the Franchise Agreement.

Information About Us, Our Predecessor, Parent Companies and Affiliates

We are a Delaware limited liability company. Our principal business address is 28 Liberty Street, 6th Floor, New York, New York 10005. Our agents for service of process are listed on Exhibit C of this Disclosure Document. We do not operate a business of the type being franchised and do not operate businesses other than the XD System (although an affiliate has owned and operated an Xpresso Delight business since 2013). We only conduct business under the Xpresso Delight® name. We began offering Franchises as of April 24, 2020, and have never offered franchises in any other line of business.

Our predecessor is XD Franchising, LLC. Its principal business address is the same as ours. It offered Xpresso Delight franchises and operated the XD System from 2013 to February 2020. It never operated businesses of the type being franchised and never offered franchises in any other line of business.

Our parent company is Westside Xpresso Delight, LLC ("WXD"). Its principal business address is the same as ours. It is owned by XD USA Holdings LLC ("XD USA") and Westside XD, LLC ("Westside"). XD USA's principal business address is the same as ours. Westside's principal business address is 85 Broad Street, 16th Floor, New York, New York 10004.

Our predecessor was owned by XD USA until February 18, 2020. On that date, XD USA contributed all of its assets, including its ownership interests in our predecessor, to WXD in exchange for ownership interests in WXD. Related to that transaction, our predecessor assigned all of the Xpresso Delight Franchise Agreements to us. WXD and XD USA are holding companies. Neither of them has conducted any business activities, and neither of them has offered franchises in any line of business. WXD owns the Xpresso Delight trademarks and the XD System. It licenses them to us to sublicense to our franchisees.

We have 3 affiliates that are required to be disclosed in this Item. Our affiliate XD Operations, LLC ("Operations") provides and operates the Xpresso Delight central billing system that all franchisees are required to use in the operation of the Franchise Business. Its business address is the same as ours. It has never offered franchises in any line of business.

Our affiliate Xpresso Delight International Pty Limited ("International") owns all rights to the Xpresso Delight brand and operations outside of the United States and Canada. International's

principal business address is 5023 Emerald Island Drive, Carrara, Queensland, Australia, 4211. It began offering Xpresso Delight franchises in Australia in 2004, in New Zealand in 2006, and in the United States in 2013. In total, International has approximately 100 franchisees operating outside of the United States and no franchisees operating in the United States as of the Issuance Date of this Disclosure Document. International has never offered franchises in any other line of business.

Our affiliate Oakscale, LLC ("Oakscale") provides us with franchise sales and lead generation support and provides our franchisees with customer lead generation support. Its principal business address is 394 Broadway, Floor 5, New York, New York 10013. Oakscale has never offered franchises in any line of business.

Franchise Business

We grant franchises to develop and operate a Franchise Business identified by the Marks that includes rights to supply and service corporate coffee making machines and accessories ("Xpresso Delight Beverage Machines") to customers in offices and workplaces under the XD System, as well as sell cold brew products direct to consumers online through a unique URL address that we assign to each Franchise. The XD System includes the common use and promotion of the Marks; the products that we authorize for distribution; our designated Xpresso Delight Beverage Machine; our proprietary coffee distribution methods; our training program, operating procedures, customer service standards, and marketing techniques; and the policies, procedures, standards, and specifications established in our Manuals. We primarily offer two different Xpresso Delight Beverage Machines for use in the Franchise Business: a Low Volume Coffee Machine which serves 100 to 200 cups of coffee per week and a High Volume Coffee Machine which serves over 200 cups of coffee per week. It is up to you to select the mix of Low Volume and High Volume machines for your Franchise Business.

A single Franchise Agreement, which is attached to this Disclosure Document at Exhibit A, includes rights to place and service up to 50 Xpresso Delight Beverage Machines and to sell an unlimited amount of our cold brew products to corporate customers within a designated territory and to sell an unlimited amount of our cold brew products direct to consumers anywhere in the United States. Xpresso Delight Beverage Machines feature our proprietary coffee bean formula, specially designated coffee and specialty drink machines, refrigeration units, dispensers and other related products. For your customers, the Xpresso Delight Beverage Machine also includes services such as restocking and periodic machine cleaning and servicing.

We are the exclusive supplier of all Xpresso Delight Beverage Machines as well as the all Xpresso Delight Coffee. "Xpresso Delight Coffee" means coffee beans, coffee pods, cold brew products or other coffee, prepared or selected for use with the XD System and branded with any of the Marks.

Your primary customers will include office managers and other high-volume location managers and businesses, generally with twenty or more associated employees or staff. You may also sell cold brew products direct to consumers online. You will be responsible for managing all aspects of the Franchise Business including your workforce, sales and service, negotiating and entering

into customer agreements, ensuring that all customer accounts are paid on time and managing your inventory of Xpresso Delight Beverage Machines.

Development Rights

If qualified, we may grant you development rights according to our Development Agreement included with this Disclosure Document at Exhibit I. The Development Agreement includes an exclusive territory in which Developers may establish multiple Franchises in accordance with a development schedule that we and the Developer establish at the time the Development Agreement is signed. Each Franchise developed under a Development Agreement is granted under a separate Franchise Agreement. The terms of each Franchise Agreement may differ materially. Exclusive territories typically contain approximately 2,000 firms with 20 or more employees, based upon data provided by the U.S. Census Bureau.

Competition

The coffee market is well developed and highly competitive but it is not seasonal. You will compete with other franchisees in your territory, unless you have an exclusive territory under a Development Agreement, as well as other providers of office and workplace coffee systems and machines, and local, regional, and national coffee shops and cafes.

Laws and Regulations

We are not aware of any state or federal laws that uniquely regulate operation of the Franchise Business. You must comply with all local, state and federal health and sanitation laws, and with all local, state and federal laws of a more general nature which affect the operation of businesses in the area of the Franchise Business, including, for example, employment, workers' compensation, licensing and similar laws and regulations, as well as any concerning a pandemic or public health crisis which may require businesses in the beverage service industry to materially modify, limit or cease operations for an indeterminate period. You should consult with your own independent advisors and familiarize yourself with these laws and regulations.

ITEM 2.
BUSINESS EXPERIENCE

Nigell Lee - Chief Executive Officer and Director

Nigell has been our Chief Executive Officer and on the Board of Directors since February 2020. Before that, he was the Chief Operating Officer and President of Franchise Operations of our predecessor from March 2017 to March 2020. Before that, Nigell was Chief Executive Officer of XD Franchising, LLC, from March 2013 to February 2017. Nigell was also a Managing Member of our affiliate, XD Unit Franchise, LLC, from March 2013 to February 2020. He is located in New York City.

Paul Crabtree - Chief Operating Officer and Director

Paul is the co-founder of the Xpresso Delight concept. He has been our Chief Operating Officer and on the Board of Directors since February 2020. He has was the Chief Executive Officer of

our predecessor from March 2017 to March 2020. Since January 2008, Paul has been the Chief Executive Officer of Xpresso Delight International Pty Limited, in Carrara, Queensland, Australia. Paul is based in New York City.

Joshua Kovacs – Director

Joshua has served on our Board of Directors since our inception. Since June 2017, he has been the Chief Executive Officer of our affiliate, Oakscale, LLC, located in New York City, and from April 2017 to June 2017 he was the Portfolio Company Chief Executive Officer with Metric Collective, LLC, in New York City. From June 2015 to April 2017, Joshua was a Franchise Salesperson with Fransmart Franchise Development Company, in Alexandria, Virginia. From January 2014 to June 2015, he served as the Vice President of Programs at Engineering for Kids, in Fredericksburg, Virginia. Joshua is also a Managing Member of Kovacs Distribution, LLC, which is one of our franchisees, located in Washington D.C. Joshua is based in New York City.

Robert Huntington – Director

Rob has served on our Board of Directors since our inception. Since 2019, Rob has been the Chief Executive Officer of Westside Franchise Brands, located in New York City. Since October 2017, he has been a Franchise Consultant with The Franchise Consulting Company, in New York City. From December 2016 to September 2017, Rob was a Regional Operations Directory for DaVita Kidney Care, in New York City. From January 2016 to October 2016, he was Senior Vice President, Development & Franchise Operations, with Huntington Learning Centers, in Oradell, New Jersey. And from February 2014 to December 2015, Rob was a Director of Hunting Learning Centers, in Oradell, New Jersey. Robert is located in New York City.

Steve Nave – Director

Steve Nave has served on our Board of Directors since our inception. Since April 2019, Steve has been a General Partner of Kingsley-Malta Company, located in Eden Prairie, Minnesota, and since December 2019 he has been a Board Member and is a co-founder of J3st Gaming, located in Eden Prairie, Minnesota. Steve has also been on the Board of Directors and has served as Chairman of the Compensation Committee of Libbey Inc., based in Toledo, Ohio, since May 2017. Before that, he was President and Chief Executive Officer of Bluestem Brands, Inc., from December 2012 to February 2018, and Advisor from February 2018 to November 2019, located in Eden Prairie Minnesota. Steve is located in Eden Prairie, Minnesota.

ITEM 3.
LITIGATION

No litigation information 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

Initial Franchise Fee

When you sign the Franchise Agreement, you must pay the Franchise Fee of $37,500 in a lump sum. The Franchise Fee is uniform and nonrefundable.

Xpresso Delight Beverage Systems

In addition to paying us the Franchise Fee, when you sign the Franchise Agreement, you must purchase five (5) Xpresso Delight Beverage Machines (includes Low Volume Coffee Machines or High Volume Coffee Machines or a combination of both) for approximately $4,000 for each Low Volume Machine and $5,000 for each High Volume Machine. The actual cost of each Xpresso Delight Beverage Machine may vary depending on the size of the machines you purchase, price changes by our suppliers and delivery and shipping charges. We include an administrative fee of 7.5% in your purchase of each Xpresso Delight Beverage System. Other than as described in this paragraph, payment for Xpresso Delight Beverage Machines is uniform and nonrefundable.

Beverage Machine Delivery and Deposit

If you wish to test the Xpresso Delight Beverage Machine and participate in a virtual discovery day with us to learn more about the Franchise Business before you sign the Franchise Agreement you must sign the Beverage Machine Delivery and Deposit Agreement, included with this Disclosure Document at Exhibit J, and pay us a refundable deposit of $5,000 for the Xpresso Delight Beverage Machine that we will ship to you. You will have no more than fourteen (14) calendar days with the Xpresso Delight Beverage Machine before you sign the Franchise Agreement or return the Xpresso Delight Beverage Machine to us, at our expense, but we reserve the right to require you to send it back to us upon 3 days' notice at any time before you purchase it. If you purchase a Franchise you will keep the Xpresso Delight Beverage Machine, which will be counted as one of the 5 you are required to purchase when you sign the Franchise Agreement, and we will apply the $5,000 deposit to the purchase of that Xpresso Delight Beverage Machine.

Launch Marketing Fee

You are required to purchase a bundle of Launch Marketing from us when you sign the Franchise Agreement. Launch Marketing costs between $6,000 and $10,000, depending on the size and composition of your territory and the fees charged by advertising platforms we select to promote the Franchise. Included in Launch Marketing we will create and disseminate online advertising, provide you with territory-focused marketing strategies as well as marketing materials and collateral for use in promoting the Franchise Business in the territory.

Development Fee

When you sign the Development Agreement, you must pay the Development Fee. The amount of the Development Fee is calculated by multiplying the number of Franchises you agree to establish and operate in accordance with the development schedule by the applicable Franchise Fee for each Franchise. Under a Development Agreement, the Franchise Fee for the first Franchise is $37,500,

$32,500 for the second Franchise, $30,000 for the third, and $25,000 for the fourth and any additional Franchises. For example, the Development Fee is $100,000 for the right to establish and operate three Franchises (i.e., 150 Xpresso Delight Beverage Machines within an exclusive territory) and is $150,000 for the right to establish and operate 5 Franchises (i.e., 250 Xpresso Delight Beverage Machines within an exclusive territory). You will sign a separate Franchise Agreement (our then-current form, which may contain materially different terms), but not be required to pay an additional Franchise Fee, for each additional Franchise established under the Development Agreement before you begin operations of each Franchise. Other than as described in this paragraph, the Development Fee is uniform and nonrefundable.

ITEM 6:
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	$0.11 to $0.15 per cup dispensed through Xpresso Delight Beverage Machines, based on the volume of cups dispensed per 4-week billing cycle	At the end of each 4-week billing cycle based on your performance over such period	See Note 1
Cold Brew Royalty	5% of Gross Sales of cold brew products sold directly to consumers not affiliated with a corporate account, and 25% of Gross Sales of monthly cold brew subscriptions sold to corporate accounts	At the same time and in the same manner as Royalty Fees	See Note 1
XD Brand Fund Contribution	Greater of $750 per month or 3% of all Gross Sales of the Franchise Business	At the same time and method as Royalty Fees with payments commencing 6 months after opening of the Franchised Business	See Note 2
Local Area Marketing Expenditure	The greater of $1,000 per month or 4% of monthly Gross Sales	Monthly	Payable to third parties See Note 3

Type of Fee	Amount	Due Date	Remarks
Transfer Fee	Our legal fees and costs incurred or $2,500, whichever is greater	Upon our grant of consent to the transfer	Payable if you transfer the Franchise Business
Interest	18% per year or maximum legal rate, if less	On demand	Payable on past-due amounts from the due date until paid in full
Insufficient Funds Fee	Overdue amount plus interest, plus any bank fees incurred	On demand	Payable if your payments are not honored by your financial institution
Audit Fee	Cost of audit, plus late fees	Immediately after notice from us	You must pay this fee only if an audit shows that you understated Gross Sales by more than 2%
Training Fee for Additional Persons	$1,500 per person	At time of training	See Note 4
Additional Training/Assistance	$250 per day plus expenses	As incurred	None
Indemnification	Varies under the circumstances	On demand	Payable if we incur losses due to your activities under the Franchise Agreement
Insurance Premiums	Cost of the premium (estimated at $10,000 per year) plus a reasonable fee to reimburse us for any costs we incur to obtain insurance coverage on your behalf	On demand	You must reimburse us if we purchase insurance for you because you failed to do so
Conferences and Conventions	Varies	As invoiced	See Note 5
Supplier Testing Fee	The amount of the supplier testing fee will not exceed our costs associated with any inspection or testing we conduct	As incurred	If you request that we approve an alternate supplier
Maintenance of Xpresso Delight Beverage Machines	Varies	As incurred	You must maintain all equipment in good working order
Enforcement Reimbursement	Our costs and expenses	On demand	Payable if we must enforce our rights

Type of Fee	Amount	Due Date	Remarks
			under the Franchise Agreement

All fees are imposed by and are payable to us, unless otherwise noted. We may vary the frequency and method of payment. We may require you to pay fees via electronic funds transfer. All fees are uniformly imposed and nonrefundable, unless noted otherwise.

Notes:

1. The Royalty Fee is based on the total number of cups that all of the Xpresso Delight Beverage Machines under your control dispense in a 4-week billing cycle according to the following schedule:

Number of Cups Dispensed in Billing Cycle	Royalty Fee Per Cup
0 – 2,499	$0.15
2,500 – 4,999	$0.14
5,000 – 9,999	$0.13
10,000 – 29,999	$0.12
30,000 or more	$0.11

By way of example, if you have 6 Xpresso Delight Beverage Machines operating in a 4-week billing cycle and in the aggregate they dispense 4,460 cups, the Royalty fee would be $0.14 per cup times 4,460 cups, or $624.40.

We reserve the right to increase the Royalty Fee once each calendar year based upon any increase to the Consumer Price Index for All Urban Consumers for the U.S. City Average for all Items, as published by the United States Department of Labor, Bureau of Labor Statistics. As of the Issuance Date of this Disclosure Document, we have not increased the Royalty Fee over the last 4 calendar years.

You must also pay us a monthly Cold Brew Royalty Fee in the amount of five percent (5%) of Gross Sales for all cold brew products sold by your Franchise Business to consumers that are not affiliated with a corporate account. Corporate accounts typically subscribe to have cold brew supplied to their office on a month-to-month basis. You must pay us 25% of Gross Sales on these subscription fees. Employees of corporate accounts may purchase cold brew directly from us using their employer's corporate account code. We are not obligated to share any of this revenue with you.

Our affiliate, XD Operations, LLC, bills all customers of the XD System on a 4-week rolling basis with net-30 payment terms. XD Operations, LLC transfers customer payments to you less Royalty Fees, the Cold Brew Royalty and XD Brand Fund Contribution that it transfers to us.

The term "Gross Sales" means the aggregate amount of all revenue and other consideration generated from any source, including, without limitation, from selling products, services, and merchandise and other types of revenue you receive, including the proceeds of business interruption insurance. Gross Sales exclude: (i) federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority; (ii) proceeds from insurance, excluding business interruption insurance; and (iii) proceeds from any civil forfeiture, condemnation, or seizure by government entities.

2. The XD Brand Fund administers national advertising for the network of Xpresso Delight businesses operating in the United States. You must pay us a monthly fee in the amount of the greater of 3% of your monthly Gross Sales or $750, payable along with the Royalty Fee and Cold Brew Royalty Fee.

3. If you sign a Development Rights Agreement, in addition to the local advertising spend described above, you will be obligated to spend an additional $500 per month per Franchise Business operating under the Developments Rights Agreement.

4. Initial training of up to two (2) people you designate is included with the Franchise Fee. We charge a per person training fee for the training of any additional individuals that we approve in advance to participate in the initial training program. You, or any of your prior designees, may repeat the training at a future date, as needed, and according to our availability, upon payment of the additional training fee. You will be responsible for paying for our lodging, meals, transportation, and other out of pocket expenses incurred in connection with any training. All training takes place in your territory and may be provided by us directly or by our designee at our election.

5. We plan to hold annual or periodic conferences and/or conventions for our franchisees. There will be no charge for you and up to one other person, approved by us in writing, from your Franchise Business attending any such meeting. We reserve the right to charge a fee for any additional attendees that we approve to attend. You will be responsible for all of the travel and related expenses of the persons you send to conferences and conventions.

ITEM 7.
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is Made
	Low	High			
Initial Franchise Fee (Note 1)	$37,500	$37,500	Lump sum	On Signing Franchise Agreement	Us

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is Made
	Low	High			
Purchase of Xpresso Delight Beverage Machines (Note 2)	$20,000	$25,000	Lump sum	On Signing Franchise Agreement	Us
Launch Marketing	$6,000	$10,000	Lump sum	On Signing Franchise Agreement	Us
Travel & Living Expenses While Training (Note 3)	$3,000	$5,000	As Incurred	Prior to Commencing Operations	Vendor/Service provider
Technology Expenses (Note 4)	$750	$1,500	As Arranged	Prior to Commencing Operations	Suppliers
Insurance	$500	$1,000	As Arranged	Prior to Commencing Operations	Third-Party Insurers
Professional Fees	$2,000	$5,000	As Incurred	As Incurred	Your Attorneys, Accountants
Additional Funds (First 90 Days of Operations) (Note 5)	$15,000	$30,000	As Arranged	As Incurred	Third Parties
Estimated Total (Note 6)	$84,750	$115,000			

None of the estimated expenditures paid to us are refundable. Payments to third parties may be refundable, depending on the terms of your agreements with them. We do not offer direct or indirect financing to you for any part of your initial investment.

Notes:

1. You may place up to 50 Xpresso Delight Beverage Machines in the territory at any one time. If you do not place a minimum of 5 Xpresso Delight Beverage Machines during the term of the Franchise Agreement you will not be eligible to renew the Franchise Agreement.

2. You must purchase 5 Xpresso Delight Beverage Machines (includes Low Volume Coffee Machines or High Volume Coffee Machines or a combination of both) from us when you sign the Franchise Agreement for approximately $4,000 for each Low Volume Machine and $5,000 for each High Volume Machine. Actual costs will vary from time to time as a result of the fluctuating cost of supplies. We include an administrative fee of 7.5% in the cost of each Xpresso Delight Beverage Machine. You are required to pay for all shipping and delivery charges.

3. This estimate is for two persons attending the initial training program. This includes travel and living expenses during training.

4. The Technology Expenses include the costs associated with obtaining a cellphone and either a laptop or tablet which will enable you to access our internet based technology platform.

5. This estimate of Additional Funds needed to commence operation of the Franchise Business and to operate the Franchise Business for 90-days is based on the experience of our affiliate's operation in New York City. This estimate covers anticipated expenditures for inventory, marketing, travel, insurance and administrative expenses for the Franchise Business. The actual amount needed will depend on a variety of factors including the size of the territory, your management skill, experience, acumen, economic conditions, and competition in your territory. You should review these estimates carefully with your attorney, accountant, and other business advisors before you make any decision to enter the Franchise Agreement with us.

6. We have relied on our experience in the industry to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase a franchise.

If you sign the Development Agreement, you must pay the Development Fee. Your estimated initial investment will be the same as set forth in this Item 7 except for the payment of the Development Fee which includes the Franchise Fee for your first franchise. The amount of the Development Fee is calculated by multiplying the number of Franchises you agree to establish and operate in accordance with the development schedule by the applicable Franchise Fee for each Franchise. Under a Development Agreement, the Franchise Fee for the first Franchise is $37,500; $32,500 for the second Franchise; $30,000 for the third; and $25,000 for any additional Franchises.

ITEM 8.
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Obligation to Purchase or Lease Items

You must operate the Franchise Business according to the XD System. The XD System regulates most aspects of the Franchise Business, including the products and services you offer, advertising materials, uniforms, stationery, and other miscellaneous materials used in the Franchise Business. All materials, supplies, advertising materials and equipment used by you in the establishment and operation of the Franchise Business must meet our required specifications, as established by us from time to time. We will provide written notice to you of any modifications to these specifications. The proprietary products and other products described in the Manuals must be purchased from us or approved third party vendors, unless we determine otherwise. In addition, you may only offer services authorized by us, and you must offer those services in accordance with our requirements, as established from time to time. You may not offer services that we do not, or cease to, authorize upon notification from us that those services are no longer authorized. The source of these obligations is the Franchise Agreement, and the purpose of these requirements is to maintain the Xpresso Delight image and preserve the integrity of the XD System, to ensure the identification of Xpresso Delight franchisees by the public, to preserve and enhance the goodwill associated with the image, and to fulfill expectations of Xpresso Delight consumers. Specifications may include minimum standards for quality, performance, safety, durability, appearance, size, color, fitness for purpose, design, material, and other characteristics. A key component in the XD System is the proprietary coffee formula we use. Consequently, you must

only use the coffee provided by us. We do not provide any material benefit to you for purchasing products and services from us.

Technology

You must obtain, install, and use, at your expense, a mobile phone and a laptop or tablet as specified in the Manual. During the term of the Franchise Agreement we provide with access to our proprietary systems for operating the Franchise through our online portal. You may obtain all hardware technology from any source, provided it complies with our standards and specifications.

Required or Approved Suppliers

As of the date of this Disclosure Document, we are the only approved supplier of the Xpresso Delight Beverage Machines, the Launch Marketing, and Xpresso Delight Coffee including all cold brew products. We are not the only approved supplier for any other product or service. The table below summarizes certain products and services that you must purchase from an approved supplier, or from any supplier provided the product or service meets our standards and specifications.

Good or Service We Require You to Purchase or Lease from Us, Our Designee, Suppliers We Approve, or Under Our Specifications	**Entity from Which You Must Purchase or Lease the Good or Service**	**Whether We or Affiliate are an Approved Supplier or Only Approved Supplier of Good/Service**	**Whether We or an Officer of Ours Own an Interest in Supplier**
Xpresso Delight Beverage Machines	Us	Only Approved Supplier	Yes
Launch Marketing	Us	Only Approved Supplier	Yes
Xpresso Delight Coffee	Us	Only Approved Supplier	Yes
Inventory (Supplies)	Us, Companies We Designate, Suppliers We Approve, and Suppliers that Meet Our Specifications	An Approved Supplier	Yes
Customer Billing and Customer Account Management	XD Operations, LLC	Only Approved Supplier	Yes
Marketing Materials	Us, Companies We Designate, Suppliers We Approve, and Suppliers that Meet Our Standards	An Approved Supplier	Yes
Stationery and Forms	Companies We Designate, Suppliers We Approve, and Suppliers that Meet Our Specifications	An Approved Supplier	Yes
Insurance	Suppliers We Approve and Suppliers that Meet Our Specifications	Not a Supplier	No

Our Grant and Revocation of Approval of Other Suppliers, Products, and Services

We have the right to approve all suppliers that provide products or services to the XD System. We may recommend suppliers that we have approved. The suppliers we recommend offer products, equipment, services, or suppliers that meet our criteria. We will notify you in our Manuals or in other written communications of our criteria and the names of our approved suppliers. We do not have a formal program for modifying our criteria; we modify them when we believe it is in the best interests of the XD System to do so. If you would like to purchase products or services from a supplier that we have not approved, you must: (i) submit a written request to us for our consent to use the supplier; (ii) have the supplier acknowledge in writing that you are an independent entity from us and that we are not liable for debts you incur; and (iii) if the supplier will obtain access to our confidential information, have the supplier sign a confidentiality agreement in a form we approve. We have the right to inspect the proposed supplier's facilities and require the proposed supplier to deliver samples to us, or to an independent laboratory we designate, for testing. You or the supplier must pay us a fee. The amount of the fee will not exceed the reasonable cost of inspection and testing. We may also require that the supplier comply with other reasonable requirements we deem appropriate, including payment of reasonable continuing inspection fees and administrative costs. We will notify you of our approval or disapproval of the supplier within 45 days after we receive the last item of information we request. We reserve the right, following consent to use a supplier, to revoke our consent if the supplier fails to continue to meet our then-current criteria. If we revoke our consent, we will notify you by modifying our criteria or by otherwise telling you in writing.

Revenue or Other Consideration from Required Purchases or Leases

We require you to purchase or lease products, equipment, services, or supplies from us or our affiliates. As of the Issuance Date of this Disclosure Document, these items include coffee and Xpresso Delight Beverage Machines. We or our affiliates: (i) may include a reasonable markup in the price of any items we or they sell or lease to you which will not exceed 7.5% of our actual cost; (ii) may derive profit from the items we or they sell or lease you; and (iii) may receive revenue, other consideration, or other material benefit, like rebates, discounts, and allowances, because of consideration you or any of our other franchisees pay us or our affiliates.

Because this is our first fiscal year offering franchises we do not have data regarding revenue from required purchases and leases by franchisees. We do not currently have any cooperative buying programs with approved suppliers. We may establish these programs at any time. If we establish them, we may modify or discontinue them at any time.

We do not presently, but may in the future: (i) derive additional revenue from cooperative buying programs; (ii) derive revenue or other benefits from approved suppliers we recommend; and receive discounts or more favorable treatment from any approved supplier with which we do business or that we recommend. We currently do not receive rebates, overrides or other consideration from Suppliers because of purchases by our franchisees and Unit Franchisees; however, we reserve the right to do so in the future.

All your required purchases, which include items you must purchase from us or any affiliate or approved supplier of ours, and items you must purchase in accordance with our specifications will

represent approximately 90% of your total purchases in the establishment of your Franchise Business and 75% of its total purchases in operating the Franchise Business.

Insurance

You must maintain at your expense in full force and effect throughout the Term the insurance that we specify in the Brand Standards Manual or otherwise. Currently, we require a minimum of $1,000,000 in public and product liability insurance. Further, you must maintain workers' compensation insurance that complies with the statutory requirements of the state in which your Franchise business is located and where you do business. Your obligation to maintain such policies and coverages is not limited in any way by insurance that we may maintain.

On our request or as specified in the Brand Standards Manual, you must provide us with certificates of insurance, or such other documentation that we request, evidencing the required policies and coverages. Upon annual renewal of your insurance policy, you must provide us with certificates of insurance within 7 days of receipt of the certificates. Your insurance policies must provide that such policies and coverages may not be amended or cancelled without at least 30 days' prior written notice to us. If you fail to obtain and maintain insurance policy or coverage as required by this Agreement, we have the right, but not the obligation, to obtain the required insurance policies and coverages on your behalf, and to charge you for the cost of the insurance plus a reasonable fee for our services in procuring the insurance.

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 Franchise Agreement**	**Section in Development Agreement**	**Disclosure Document Item**
a.	Site selection and acquisition/lease	Not applicable	Sections 1.1, 1.2, 3.1, 3.2	Not applicable
b.	Pre-opening purchases/leases	Section 2.4	Not applicable.	Items 7 and 8
c.	Site development and other pre- opening requirements	Section 2.4	Section 5.2	Items 7, 8, and 11
d.	Initial and ongoing training	Sections 5.2 and 6.4	Section 5.3	Items 6, 7, 11, and 15
e.	Opening	Sections 6.1(a) and 7.1(i)	Section 3	Items 6, 7, and 11
f.	Fees	Sections 4, 6.4, 6.17, 6.18, 8.1(a), 8.2, and 9.6	Section 2	Items 5, 6, 7, and 11
g.	Compliance with standards and policies/Operating Manual	Sections 5.1, 5.4, 6.8, 6.9, 6.10(a), 6.14, 6.15,	Sections 5.5 and 5.6	Items 8, 11, 13, 14, and 16

Obligation		Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
		6.19, 6.20(d), 7.1(f), 7.1(k), 7.2(d), and 7.2(f)		
h.	Trademarks and proprietary information	Sections 1, 2.1, 5.1(b), 6.5(b), 7.2(e), 7.2(f), and 8.5	Sections 5.2, 5.5, and 11.8	Items 11, 13, and 14
i.	Restrictions on products/services offered	Sections 1, 2.1, 2.4(b), 5.1(b), 5.4, 6.2, 6.3, 6.5, and 7.2(b)	Section 1.1	Items 8 and 16
j.	Warranty and customer service requirements	Not applicable	Not applicable	Not Applicable
k.	Territorial development and sales quotas	Sections 2.4 and 6.8	Section 3	Items 1, 5, 6, and 12
l.	Ongoing product/service purchases	Sections 2.4, 5.4, 5.5, and 6.38	Not applicable	Item 8
m.	Maintenance, appearance and remodeling requirements	Section 6.3(c)	Not applicable	Items 7, 11, and 17
n.	Insurance	Section 6.9	Not applicable.	Items 6, 7, and 8
o.	Advertising	Section 5.5, 6.6, and 6.10(a)	Sections 1.2 and 5.1	Items 6, 7, 11, and 12
p.	Indemnification	Sections 4.6 and 6.19	Sections 6.11,10.4 and 15.7	Item 6
q.	Owner's participation/management/ staffing	Sections 3.2(h), 5.6, 6.4, and 6.24	Section 7.1	Item 15
r.	Records and reports	Sections 6.14-6, 18 6.24(c), 7.1(d), 7.1(g), and 7.2(g)	Sections 5.3 and 11.8.4	Item 6
s.	Inspections and audits	Sections 6.3, 6.17, 6.18, 7.1(d), and 7.1(g)	Section 5.3 and 5.7	Item 6
t.	Transfer	Section 6.21	Section 6	Items 6 and 17
u.	Renewal	Section 3.2	Not applicable	Items 6 and 17
v.	Post-termination obligations	Section 8	Section 11.8	Items 14, 15, and 17
w.	Non-competition covenants	Sections 6.20 and 8.1	Sections 7.2 and 7.3	Items 14, 15, and 17
x.	Dispute resolution	Section 9	Section 15	Item 17

ITEM 10.
FINANCING

Neither we nor our affiliates offer you any direct or indirect financing arrangements. Neither we nor our affiliates guaranty any notes, leases, or other obligations you make.

ITEM 11.
OUR ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Pre-Opening Assistance

Before you begin operating your Franchise Business, we will:

1. Provide you, on loan, with access to our Brand Standards, Training and Marketing Manuals ("Manual" or "Manuals"). (Franchise Agreement, Section 5.1)

2. License you the Marks necessary for you to begin operating the Franchise Business. (Franchise Agreement, Sections 2.1 and 6.11)

3. Provide training to you and up to one other of your nominees as described further below. (Franchise Agreement, Section 5.2)

4. Provide you with a list of authorized and required supplies and suppliers. (Franchise Agreement, Section 5)

5. Provide you with access to our marketing materials. (Franchise Agreement, Section 5.5)

6. Provide you with access to our website. (Franchise Agreement, Section 5.5)

7. Provide you with Launch Marketing. (Franchise Agreement, Section 4.2)

8. Sell to you at least 5 Xpresso Delight Beverage Machines. (Franchise Agreement, Section 2.4)

We are required under the Development Agreement to provide certain assistance and service to you. We will:

1. Provide you with the initial training programs and other assistance we designate and prescribe. (Development Agreement, Section 5.1.1)

2. Loan to you, or otherwise provide you with access to our Manuals. (Development Agreement, Section 5.1.2)

3. Provide you with advertising assistance, sales advice or related materials as we deem advisable. (Development Agreement, Section 5.1.3)

Post-Opening Assistance

During your operation of your Franchise Business, we will:

1. Provide assistance with marketing in the form of written and oral advice, as well as designs and development of marketing documentation, and access to a range of Xpresso Delight marketing documentation, which all may be provided on a fee for service basis. (Franchise Agreement, Section 5.3)

2. Provide you with access to any ongoing training and assistance we deem necessary, which may be provided by us or our designee. (Franchise Agreement, Section 5.2)

3. Provide any updates or changes to the Manuals or XD System (Franchise Agreement, Section 5.1(a))

We will provide certain post-opening assistance to you under the Development Agreement. We will:

4. Provide you with periodic consultation, by personal visit, telephone, mail, e-mail in the manner that we deem advisable. (Development Agreement, Section 5.1.4)

5. Provide you with bulletins, brochures and reports that we publish from time to time as we deem advisable regarding our plans, policies, research, developments and activities. (Development Agreement, Section 5.1.5)

Marketing by Us

We administer the XD Brand Fund, to which all franchisees are obligated to contribute uniformly. Our affiliate-owned Xpresso Delight businesses will contribute to the XD Brand Fund at the same rate as franchisees. All contributions to the XD Brand Fund will be accounted for separately from our operating accounts. We may use the XD Brand Fund to conduct national, regional and local advertising, marketing, promotional and public relations campaigns, including the cost of preparing and conducting print, point of purchase, radio, television, Internet, electronic, digital and billboard advertising, and employing advertising agencies. We also may use the XD Brand Fund to develop advertising and promotional materials for regional and local advertising cooperatives and for use in each franchisee's local market, and for other advertising and marketing activities. We may develop an in-house advertising staff to assist in advertising which we would compensate from the XD Brand Fund. We also may contract with various outside advertising agencies and third party vendors to produce certain advertising production and promotional materials and to create and implement public relations campaigns. We will determine the use of monies in the XD Brand Fund. We are reimbursed for reasonable administrative costs and overhead incurred in administering the XD Brand Fund for the preceding year.

We are not required to spend any particular amount on marketing, advertising or production in your territory. Contributions not spent in any fiscal year will be carried over for future use, and we may make loans to the XD Brand Fund bearing reasonable interest to cover any deficit of the XD Brand Fund. Contributions will not be used for advertising principally directed at the sale of

franchises. At your request, we will provide you with an annual unaudited statement of the receipts and disbursements of the XD Brand Fund for the most recent calendar year.

Since we have not collected any contributions as of the date of this Disclosure Document, we have no XD Brand Fund expenditures to report.

We may periodically develop, at our option, advertising and promotional marketing materials, in the form and media that we determine to be most effective to assist in promoting the XD System. We may, at our option, make marketing materials that we produce available for you to purchase at our cost, plus a reasonable mark-up to cover distribution and administrative expenses. We may also provide you with marketing advice and assistance in the design and development of marketing materials. We may charge a fee for these services.

Marketing by You

You must spend a minimum of the greater of One Thousand Dollars ($1000) per month or four percent (4%) of your monthly Gross Sales on local advertising. You must obtain our approval before you conduct any marketing activities or use any marketing materials that we have not supplied. In addition, you must submit any advertising and promotional materials you propose to use to us for approval. There are no limitations on our right to approve or disapprove these marketing materials and activities. We will use reasonable commercial efforts to approve or disapprove the advertising and promotional materials you propose to use within 10 days after we receive them; however, you may not use them until we have approved them.

If you sign a Development Rights Agreement, in addition to the local advertising spend described above, you will be obligated to spend an additional $500 per month per Franchise Business operating under the Developments Rights Agreement.

Website

We will operate a website at www.xpressodelight.com, or at another address that we may designate, related to Xpresso Delight businesses (the "Website"). The Website will provide basic information about Xpresso Delight businesses. We may revise the Website periodically. You may not establish or permit to be operated websites using the Marks or relating to Xpresso Delight or the Franchise Business; advertise or conduct business on the Internet; or register any domain name relating to the Marks, without our prior written consent. You may request our approval, at your own expense, for us to make local modifications to the Website. You must comply with the Manuals with respect to the Website.

Advertising Cooperatives

We do not have any advertising cooperatives. We do not plan to form advertising cooperatives in the immediate future.

Franchise Advisory Councils

We do not have any franchise advisory councils established, however, we anticipate doing so in the future.

Manuals

Attached as Exhibit E to this Disclosure Document is the table of contents of our Manuals. There are currently a total of 269 pages in the Manuals. There are 130 pages in the Brand Standards Manual, 86 pages in our Training Manual and 53 pages in our Marketing Manual.

Technology

You must obtain, install, and use, at your expense, a mobile telephone and either a lap top or iPad which will enable you to access our internet based technology platform or such other technology as we specify in the Manuals. You may also acquire the right to use QuickBooks or related software although we do not currently require that you do so. Currently, the cost of the technological hardware is expected to be approximately $750 to $1,500 and if you acquire a QuickBooks license, you will be required to pay an additional $40 to $80 per month in licensing fees. You may obtain your technology from any source, provided the technology complies with our standards and specifications and is able to interface with our internet based technology platform.

You must, at your expense, maintain the technology we require and make modifications and upgrades to it as we may specify. You must implement any changes to the technology and software, we require as soon as practicable. There are no other contractual limitations on our right to require you to upgrade or update the technology we require. We do not provide ongoing maintenance, repairs, upgrades, or updates to technology or software. We do not require you to purchase any maintenance, updating, or support contracts.

All data that you collect from customers and potential customers in connection with the XD System (collectively, the "Personal Data") is deemed to be owned by us. You must furnish such Personal Data to us at any time that we request it. You must store all Personal Data in the electronic database we designate. You have the right to use Personal Data while the Franchise Agreement is in effect, but only in accordance with the policies that we establish and applicable law. You may not sell, transfer, or use Personal Data for any purpose other than Your Franchise business. We have the contractual right to independently access information that will be stored on your computer system.

We refer to the Personal Data collected and maintained by You in connection with your Franchise Business, as the "Customer Database." As between you and us, we own the Customer Database. You must provide us with your complete Customer Database on demand. You have the right to use the Customer Database while the Franchise Agreement is in effect. You may not sell or transfer the Customer Database or use the Customer Database for any purpose other than the operation of your Franchise Business.

We may download sales and other data which you have inputted into or which we have obtained from our internet based technology platform. We will have independent access to that data. There is no contractual limitation on our right to receive this information. We may require you to bring any technology which you use into conformity with our then- current standards for new Franchise businesses. We have no obligation to assist you in obtaining hardware, software or related services and there are no contractual limits on the frequency or cost of your obligations to obtain these upgrades.

Site Selection

You may operate your Franchise Business from any location inside the territory, including from your personal residence. We do not consent or approve the location.

Start-Up Time

You must begin operating your Franchise Business within 10-business days after you complete the initial training. You must complete training within 90-days after you sign the Franchise Agreement. We refer to the date that you begin operating as your "Commencement Date." These time periods may vary depending on the time that it takes to complete training and deliver Xpresso Delight Beverage Machines. If you do not begin operating your Franchise Business within this time period, then we may terminate the Franchise Agreement.

Conventions and Conferences

We may hold conventions and conferences periodically as we deem appropriate. Conferences may include all franchisees, or may be limited to franchisees in each area or having a level of experience. The content of any conventions and conferences would focus on our analyses of the market, our expansion plans, competition in the marketplace, responses to competition, new products and services, or other matters. We may charge a reasonable fee for any conventions and conferences that we conduct. You must attend any conventions and conferences that we require. You must pay travel and accommodation expenses for you and your representatives that we approve in advance.

Initial Training

We will provide instructors, facilities, and materials for the initial training program at no charge to you, and one additional trainee we may approve in advance, if you are trained during the same training session. You are responsible for paying all of your (and your designees) costs to attend the initial training program including travel, accommodations and meals. You must successfully complete the initial training to Franchisor's satisfaction prior to commencing business. The initial training must be completed within 10 business days prior to opening the franchise business. We anticipate each phase of initial training will be conducted in your local region and in the field in the surrounding area, but we may designate another location at our option. We conduct initial training periodically on an as-needed basis.

Our initial training program is as follows:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Coffee Beans to Cup	1	N/A	New York City
Psychology of Success	1	N/A	New York City
Xpresso Delight Brand	1	N/A	New York City
Sales and Marketing Processes	1	N/A	New York City

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Client Lifetime Profit Calculator	1	N/A	New York City
Marketing Business Models	1	N/A	New York City
Conversation Mapping	1	N/A	New York City
Installations Demonstration	1	6	New York City
Lead Generation	1	N/A	New York City
Location Sourcing System	1	N/A	New York City
Monthly Marketing Plan System	2	N/A	New York City
Frequently Asked Questions	1	N/A	New York City
Address Prospect Objections	1	N/A	New York City
Sales Model Expectations	1	N/A	New York City
Customer Service	1	N/A	New York City
Marketing Playbook	8	34	New York City
TOTALS	24	40	

The initial training program instructional materials include training manuals, detailed worksheets, operational files, the Manual, and other materials we specify. Our training is overseen by Nigell Lee. Nigell has been associated with the Xpresso Delight brand and system since September 2012. More information about Nigell's experience is disclosed in Item 2 of this Disclosure Document.

Additional Training

We are not obligated to provide additional training but you must attend additional training courses or programs that we require. We have the right to designate the time and location for additional training. We expect to hold render additional training in your territory, on an as-needed basis. We may conduct training via Skype, Intranet, or another form of electronic communication. We may train other franchisees at the same time as we train you. The content of any training would focus on changes to the XD System, your compliance with the XD System, or other matters. We may charge a reasonable fee for any training that we conduct that we require you to attend. You are responsible for paying the costs to attend additional training programs, including travel, accommodation, meals, and other costs incurred by you or others we approve to attend.

ITEM 12.
TERRITORY

You will operate the Franchise Business in a territory that we designate in the Franchise Agreement ("Territory"). The Territory will typically be defined by county, state or other jurisdictional lines or zip codes, and have no less than 1,000 qualified businesses as determined by the most current U.S. Census. Qualified businesses are businesses with twenty (20) or more employees. You may sell authorized products only to customers located within the Territory, except that all franchisees may refer consumers from anywhere in the United States to a unique URL for their Franchise Business that is linked to our Website, where the consumer can purchase cold brew to be shipped to their home. We do not ship cold brew to post office boxes, commercial or business addresses

outside of your territory and you may not advertise for cold brew products outside of your Territory.

Other than cold brew sales direct to consumer, you may not offer and sell goods and services outside your Territory, or through alternative channels of distribution, including the Internet, catalog sales, telemarketing, or other direct marketing sales.

Currently, we do not require that you obtain our approval of the office location, however, we do reserve the right to approve the office location in the future. You must provide us with written notice if you wish to relocate your office.

If you do not sign a Development Agreement you will not be granted an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control.

We and our affiliates reserve all rights not expressly granted to you in the Franchise Agreement, including the right to:

(1) Establish or grant third parties the right to establish and operate a Franchise Business in the Territory;

(2) Offer and sell goods and services authorized for sale at Franchise Businesses using the Marks, or marks other than the Marks, through alternative channels of distribution, including by electronic means such as the Internet, by mail order, catalog, retail store display, through the wholesale sale of products to unrelated retail outlets or to distributors, or to grocery stores, convenience stores, or other locations, inside or outside your territory;

(3) Develop other distribution systems that may sell or otherwise distribute items or services within and outside of the territory that compete with the XD System; and

(4) Promote the XD System and Franchise Businesses generally, including on the Internet (or any other existing or future form of one or more electronic commerce), and to create, operate, maintain and modify or discontinue the use of websites using the Marks.

We are not required to pay you any compensation if we exercise any of these rights.

We set Minimum Performance Criteria for all franchisees. You must satisfy this criteria in order to maintain rights to operate the Franchise Business. We will give you notice and a 90-day opportunity to cure any default of Minimum Performance Criteria before we have the right to terminate the Franchise Agreement or cancel your renewal rights. Minimum Performance Criteria currently includes the following:

(1) You may not fall below a 90% or greater placement of all Xpresso Delight Beverage Machines for more than two (2) consecutive months;

(2) You must maintain a minimum of 100 cups of coffee sold per week for each of the Xpresso Delight Beverage Machines you have placed with customers;

(3) You must comply with all minimum local advertising expenditures as set forth in your Franchise Agreement (or such additional local advertising spend if you have entered into a Development Rights Agreement);

(4) You must update all weekly sales and marketing reporting on time as specified in the Manual; and

(5) You must be willing to travel up to a minimum fifty (50) mile radius from your business location to secure Xpresso Delight Beverage Machine customers

If you do not maintain Minimum Performance Criteria, in addition to your obligation to come into compliance within 90-days of notice, we may require you, at your expense, to:

(1) Attend meetings with us or our authorized agent for the purpose of assessing compliance with the XD System.

(2) Attend and complete, to our satisfaction, such additional training as we may specify.

(3) Implement additional promotional activities as we may direct.

(4) Provide us, on request, with a written explanation for any failure to achieve the Minimum Performance Criteria.

You are not granted any options, rights of first refusal, or similar rights to acquire additional franchises under the Franchise Agreement.

Development Agreement

If you sign the Development Agreement, you will receive an exclusive development market to develop Franchise Businesses over the term of a development schedule that we set when you sign the Development Agreement ("Market"). In determining the parameter of Markets, based on U.S. Census Bureau data, we include approximately 2,000 firms that have 20 or more employees. We, our affiliates and other franchisees will not solicit or accept orders for Xpresso Delight Beverage Machines from customers inside the Market during the term of the Development Agreement. But we reserve all other rights contained in the Franchise Agreement, including the rights for us, our affiliates and other franchisees to sell cold brew products to customers located in the Market.

The Market granted under the Development Agreement will be exclusive for so long as the Development Agreement is in effect. In addition, if you do not comply with the development schedule or do not meet Minimum Performance Criteria under any Franchise Agreement you will lose exclusivity and your rights to develop additional Franchise Businesses in the Market.

Despite any exclusive rights granted during the term of the Development Agreement, we and our affiliates may operate, and may authorize others to operate, businesses that offer and sell products under different trademarks that are similar to the products we authorize you to sell in the Franchise Business, including inside your territories and Markets, as applicable.

ITEM 13.
TRADEMARKS

We grant you a license to operate the Franchise Business under the trade name Xpresso Delight® and to use the other Marks with the XD System, so long as you identify yourself as an "Independently Owned & Operated Franchise".

WXD owns the Marks and XD System and licensed them to us to sublicence to XD System franchisees in the United States and Canada. The license agreement has a perpetual term and we will pay WXD a periodic license fee. Either party may terminate the license agreement upon 30 days' notice to the other party in the event such other party: (a) files for bankruptcy or is adjudicated bankrupt or makes a disposition for the benefit of its creditors; (b) breaches any warranty or representation made, or (c) materially breaches its obligations. If the license agreement is terminated, WXD or its designee will assume our obligations under the Franchise Agreement and you will retain the right to use the Marks and the XD System.

WXD has filed obtained the following trademark on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"):

Mark	Registration Date	Registration Number
XPRESSO DELIGHT TASTE THE DIFFERENCE	12/13/2019	5949660

WXD has filed an application for the following trademark on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"):

Mark	Application/ Date	Serial Number
XPRESSO DELIGHT	6/14/19	88473353

There are no currently-effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, nor are there pending infringement, opposition, or cancellation proceedings, nor any pending material litigation, involving the Marks that may be relevant to your use of the Marks in any state in which we license you to operate.

WXD also claims rights in the image and appearance of Xpresso Delight businesses (the "Trade Dress"). Perpetual is the owner of the Trade Dress. You have no interest in the Marks and the Trade Dress except the license we grant you in the Franchise Agreement.

Your right to use the Marks and the Trade Dress applies only to the Franchise Business as expressly licensed in the Franchise Agreement. You may only use the Marks and the Trade Dress we designate, and only in compliance with written rules that we prescribe from time to time. You may not use "Xpresso" or "Delight" or any of the other Marks as part of any entity name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we license you to use), or use any of the Marks or the Trade Dress in connection with the sale of any unauthorized product or service or in any manner we do not expressly authorize in writing. You may not use any materials on which any of the Marks appear without our prior written approval, which we may revoke at any time on reasonable notice to you. You may not use "Xpresso" or

"Delight" or any of our other Marks, or any similar name, as a domain name or on any website on the Internet or any other electronic communication network unless we expressly authorize that use in writing.

You may not directly or indirectly contest WXD's ownership or title of, or our right or interest in or to, or our license to use, or the validity of, the Marks, the Trade Dress, or any other of our intellectual property rights (including our rights, title, and interest in the XD System, the Manual, any proprietary hardware and software we or our affiliates may develop, or contest our or our affiliates' sole right to register, use, or license others to use, such intellectual property.

We have the right, on reasonable notice, to change, discontinue, or substitute for any of the intellectual property and to adopt new intellectual property for use with the XD System without any liability to you. You must implement any change at your own expense within the time we reasonably specify, which we expect would be 60 days.

You must notify us promptly of any unauthorized use of the intellectual property of which you have knowledge. You must also inform us promptly of any challenge to the validity of WXD's ownership of or our right to use or license others to use any of the intellectual property. We have the right, but no obligation, to commence, direct, and control any litigation or administrative proceeding relating to the intellectual property, including any settlement. We are entitled to retain all proceeds, damages, and other sums, including attorneys' fees, recovered or owed to us or our affiliates about any action. You must execute all documents and, and must render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the intellectual property.

On the expiration or termination of the Franchise Agreement, all rights to use the Marks will revert automatically to us and WXD without payment of any compensation to you. On our or WXD's request, you must execute all documents that we or WXD require to confirm such reversion.

Your use of the intellectual property and any goodwill accrues to our and WXD's exclusive benefit, and you have no rights other than a license to use it during the term of the Franchise Agreement. You are not permitted to make any changes of any kind to, or to the use of, the intellectual property, including the Marks, unless we permit you to do so in writing.

There are currently no pending agreements in effect that limit our use or our ability to license others to use the Marks in any manner material to the Franchise Business. We do not know of any superior rights or infringing uses that could materially affect your use of the Marks.

ITEM 14.
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents and no registered copyrights that are material to the Franchise Business. We assert common law rights and copyright protection in several other items you will use in the operation of your Franchise Business. These items include our Manuals and other materials and information related to the XD System, like our marketing materials; our methods for offering, delivering, installing, and servicing Xpresso Delight Beverage Machines; our methods for operating the Franchise Business; and our specifications, marketing techniques, advertising programs, advertising strategies, supplier lists, expansion plans, and other information we create

or use. We have not registered any of these copyrighted materials with the United States Copyright Office (the "USCO"), although we may do so.

There are no current material determinations of the USPTO, the USCO, or any court regarding any of our copyrights.

There are currently no pending agreements in effect that limit our use or our ability to license others to use our copyrighted items in any manner material to your Franchise Business. We do not know of any infringing uses that could materially affect the use of our copyrighted material in the state in which your Franchise Business is located.

We are not required to protect or defend our copyrights, although we intend to do so when it is in the best interests of the XD System. We have the exclusive right to control this copyright litigation. We are not required to participate in your defense, or to indemnify you, for damages or expenses you incur if you are a party to any administrative or judicial proceeding involving our confidential information or other information in which we claim common law rights and copyright protection.

We will have the right at any time, on notice, to make additions to, deletions from, and changes in any item in which we claim common law copyright protection or, if we register any copyright, any item in which we claim registered copyright protection. You must adopt and use all additions, deletions, and changes as we direct, at your expense. We will not be liable to you or any other party for any loss, expense, liability, damage, or damages, however characterized, and whether actual, consequential, incidental, special, multiplied, enhanced, exemplary, or punitive, for any additions to, deletions from, or changes to, any item in which we claim common law copyright or registered copyright protection.

You will receive information we consider to be confidential information or trade secret. You and personnel with a need to know must maintain the confidentiality of our confidential information and secrecy of our trade secrets, including items in which we claim common law copyright and registered copyright protection, both during and after the term of the Franchise Agreement. You may not use this information in any other business or in any manner that we do not approve in writing. You may not communicate, divulge, or otherwise display this information to anyone other than your personnel who have a need to know of it to operate your Franchise Business.

You and all of your personnel who have access to our confidential information and trade secrets must sign the Nondisclosure and Noncompete Agreement attached to the Franchise Agreement at Exhibit C.

We have the right to take legal action against you if there has been an unauthorized use of our confidential information or trade secrets through you, or if there is competition that violates the Noncompete Agreement. In addition, misuse or unauthorized disclosure of our confidential information or trade secrets, and competition that violates the Noncompete Agreement, is a default of the Franchise Agreement.

Any copyrights you use belong solely to us, our affiliates, WXD, or WXD's affiliates. You must notify us promptly of any unauthorized use of our copyrights of which you have knowledge, or of any challenge to the validity of our or our affiliates' ownership of or our right to license others to use any of our copyrights. We will take the action we believe to be appropriate. We have the right,

but no obligation, to initiate, direct, and control any litigation or administrative proceeding relating to our copyrights, including, but not limited to, any settlement. We will be entitled to retain all proceeds, damages, and other sums, including attorneys' fees, recovered or owed to us or our affiliates about any such action. You must execute all documents and render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the copyrights. If we request, you must discontinue the use of the subject matter covered by any copyright.

All improvements related to the XD System that you develop automatically become our property, without payment of any compensation to you. If such improvements may be protected by way of trademark, copyright, patent, trade secret, or otherwise, you must execute any documentation we may reasonably require to show that we own the improvement, and to transfer this ownership to us.

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

Your Obligations

We intend to grant franchises only to companies that are looking for an active, rather than a passive, investment. We require that you take an active role in the direct management of your Franchise Business. You must devote the amount of your time, attention, and best efforts to the performance of your duties as are necessary for the proper and effective operation of the Franchise Business. If you operate other businesses, including other businesses under the XD System, you must not neglect your Franchise Business in favor of these other businesses.

The Franchise Business must be directly supervised by a manager who has successfully completed our training program ("Nominated Manager"). The Nominated Manager cannot have an interest or business relationship with any of our competitors. The Nominated Manager must have an ownership interest in your business entity. The Franchise Agreement does not require a specific minimal level of such ownership interest.

Your Owners and Other Personnel

As a business entity, your owners must sign the form of Payment and Performance Guaranty attached to the Franchise Agreement and to the Development Agreement. Your owners and other personnel, including the Nominated Manager, having access to our confidential information and trade secrets must sign the Nondisclosure and Noncompete Agreement attached to the Franchise Agreement at Exhibit C.

ITEM 16.
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The XD System is a comprehensive system for the development, opening, and operation of the Franchise Business. We and our franchisees have an interest in ensuring the proper marketing and promotion of the XD System, and in protecting its quality and integrity. We expect to change the XD System, and you expect us to change it, to adapt to changes in the marketplace, economic

conditions, business conditions, the law, the demands of consumers, our business needs, and the needs of the XD System. There is no limitation on our right to do so. To protect our common interests, you must operate your Franchise Business in strict compliance with the Franchise Agreement, the mandatory sections of the Manual, and the directives and other written materials we publish.

You must offer for sale all products and services that we designate in the XD System. You may also be required to provide and service Xpresso Delight Beverage Machines for national account customers which we obtain in the Territory. You may not offer for sale any products or services that are not a part of the XD System without our prior written approval. We may add to, delete from, and modify products and services we designate.

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.

Provision		Section in Franchise Agreement	Summary
a.	Length of the franchise term	Section 3.1	10 years from the effective date of the Franchise Agreement.
b.	Renewal or extension of the term	Section 3.2	If you meet the requirements, you may renew for two additional successive 10-year terms.
c.	Requirements for franchisee to renew or extend	Section 3.2	You must: provide timely written notice of election to renew; not be in default of the Franchise Agreement or any other agreement relating to the Franchises Business (including meeting Minimum Performance Criteria); sign the then-current form of Franchise Agreement; complete any required retraining program; and sign a general release. Terms contained in future forms of the Franchise Agreement may differ materially from those contained in the Franchise Agreement attached to this Disclosure Document.
d.	Termination by franchisee	Section 7.8	Not applicable.
e.	Termination by franchisor without cause	Not applicable	Not applicable.

Provision		Section in Franchise Agreement	Summary
f.	Termination by franchisor with cause	Sections 7.1, 7.2, and 7.3	We may terminate only if you breach the Franchise Agreement.
g.	"Cause" defined – curable defaults	Sections 7.2 and 7.3	You will have 5 days or 10 days to cure if you commit one of multiple listed defaults.
h.	"Cause" defined – non- curable defaults	Section 7.1	We may terminate without cause only if you commit one of multiple listed defaults.
i.	Franchisee's obligations on termination/ nonrenewal	Section 8	Cease to exercise all rights granted under the Franchise Agreement; pay all amounts due to us or any suppliers; cease all use of confidential material or other Intellectual Property and return or destroy the Manual and any materials featuring the same; refrain from disclosing confidential information; cease identification with us; cancel or transfer telephone numbers, post office boxes, email addresses, and all directory listings and locators to us; provide us with all records and information reasonably required; dispose of inventory as we direct; and comply with noncompete covenants.
j.	Assignment of contract by franchisor	Section 5.8	No restriction on our right to assign.
k.	"Transfer" by franchisee– defined	Section 6.23(a)	Includes transfer of Franchise Agreement, any interest in Franchise Agreement, the license, or the Franchise Business, the sale or transfer of any or all assets of the Franchise Business, or any equity interest in you or any equity interest in any of your owners.
l.	Franchisor approval of transfer by franchisee	Section 6.23(b)	We have the right to approve all transfers, but may not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	Section 6.23(b)	We have the right to approve all transfers. Conditions include transferee executing then- current form of Franchise Agreement, you paying us a transfer fee and all transfer-related expenses and any monies owed, transferee completes our initial training program, you not being in default, you executing a release, and transferee meeting our requirements.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 6.23(e)	We may match any offer for the transfer of you, the Franchise Business, all or any portion of the Franchise Business assets, or

Provision		Section in Franchise Agreement	Summary
			any ownership interest, except for transfers to spouses or children.
o.	Franchisor's option to purchase franchisee's business	Section 8.3	On expiration or termination of the Franchise Agreement, you must offer us the right to purchase your inventory of Xpresso Delight Beverage Systems, Authorized Products, marketing materials, signs, and fixtures related to the operation of the Franchise Business.
p.	Death or disability of franchisee	Section 6.23(d)	Your executor or representative must transfer your interest to a third party we approve within three months. All other transfer conditions apply.
q.	Non-competition covenants during the term of the franchise	Section 6.22(a)	You and your owners may not: be involved in any Competitive Business; divert customers or potential customers to any Competitive Business; do acts injurious to the XD System's goodwill; or use vendor relationships improperly.
r.	Non-competition covenants after the franchise is terminated or expires	Section 6.22(b)	For two years, you and your owners may not: be involved in a Competitive Business located within a 15- mile radius of the outer boundary of the Territory or within any territory in which we have licensed an Xpresso Delight Business to operate; or solicit any customer to a Competitive Business.
s.	Modification of the agreement	Section 10.2	No modifications unless agreed to in writing by both parties. The Manual may be revised and you must comply with each requirement.
t.	Integration/merger clause	Section 10.1	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Sections 9.1 and9.2	Except for certain claims, disputes must be settled by litigation. Before filing any proceeding, each party will have the right to demand that all the parties participate in mediation.
v.	Choice of forum	Section 9.4	Subject to applicable state laws, litigation must be held in the federal or state court for

Provision		Section in Franchise Agreement	Summary
			the district where our principal place of business is located(currently, New York, NY) at the time such proceeding is filed.
w.	Choice of law	Section 9.3	New York law applies, subject to applicable state laws to the contrary.

Development Agreement

Provision		Section in Development Agreement	Summary
a.	Length of the franchise term	Section 4.1	10 years from the effective date of the Development Agreement.
b.	Renewal or extension of the term	Not applicable	Not applicable.
c.	Requirements for franchisee to renew or extend	Not applicable	Not applicable.
d.	Termination by franchisee	Not applicable	Not applicable.
e.	Termination by franchisor without cause	Not applicable	Not applicable.
f.	Termination by franchisor with cause	11	We may terminate upon your default.
g.	"Cause" defined – curable defaults	11.3	You have 30 days (or such longer period required by applicable law) to cure certain defaults including: your failure to comply with any material terms and condition of the Development Agreement, your commission of a breach of any representation or warranty, your failure to comply with the terms and conditions of any Franchise Agreement or other Development Agreement between you and us.
h.	"Cause" defined – non- curable defaults	11.1, 11.2	The following defaults, among others described in the Development Agreement, are considered non- curable defaults: (a) you become insolvent or make a general assignment for the benefit of creditors, (b) a petition in bankruptcy is filed by you or against you, and not opposed by you within 15 days after the filing of the petition, (c)

Provision		Section in Development Agreement	Summary
			you are adjudicated bankrupt or insolvent; (d) a bill in equity or other proceeding for the appointment of a receiver is filed and consented to by you; (e) a receiver is appointed by the court; (f) a final judgment remains unsatisfied or of record for 30 days or longer; or (g) you are dissolved.
i.	Franchisee's obligations on termination/ nonrenewal	11.8	You must cease the use of our Marks, cancel any assumed name or equivalent registration, pay any amounts due to us including applicable damages, and return our manuals and other materials.
j.	Assignment of contract by franchisor	6.1	The agreement has no restriction on our right to assign.
k.	"Transfer" by franchisee – defined	6.3	The term "transfer" includes the transfer of your rights and obligations under the Development Agreement, any of your material assets, or any ownership interest in you.
l.	Franchisor approval of transfer by franchisee	6.3, 6.4	We have the right to approve all transfers; we will not withhold our consent unreasonably.
m.	Conditions for franchisor approval of transfer	6.4	You must sign a general release; the entire transfer must be to the same transferee; each transferee designated as a Principal Owner must agree to be bound as a Principal Owner under the Development Agreement and guarantee your obligations; the Principal Owners must meet our educational, managerial and other business standards; the transferee may be required to sign our then-current form of Development Agreement for a term ending on the expiration date of the Development Agreement; you must remain liable for all of your obligations that arose prior to the effective date of the transfer; and you must comply with any covenants that survive the transfer.
n.	Franchisor's right of first refusal to acquire franchisee's business	6.5	We have an option for 30 days to purchase upon same terms and conditions offered to the third party.

Provision		Section in Development Agreement	Summary
o.	Franchisor's option to purchase franchisee's business	Not applicable	Not applicable
p.	Death or disability of franchisee	6.6, 6.7	We will not withhold consent unreasonably to a transfer to a third party within 6 to12 months, provided the transferee meets our general conditions of transfer.
q.	Non-competition covenants during the term of the franchise	7.2	You cannot divert or attempt to divert any business or customer of any XD Business to any competitor. You cannot own, maintain, operate, engage in, or have any interest in any Competitive Business, which means any business that offers or sells coffee machinery, coffee beverage systems, or related items by any means.
r.	Non-competition covenants after the franchise is terminated or expires	7.3	For a period of two years, you cannot have any interest in a Competitive Business within the Development Area, or within a 15-mile radius of either the Development Area or any territory in which a Franchisee is operating at the time.
s.	Modification of the agreement	13	No changes can take place unless mutually agreed to in writing.
t.	Integration/merger clause	13	Only the terms of the Development Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Developments Agreement may not be enforceable
u.	Dispute resolution by arbitration or mediation	15	The parties must mediate any dispute except that either party may file for preliminary injunctive relief, a restraining order, or order of specific performance, including, without limitation, injunctive relief pertaining to the use of the System and the Marks.
v.	Choice of forum	15.2 and 15.3	All mediation and litigation must take place in the place where we maintain our principal place of business, currently New York, New York, subject to state law. See Exhibit B.

Provision		Section in Development Agreement	Summary
w.	Choice of law	15.1 and 15.3	New York law applies, subject to applicable state law. See Exhibit B.

ITEM 18.
PUBLIC FIGURES

We do not use any public figure to promote our franchise.

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 location or under circumstances.

Presented in Table 1 is certain revenue and expense data for the three (3) Xpresso Delight Businesses owned and operated by our franchisees in New York and Washington D.C. during the time period of January 1, 2019 to December 31, 2019 (the "Operational Period"). Presented in Table 2 is certain revenue and expense data for our two (2) affiliate-owned Xpresso Delight Businesses operated by our affiliate, XD Unit Franchise, LLC in New York City, New York (the "XD Affiliated Business") during the Operational Period. Please carefully read all of the information in this Item 19, and all of the notes following the tables, in conjunction with your review of the data.

Table 1 - All Franchisees (excluding affiliate-owned Businesses)
Opening length: 12+ months - Period from 01/01/19 to 12/31/19

	All Franchisees	Franchisee #1	Franchisee #2	Franchisee #3
Total Cups[1]	------	112,333	76,412	34,128
Average Cups Per Machine[2]**/Week**	183	159	242	178
Median Cups Per Machine/Week	163	150	219	150
Average Price Per Cup[3]	$0.805	$0.885	$0.725	$0.716
Median Price Per Cup	$0.80	$0.80	$0.75	$0.73

COGS Per Cup	$0.16	$0.16	$0.16	$0.16
# of Machines	------	16	9	4
# Clients on Minimum[4]	------	15	9	3
% Clients on Minimum	0.93	94%	100%	75%
Average Minimum Cups	144	142	147	150
Median Minimum Cups	150	150	150	150
Client Age in Weeks[5] (High)	------	52	52	52
Client Age in Weeks (Avg)	------	44	35	48
Client Age in Weeks (Med)	------	48	35	52
Client Age in Weeks (Low)	------	17	12	35
Client Age Count 3+ months	------	15	9	4
Client Age Count 6+ months	------	16	6	4
Gross Sales (GS)[6,15]	------	$99,512.60	$55,413.34	$24,455.05
Total COGS[7]	------	$17,973.28	$11,678.72	$5,383.36
Gross Profit[8]	------	$81,539.32	$43,734.62	$19,071.69
Total Royalty[9]	------	$14,233.00	$9,415.96	$5,046.90
Royalty as % of GS	------	14.30%	13.12%	18.31%
Total $ Spent on Labor[10]	------	$12,376.00	$0.00	$10,000.00
% of Labor Cost to GS	------	12.44%	0.00%	40.89%
Total $ Spent on Maintenance[11]	------	$200.00	$231.25	$7,000.00
% of Maintenance Cost to GS	------	0.20%	0.42%	28.62%
Total $ Spent on Travel[12]	------	$2,000.00	$3,522.54	$5,000.00
% of Travel Cost to GS	------	2.01%	6.36%	20.45%

Total $ Spent on Insurance[13]	------	$1,080.00	$1,254.83	$0.00
% of Insurance Cost to GS	------	1.09%	2.26%	0.00%
XD Brand Fund Contribution[14]	------	$9,000.00	$9,000.00	$9,000.00

Table 2 – Affiliate-Owned Businesses: XDU
Opening length: 12+ months - Period from 01/01/19 to 12/31/19

	XDU #1	XDU #2
Total Cups[1]	485,505	104,325
Average Cups[2] Per Week	194	246
Median Cups Per Week	151	212
Average Price Per Cup[3]	$0.735	$0.72
Median Price Per Cup	$0.70	$0.70
COGS Per Cup	$0.16	$0.16
# of Machines	50	9
# Clients on Minimum[4]	45	9
% Clients on Minimum	90%	100%
Average Minimum Cups	150	144
Median Minimum Cups	150	150
Client Age in Weeks[5] (High)	52	52
Client Age in Weeks (Avg)	50	47
Client Age in Weeks (Med)	52	52
Client Age in Weeks (Low)	25	19
Client Age Count 3+ Months	50	9
Client Age Count 6+ Months	50	9

Gross Sales[6,15]	$356,802.16	$75,479.05
Total COGS[7]	$77,680.76	$16,435.28
Gross Profit[8]	$279,121.40	$59,043.77
Total Royalty[9]	$53,406	$11,299
Royalty as % of GS	14.97%	14.97%
Royalty as % of GS	14.97%	14.97%
Total $ Spent on Labor[10]	$77,690.50	$13,984.29
% of Labor Cost to GS	21.77%	18.53%
Total $ Spent on Maintenance[11]	$5,229.50	$941.31
% of Maintenance Cost to GS	1.47%	1.25%
Total $ Spent on Travel[12]	$9,993.50	$1,798.83
% of Travel Cost to GS	2.80%	2.38%
Total $ Spent on Insurance[13]	$7,207.50	$1,297.35
XD Brand Fund Contribution[14]	$10,704.06	$9,000.00

Notes

1. Total Cups. This information represents the total number of cups of coffee sold during the Operational Period by the Xpresso Delight Beverage Machines.

2. Cups per Machine. Coffees sold are based on the amount of times a client presses the button to make a cup of coffee from the Xpresso Delight Beverage Machine located in their office. Each Xpresso Delight Beverage Machine records this information automatically and it is retrieved by the service technician during their periodic inspection of the Xpresso Delight Beverage Machine (i.e. weekly on average). A "**Week**" is defined as the seven-day period commencing Sunday and ending on the following Saturday.

3. Price per Cup. Pricing is negotiated with each client individually based on numerous factors, including but not limited to number of Xpresso Delight Beverage Machines installed, anticipated volumes (e.g. cups per week), competition and demand.

4. Clients on Minimum. The number of clients in the calculations that are on the minimum charge per week based on minimum amount of cups per week.

5. Client Age. The length of time in weeks that a client has been a paying client during the Operational Period.

6. Gross Sales. The term "Gross Sales" means the aggregate amount of all revenue and other consideration generated from any source, including, without limitation, from selling products, services, and merchandise and other types of revenue you receive, including the proceeds of business interruption insurance. Gross Sales exclude: (i) federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority; (ii) proceeds from insurance, excluding business interruption insurance; and (iii) proceeds from any civil forfeiture, condemnation, or seizure by government entities.

7. Cost of Goods Sold (COGS) per Cup. COGS is the cost to make a cup of coffee and includes the coffee beans, and all cleaning supplies needed for the weekly cleaning and maintenance (cleaning tablets, descale fluid, milk line cleaner and disinfectant wipes). No costs incurred to install the Xpresso Delight Beverage Machines were included in the calculation and the COGS does not include the costs of the Xpresso Beverage Delight Machines as this is a capitalized asset which will be depreciated.

8. Gross Profit. Annual Gross Sales minus Annual COGS.

9. Royalty. $0.11 to $0.15 per cup dispensed through Xpresso Delight Beverage Machines, based on the volume of cups dispensed per 4- week billing cycle.

10. Labor. Cost (whether through salary or through an employee) to complete cleaning and maintenance of the Xpresso Delight Beverage Machines.

11. Maintenance. Costs associated with repairing any Xpresso Delight Beverage Machines.

12. Travel. Costs associated with travel to cleints to service and maintain Xpresso Delight Beverage Machines.

13. Insurance. Cost of insurance requirements as set forth in the Franchise Agreement.

14. XD Brand Fund Contribution. This amount was not paid by the franchised or the affiliate-owned Businesses described in this Item 19 but the greater of $750 per month or three percent (3%) of Gross Sales must be paid to the XD Brand Fund by all franchisees and affiliate-owned Businesses on a going-forward basis.

15. Cold Brew Sales. None of the franchised or affiliate owned Businesses offered Cold Brew Products for sale to clients during 2019.

Additional Notes:

Some franchisees have earned this amount. Your individual results may differ. There is no assurance that you will earn this amount.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, we do not make any 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 Nigell Lee, Chief Executive Officer, 28 Liberty Street, 6th Floor, New York, New York 10005, (347) 421-4196, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2017 TO 2019

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2017	1	2	+1
	2018	2	4	+2
	2019	4	9	+5
Company-Owned	2017	1	1	0
	2018	1	2	+1
	2019	2	2	0
Total	2017	2	3	+1
	2018	3	6	+3
	2019	6	11	+5

TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2017 TO 2019

State	Year	Number of Transfers
Total	2017	0
	2018	0
	2019	0

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS FOR YEARS 2017 TO 2019

State	Year	Outlets at Start of Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at the End of the Year
Florida	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
New Jersey	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
New York	2017	0	1	0	0	0	0	1
	2018	1	1	0	0	0	0	2
	2019	2	2	0	0	0	0	4
North Carolina	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Pennsylvania	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Washington D.C.	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Totals	2017	1	1	0	0	0	0	2
	2018	2	2	0	0	0	0	4
	2019	4	5	0	0	0	0	9

TABLE NO. 4*
STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2017 TO 2019

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at the End of the Year
New York	2017	1	0	0	0	0	1
	2018	1	1	0	0	0	2
	2019	2	0	0	0	0	2
Totals	2017	1	0	0	0	0	1
	2018	1	1	0	0	0	2
	2019	2	0	0	0	0	2

***Note – The outlets that are owned and operated by our affiliate, XD Unit Franchise, LLC, are identified above as company-owned outlets.**

TABLE NO. 5
PROJECTED OPENINGS
AS OF DECEMBER 31, 2019

State	Franchise Agreements Signed but Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year*	Projected New Company-Owned Outlets in the Next Fiscal Year
California	0	1	0
Connecticut	1	1	0
Florida	0	1	0
Georgia	0	1	0
Illinois	5	1	0
New York	2	0	0
Texas	0	1	0
Utah	0	1	0
Virginia	0	1	0
Washington D.C.	1	2	0
Total	9	10	0

***Note – we project that each of the franchisees that open new outlets in 2020 will sign our Development Rights Agreement and commit to open more than one new outlet over time.**

Attached to this Disclosure Document at Exhibit D is a list of all current franchisees and company-owned outlets, including their addresses and telephone numbers. There are no former franchisees who have terminated, canceled or not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently-completed fiscal year, and we have been in communication with all of our franchisees within 10 weeks of the issuance date of this Disclosure Document.

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, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system. There are no trademark-specific franchisee organizations associated with the XD System.

ITEM 21.
FINANCIAL STATEMENTS

Our fiscal year end date is December 31. Exhibit F to this Disclosure Document contains our opening balance sheet as of April 24, 2020.

ITEM 22.
CONTRACTS

Copies of all proposed agreements regarding the franchise are attached this Disclosure Document:

Agreement	**Exhibit**
Franchise Agreement	A
State Addenda	B
Compliance Questionnaire	G
Form of General Release	H
Development Rights Agreement	I
Beverage Machine Delivery and Deposit Agreement	J

ITEM 23.
RECEIPT

The last two pages of this Disclosure Document are detachable acknowledgments that you received this Disclosure Document. You must sign and date each Receipt and return one copy to us.

EXHIBIT A TO THE
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

XPRESSO DELIGHT®
FRANCHISE AGREEMENT

BETWEEN XD COFFEE, LLC

AND

[FRANCHISEE]

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EXHIBITS

A Specific Contract Terms
B Payment and Performance Guaranty
C Nondisclosure and Noncompetition Agreement

XPRESSO DELIGHT® FRANCHISE AGREEMENT

THIS AGREEMENT (this "Agreement") is made and entered as of the date set forth on Exhibit A attached hereto (the "Effective Date") between XD Coffee, LLC ("Franchisor"), and the entity identified on Exhibit A as the franchisee ("Franchisee"). In this Agreement, "we," "us," and "our" refer to Franchisor. "You" and "your" refer to Franchisee.

RECITALS

A. Westside Xpresso Delight, LLC ("WXD") has granted to us the exclusive right to use and franchise the XD System (as defined below), which XD System specifically includes the Marks (as defined below), to third parties.

B. WXD owns certain rights to the trademark "Xpresso Delight®" and certain trademarks, trade names, service marks, logotypes, other commercial symbols, and trade dress related to it (collectively, the "Marks").

C. We, WXD and our affiliates have developed and continue to develop a distinctive business format for the development, opening, and operation of espresso and other coffee distribution and servicing businesses comprising, among other things, the rules, guidelines, standards, specifications, plans, programs, procedures, recipes, marketing techniques, instructional materials, training programs, Brand Standards Manual, and Marks (collectively, the "XD System").

D. We offer qualified third parties the opportunity to enter into franchise agreements with us, in which we grant such franchisees the right to develop, open, and operate businesses using the XD System (collectively, the "Franchise Businesses").

E. You wish to operate a Franchise Business in the territory described in Exhibit A (the "Territory"), and we desire to grant you the right to operate a Franchise business in such Territory, all as set forth in, and subject to, this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and commitments set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of all which parties hereby acknowledge, the parties agree as follows:

1. DEFINITIONS

"Approved Products" means the range of products specified as approved in the Brand Standards Manual or that we otherwise specify or approve in writing.

"Approved Supplier" means a supplier we approve from which you are required to purchase Approved Products.

"Authorized Products" means the Approved Products and Core Products that we specify in the Brand Standards Manual, or that we otherwise specify or approve in writing.

"Brand Standards Manual," "Manual" or "Manuals" means the manual describing the XD System that we supply to you on loan in written or electronic form, as we may amend or modify.

"Business" means your Franchise Business.

"Cold Brew Products" means all cold brew products which you sell direct to consumers online through a unique URL address that we will assign to your Franchise Business.

"Confidential Information" means trade secrets, know-how, and other confidential information relating to the XD System, our business, WXD's business, or the management, operation, or promotion of the Business. "Confidential Information" does not include: (i) information that is part of the public domain or becomes part of the public domain through no fault of you; (ii) information disclosed to you by a third party having legitimate and unrestricted possession of such information; (iii) information that you can demonstrate by clear and convincing evidence was within your legitimate and unrestricted possession when the parties began discussing your entry into this Agreement.

"Copyrights" shall mean all present or future copyrights, whether registered or common law, related to the XD System, including without limitation the information contained in the Brand Standards Manual and the Marketing Materials.

"Core Product" has the meaning assigned to it in Section 6.2.

"Entity" means a corporation, partnership, limited liability company, trust, or any other form of business.

"Equipment" means the Xpresso Delight Beverage Machines, or such other coffee-making machines as we may specify from time to time.

"High Volume Coffee Machine" means an Xpresso Delight Beverage Machine which serves over 250 cups of coffee per week

"Initial Franchise Fee" means the fee you pay us for the right to establish your Business, which fee is set forth on Exhibit A.

"Initial Order" means your first order for Xpresso Delight Beverage Machines placed with us in accordance with Section 2.4.

"Intellectual Property" means all present and future rights, title, and interest of WXD or its related companies, contained in, related to, or otherwise connected with: (a) the XD System; (b) the Brand Standards Manual; (c) the Xpresso Delight Software; (d) the Marks, including without limitation the name "Xpresso Delight," the Xpresso Delight logo, and the Xpresso Delight trade dress; (e) the Copyrights; (f) the Xpresso Delight Website; and (g) the franchise documentation produced by us, including without limitation forms of franchise agreements, disclosure documents, manuals, training manuals, coaching materials, marketing materials, or promotional materials.

"Intellectual Property Improvements" means any works, marks, symbols, ideas, logos, trade secrets, recipes and other creations that you develop arising out of or related to your use of the Intellectual Property or during the operation of the Business, all of which remain the sole and exclusive property of WXD, Licensor, or us.

"Intranet" means an internal online system you may use to access and input information as specified in the Brand Standards Manual.

"License" means the right to use the Intellectual Property and the XD System.

"Licensor" means Westside Xpresso Delight, LLC, which owns, the XD System, the Marks and the Intellectual Property.

"Low Volume Coffee Machine" means an Xpresso Delight Beverage Machine which serves between 100 to 250 cups of coffee per week.

"Minimum Performance Criteria" shall have the meaning assigned to it in Section 6.9.

"Nondisclosure and Noncompetition Agreement" means the document attached hereto as Exhibit C"

"Notice of Transfer" means the notice and related documentation you must submit to us about a proposed transfer of your rights under this Agreement or the Business, as set out in the Brand Standards Manual or as we may direct.

"Owners" means the owners or holders of equity and membership interests in you, which Owners are set forth on Exhibit A.

"Successor Term" has the meaning stated in Section 3.2.

"Term" means the Initial Term stated in Section 3.1, plus any renewal or extension of any term, and subject to earlier termination as set forth in this Agreement.

"Territory" means the area specified in Exhibit A.

"Xpresso Delight Coffee" means coffee beans, coffee pods, Cold Brew Products or other coffee, prepared or selected for use with the XD System and branded with any of the Marks.

"Xpresso Delight Technology" means a mobile phone, laptop or IPad, software, online services, payment processing and ordering systems, and communications links that we may specify, including without limitation any updates thereof.

"Xpresso Delight Beverage Machines" means Xpresso Delight corporate coffee-making machines and all accessories, including the modifications, branding, and all other accessories we specify in the Brand Standards Manual (includes either "Low Volume Coffee Machines" or a "High Volume Coffee Machines")

"Xpresso Delight Website" or "Website" means the Internet website having a domain name of www.xpressodelight.com and such other websites as we may specify.

2. DEVELOPMENT RIGHTS AND OBLIGATIONS

2.1 Grant of License. We hereby grant to you a License to operate one (1) Franchise Business in the Territory, subject to the terms and conditions set forth in this Agreement. You may operate your Franchise Business from a home office. Your License gives you the right to sell Authorized Products and Services within the Territory and to use the XD System and Marks solely in connection with the Franchise Business. You shall not have the right to place, operate, provide or service more than fifty (50) Xpresso Delight Beverage Machines at any one time. You also shall have the right to sell an unlimited amount of our Cold Brew Products direct to consumers anywhere in the United States through a unique URL address that we will assign to your Franchise Business. Except as set forth in this Section 2.1, you have no right to use the Marks or the XD System at any location outside of the Territory or in any wholesale, e-commerce, or other channel of distribution. All rights not expressly granted to you in this Agreement are hereby reserved to us.

2.2 Acceptance of License. You hereby accept the License and agree to operate the Business per the provisions of this Agreement for the entire Term, as herein defined.

2.3 No Territorial Protection. We and our affiliates reserve all rights not expressly granted to you in the Franchise Agreement, including the right to:

(1) Establish or grant third parties the right to establish and operate a Franchise Business in the Territory;

(2) Offer and sell goods and services authorized for sale at Franchise Businesses using the Marks, or marks other than the Marks, through alternative channels of distribution, including by electronic means such as the Internet, by mail order, catalog, retail store display, through the wholesale sale of products to unrelated retail outlets or to distributors, or to grocery stores, convenience stores, or other locations, inside or outside your territory;

(3) Develop other distribution systems that may sell or otherwise distribute items or services within and outside of the territory that compete with the XD System; and

(4) Promote the XD System and Franchise Businesses generally, including on the Internet (or any other existing or future form of one or more electronic commerce), and to create, operate, maintain and modify or discontinue the use of websites using the Marks.

We are not required to pay you any compensation if we exercise any of these rights.

2.4 Development Commitment. Concurrent with the execution of this Franchise Agreement, we will sell to you five (5) Xpresso Delight Beverage Machines at our then-current price. On each occasion when you order another Xpresso Delight Beverage Machine the price will be determined at that time. In the event of the loss, destruction, theft, or permanent breakdown of any Xpresso Delight Beverage Machine you purchase from us, you must purchase

a replacement system within thirty (30) days, to ensure that you always have in inventory at least five (5) Xpresso Delight Beverage Machines as required by this Agreement.

(a) The purchase prices for Xpresso Delight Beverage Machines shall be the then-current list price we specify. Other terms and conditions of purchase shall be then standard terms, as we may specify. Without limiting the foregoing, we will deliver Xpresso Delight Beverage Machines ordered from us to your premises on the terms stated in the Brand Standards Manual. Title to the Xpresso Delight Beverage Machines will remain with us until we receive full payment for such systems. Risk in the Xpresso Delight Beverage Machines will pass to you on delivery.

(b) You may use only Approved Products in and in conjunction with your Equipment. You must require each of your customers to use only Approved Products in and in conjunction with their Equipment.

(c) You must replace Equipment placed with a customer that becomes lost, stolen, or irreparably damaged so that the replacement of such Equipment is complete by the end of 30 days after you: (i) become aware; or (ii) should, through the exercise of reasonable diligence, have become aware, that such Equipment was lost, stolen or irreparably damaged. You must repair any other damaged or non- functioning Equipment placed with a customer promptly.

2.5 Disclaimer of Warranties. WE EXPRESSLY EXCLUDE AND DISCLAIM ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PURPOSE WITH RESPECT TO ALL XPRESSO DELIGHT BEVERAGE MACHINES, PRODUCTS, EQUIPMENT, SERVICES, AND SUPPLIES WE OFFER FOR SALE, SELL, LICENSE, OR DELIVER RELATED TO YOUR BUSINESS. YOUR EXCLUSIVE REMEDY AND OUR EXCLUSIVE LIABILITY FOR ALL CLAIMS AS TO ANY SUCH ITEM IS LIMITED TO THE PURCHASE PRICE OF THE ITEM WITH RESPECT TO WHICH THE CLAIM IS MADE; PLUS, SHIPPING COSTS, IF ANY, YOU PAID; OR, AT OUR OPTION, THE REPLACEMENT OF SUCH ITEM.

3. TERM

3.1 Initial Term. The initial term of this Agreement (the "Initial Term") shall begin on the Effective Date and shall end ten (10) years after such Effective Date, unless this Agreement is terminated sooner as provided in other sections of this Agreement.

3.2 Successor Term. On the expiration of the Initial Term, you will have the right, subject to this Section 3.2, to continue to operate your Franchise Business for one (1) additional ten (10) year term (the "Successor Term"), provided we are continuing to offer franchises or licenses in the Territory. As an express condition precedent to the exercise of such right, you must:

(a) Give us written notice (the "Renewal Notice") of your desire to obtain a Successor Term at least three (3), but no more than six (6), months before the expiration date of the Initial Term (the "Initial Expiration Date").

(b) At the time you deliver the Renewal Notice, you have placed at least five (5) Xpresso Delight Beverage Machines in your Territory.

(c) Have been in substantial compliance with this Agreement at all times during the Initial Term.

(d) Execute our then-current form of franchise agreement, including without limitation all schedules, exhibits, addenda, attachments, and amendments to it (collectively, the "Successor Agreement"), so that we receive originals of such Successor Agreement, duly executed by you and all other parties required to execute such Successor Agreement, by the end of one (1) month after we deliver them to you for execution. You acknowledge and agree that such Successor Agreement may contain terms that are materially different than the terms contained in this Agreement; provided, however, we will not require you to pay another initial franchise fee.

(e) By the end of the Initial Term, update your operations, including without limitation your presentation of the Marks, at your expense, to conform to our then-current image.

(f) Execute, and cause your owners and such other parties as we may require to execute, a general release, in a form we prescribe, of any and all claims against us, our affiliates, WXD, and our and WXD's affiliates', directors, officers, shareholders, partners, members, employees, agents, and attorneys, arising out of or in any way related to your Business.

(g) Satisfy all monetary obligations you or any of your affiliates on the one hand, owe us, any of our affiliates, or any supplier that provides goods or services to the XD System, on the other hand.

(h) Complete, and have your Nominated Manager and such other of your personnel as we may specify complete, to our reasonable satisfaction, all training we may prescribe.

(i) Reimburse us for any fees or expenses that we incur related to you entering a Successor Agreement, including legal fees and other expenses related to investigating your qualifications for renewal or preparing the Successor Agreement or related documents.

3.3 Delay in Successorship Due to Government Requirements. If we are unable to enter a Successor Agreement with you at the time required due to federal or state governmental requirements, provided you have otherwise met the requirements set forth in Section 3.2, then this Agreement will continue in effect on a month-to-month basis. When we become able to enter a Successor Agreement, we will deliver execution originals of such Successor Agreement to you, and you must comply with the requirements set forth in Section 3.2(d). If you do not comply with the requirements set forth in Section 3.2(d), we shall have the right to terminate this Agreement.

4. FEES

4.1 Initial Franchise Fee. When you execute this Agreement, you must pay us an initial franchise fee in the amount specified in Exhibit A (the "Initial Franchise Fee"). The Initial Franchise Fee shall be fully- earned and non-refundable in consideration of the administrative and other expenses incurred by us in granting this franchise and for our lost or deferred opportunity to offer the rights to this franchise to others.

4.2 Launch Marketing Fee. When you execute this Agreement, you must purchase a bundle of Launch Marketing from us. The Launch Marketing Fee will be set forth in the Specific Contract Terms attached to this Agreement and will depend on the size and composition of your Territory and the fees charged by advertising platforms we select to promote the Franchise.

4.3 Royalty Fee. You will pay us a Royalty Fee based on the total number of cups that all of the Xpresso Delight Beverage Machines under your control dispense in a 4-week billing cycle based upon the following schedule:

Number of Cups per 4-Week Billing Cycle	Royalty Fee
0-2,499 cups	$0.15 per cup
2,500-4,900 cups	$0.14 per cup
5,000-9,999 cups	$0.13 per cup
10,000-29,999 cups	$0.12 per cup
30,000 or more cups	$0.11 per cup

We will invoice and undertake commercially reasonable efforts to collect payment from all customers for which you place an Xpresso Delight Beverage Machine, on a 4-week rolling basis. Once we collect payment from a customer we will deposit into your designated bank account the amount we collect minus the Royalty Fee, Cold Brew Royalty Fee and XD Brand Fund Contribution due to us. We reserve the right to increase the Royalty Fee once each calendar year based upon any increase to the Consumer Price Index for All Urban Consumers for the U.S. City Average for all Items, as published by the United States Department of Labor, Bureau of Labor Statistics, or such successor index as we may designate.

4.4 Cold Brew Royalty Fee. You must pay us a Cold Brew Royalty Fee in the amount of five percent (5%) of all Gross Sales (as defined below) of all Cold Brew Products sold by your Franchise Business to customers that are not affiliated with a corporate subscription, which shall be payable to us along with the Royalty Fee and XD Brand Fund Contribution. You must pay us a Cold Brew Royalty Fee of twenty-five percent (25%) of Gross Sales of all corporate subscriptions. For purposes of this Section 4.4, "corporate subscription" means an account with an office or workplace that purchases Cold Brew Products on a month-to-month basis.

4.5 XD Brand Fund Contribution. .You must pay us a monthly fee in the amount of the greater of three percent (3%) of your monthly Gross Sales or $750, payable along with the Cold Brew Royalty Fee and Royalty Fee. Gross Sales is defined in the Franchise Agreement means the aggregate amount of all revenue and other consideration generated from any source,

including, without limitation, from selling products, services, and merchandise; other types of revenue you receive, including the proceeds of business interruption insurance. Gross Sales exclude: (i) federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority; (ii) proceeds from insurance, excluding business interruption insurance; and (iii) proceeds from any civil forfeiture, condemnation, or seizure by government entities.. We will deposit the XD Brand Fund Contribution into a national brand fund (the "XD Brand Fund").

4.6 Interest on Overdue Payments. If we have not received any payment you owe us in full by the end of the date such payment is due, you must pay us, on demand, interest on the amount owed, calculated from the due date until such amount is paid, at the lesser of 18% per annum or the maximum rate permitted by law.

4.7 Taxes and Fees. You are responsible for all taxes, assessments, and government charges levied or assessed on you and your Franchise Business. You must pay all amounts you owe us under this Agreement without set-off or deduction, including without limitation set-off or deduction for taxes or fees required to be deducted or withheld by taxing authorities. If you fail to deduct or withhold such taxes or fees, unless requested or instructed by us not to deduct or withhold such taxes or fees, you shall indemnify us for the full amount of such taxes or fees, and for any loss or liability (including penalties, interest, and expenses) occasioned by your failure to deduct or withhold such taxes or fees.

5. OUR OBLIGATIONS

5.1 Brand Standards Manual. We will provide you, on loan, with one copy of our Brand Standards Manual. We may provide the Brand Standards Manual electronically or by other forms of communication as we deem appropriate.

(a) Supplements to the Manual. We may add to, delete from, and modify the Brand Standards Manual (which additions, deletions, and modifications we refer to in this Agreement as the "Supplements to the Manual"). You acknowledge and agree that: (i) all such Supplements to the Manual will be deemed, for all purposes, to be a part of the Brand Standards Manual; (ii) all such Supplements to the Manual will become binding on you on delivery to you or at such later date as we may designate in order to give you the advance notice we deem necessary to implement the change; and (iii) you will comply with, by such date as we may specify, which may be immediately, the Supplements to the Manual.

(b) Components. The Brand Standards Manual may include, but will not necessarily include and will not be limited to mandatory and recommended rules, guidelines, standards, specifications, plans, programs, procedures, recipes, marketing techniques, instructional materials, and training programs that we prescribe related to: (i) the development, opening, operation, and maintenance of your Franchise business; (ii) the Authorized Products; (iii) purchasing; (iv) the use of the Marks; (v) services you must provide; (vi) uniforms and dress codes; (vii) building relationships with sources of customers; and (viii) additions to, deletions from, and modifications of any of the foregoing.

(c) Ownership. You acknowledge and agree that (i) as between you or any of your affiliates on the one hand, and WXD, us, or WXD's or our affiliates on the other hand, WXD, we, and WXD's and our affiliates own the XD System, including without limitation the Brand Standards Manual, and all proprietary matters contained in or related to them; and (ii) the Brand Standards Manual will always remain the sole and exclusive property of WXD, us, and WXD's and our affiliates.

(d) Security and Confidentiality. You covenant, warrant, represent, and agree that you and all persons obtaining access through you to the Brand Standards Manual and the information contained in it: (i) will treat the Brand Standards Manual and the information contained in it as confidential; (ii) will use all reasonable efforts to maintain the secrecy and confidentiality of such information; (iii) will not, at any time, copy, duplicate, record, or otherwise reproduce the Brand Standards Manual, or the information contained in it, in whole or in part, except for forms included for the purpose of copying; and (iv) will not otherwise make the Brand Standards Manual, or information contained in it, available to any person except to such persons as have need of such information for a legitimate business purpose. In addition, you covenant, warrant, represent, and agree that you will cause all persons obtaining access through you to the Brand Standards Manual, or to the information contained in it, and each successor to any or all of them, to execute such form of confidentiality or nondisclosure agreement as we may prescribe.

(e) Master Copy. You covenant, warrant, represent, and agree that you will ensure always that your copy of the Brand Standards Manual is current and up-to-date, and that if there is any dispute as to your compliance with the provisions of the Brand Standards Manual, the master copy of the Brand Standards Manual maintained at our principal office will control.

5.2 Training. We or our representatives will provide you with the initial training described in Section 6.4.

5.3 Additional Assistance. We or our representatives will provide you with such ongoing technical, managerial, and administrative advice and guidance by telephone, email, and other forms of communication from our office, as we deem appropriate. We may make available to you, on your specific request for extended assistance, members of our staff for on-site advice or field training, subject to your payment of our then-current additional assistance fee and the travel and living expenses of our personnel if the assistance requires travel beyond any routine field visits we may conduct.

5.4 Authorized Products and Equipment. We or our representatives will provide you with access to our online company store from which you may purchase Equipment and Authorized Products, as we may periodically specify. We have the right to require certain Equipment and Authorized Products to be purchased only from or through us or our affiliates. We will specify our current terms and conditions for such Equipment and Authorized Products in the Brand Standards Manual. You may not use any Equipment or Authorized Products that we may sell or otherwise make available to you except in connection with the operation of your Business. We or our affiliates may earn income on direct sales of Equipment and Authorized Products to you. We may negotiate purchasing arrangements under which suppliers or service providers agree to make Equipment and Authorized Products or services available to businesses.

If we or our affiliates receive any rebates, commissions or other payments from third- party suppliers or service providers based on your purchases from them, we may retain them or, at our option, pay you a pro rata share of such rebates, commissions or other payments based on your purchases from those third-party suppliers.

5.5 Marketing Programs.

(a) Our Marketing Materials. We or our representatives may periodically formulate, develop, produce, and conduct advertising, or promotional programs in such form and media as we determine to be most effective ("Marketing Materials"). We or our representatives may make Marketing Materials that we or such representatives produce available to you for purchase.

(b) Approval of Advertising Programs. You must not use any advertising or promotional materials that we have not approved in writing in advance of your use of such materials.

(c) XD Brand Fund. We may use the XD Brand Fund to conduct national, regional and local advertising, marketing, promotional and public relations campaigns, including the cost of preparing and conducting print, point of purchase, radio, television, Internet, electronic, digital and billboard advertising, and employing advertising agencies. We also may use the XD Brand Fund to develop advertising and promotional materials for regional and local advertising cooperatives and for use in each franchisee's local market, and for other advertising and marketing activities. We may develop an in-house advertising staff to assist in advertising. We also may contract with various outside advertising agencies and third party vendors to produce certain advertising production and promotional materials and to create and implement public relations campaigns. We will determine the use of monies in the XD Brand Fund. We are reimbursed for reasonable administrative costs and overhead incurred in administering the XD Brand Fund.

(d) Local Advertising Requirement. You must spend a minimum of the greater of One Thousand Dollars ($1000) per month or four percent (4%) of your monthly Gross Sales on local advertising. You must obtain our approval before you conduct any marketing activities or use any marketing materials that we have not supplied. In addition, you must submit any advertising and promotional materials you propose to use to us for approval. There are no limitations on our right to approve or disapprove these marketing materials and activities. We will use reasonable commercial efforts to approve or disapprove the advertising and promotional materials you propose to use within 10 days after we receive them; however, you may not use them until we have approved them.

(e) Website. We will maintain, at our expense, the Website. We will own the rights to the Website, including any content posted on it.

5.6 Meetings and Conferences. We may convene meetings of franchisees which may be mandatory or optional for you or your Nominated Manager to attend. We will designate the time and place of any meetings, which may be held in-person or remotely via teleconference or webinar. We may charge you a registration fee to cover all costs related to arranging meetings

and providing meeting materials. You also are responsible for all expenses relating to any travel, living, and other expenses that you, your Nominated Manager, and your representatives and employees incur.

5.7 Location Assistance. We or our representatives will use good faith efforts to assist you in locating suitable locations for Xpresso Delight Beverage Machines.

5.8 Assignment by Us. We may assign any or all of our rights and may delegate any or all of our obligations under this Agreement without obtaining your consent. Such assignment or delegation may be to WXD, an affiliate of WXD or us, to our affiliate, or any other third party we designate. Following the effective date of any such assignment or delegation, you will look solely to the assignee or delegate, and not to us, for the performance of all obligations so delegated, unless we specify otherwise.

6. YOUR OBLIGATIONS AND OPERATING STANDARDS

6.1 Territory Development.

(a) Commencement Date. You must commence operation of your Business immediately after you complete Initial Training (such commencement date being referred to in this Agreement as the "Commencement Date").

(b) Development. You must use your best efforts to actively and diligently promote the XD System concept in the Territory. You must refer to us any inquiries from individuals or entities regarding the establishment of Xpresso Delight franchise businesses inside or outside of the Territory.

6.2 Equipment, Authorized Products, and Services You May Offer. You may offer for sale in your Franchise business only the Equipment, Authorized Products, and Services that we have approved in writing for sale by the Business. You must offer all Equipment, Authorized Products, and Services that we designate as mandatory (the "Core Products"). We may add to, delete from, or modify items designated as Approved Products, Equipment, or Services. You may sell Authorized Products only in the varieties, forms, and packages that we have approved. You must maintain a sufficient supply of Core Products and other Authorized Products to meet reasonably anticipated customer demand. If we revoke approval of a previously-approved Equipment, Authorized Product, or Service that you have been selling, you may continue to sell or use such Equipment, Authorized Product, or Service only from your existing inventory for up to thirty (30) days following such revocation of approval. We may shorten this period if, in our opinion, the continued sale or use of the Equipment, Authorized Product, or Service would prove detrimental to the Marks or our reputation.

6.3 Approval of Products, Equipment, Services, Supplies, and Suppliers.

(a) We will have the right to require the products, equipment, services, and supplies that you use in your Business to: (i) meet the standards and specifications that we establish; (ii) be purchased only from suppliers and service providers that we have expressly approved (which may include us or our affiliates); and (iii) be purchased from a single source (which may include us or our affiliates).

(b) Except as provided in Section 5.4, if you desire to: (i) offer products, equipment, services, or supplies; (ii) use any products, equipment, services, or supplies that we have not approved; or (iii) purchase from a supplier or service provider that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to test and evaluate any products, equipment, services, supplies, or suppliers that you propose to use. You must pay us a charge not to exceed the reasonable cost of such inspection and testing, including personnel and travel costs, regardless of whether we approve such the proposed product, equipment, service, supply, or supplier. We have the right to grant, deny, or revoke approval of product, equipment, service, supply, or supplier based solely on our judgment. We will notify you in writing of our decision as soon as practicable following the evaluation. If you do not receive approval within 90 days after submitting all the information that we request, our failure to respond shall be deemed a disapproval of the request. We reserve the right to re-inspect the facilities and products, equipment, services, supplies of any approved supplier, and to revoke approval of any product, equipment, service, supply, or supplier, if any fail to meet any of our then-current criteria. If you receive a notice of revocation of approval, you agree to cease purchasing the formerly-approved product, equipment, service, or supply. You must dispose of your remaining inventory of formerly-approved products, equipment, services, or supplies as we direct.

(c) Equipment Maintenance and Upgrades. You are responsible for maintaining and repairing any Equipment necessary to operate a Business at your own expense in accordance with the requirements set forth in the Brand Standards Manual.

6.4 Training .

(a) Your Initial Training. Before you commence operating your Business, you and up to one other person you designate must attend and complete our Initial Training. We will provide instructors, facilities, and materials for the Initial Training program at no charge, if you and the one other person you designate are trained during the same training session. We reserve the right to charge a reasonable fee for training additional persons or persons who are repeating the course or replacing a person who did not pass and for subsequent Nominated Managers or employees who attend the course. You are responsible for any travel expenses, living expenses, wages, and other expenses incurred by your trainees.

(b) Your Additional Training. In addition to Initial Training, you or your Nominated Manager (if you are an Entity), and any other employees that we designate must attend and complete to our satisfaction such other training programs as we may require after you begin operations. We may charge you a reasonable training fee to attend additional training programs. If you or your employees travel to receive additional training, you must bear your and their own respective costs of any travel or living expenses involved in such further training and the salaries of any employees.

(c) Sales Outside Territory. Other than the sale of Cold Brew Products in accordance with the terms of this Agreement, you may not sell Equipment, Authorized Products, or Services outside of your Territory without our prior written consent. If we consent to you making sales outside of your Territory, you must immediately cease doing so if we subsequently withdraw our consent. You must promptly inform us of all relevant details of any inquiry from a

potential customer or prospect located outside your Territory. Except for the sale of Cold Brew products, you may not offer Equipment, Authorized Products, or Services on any website on the Internet or any other electronic communication network unless we consent in writing in advance.

6.5 Marketing and Advertising.

(a) Approval Requirement. You must conduct all advertising in a dignified manner. Your advertising must conform to our standards and specifications. You must obtain our written approval before you use or produce any sales promotion materials or advertising related to the XD System. You may place advertisements only in periodicals, on websites, and in such other media as we may approve in writing. We will have the final decision on all creative development of advertising and promotional material. If our written approval is not received within ten (10) business days from the date we receive your request for approval, your request will be deemed to be denied. We reserve the right to require you to discontinue the use of any sales promotion materials or advertising.

(b) Electronic Advertising. You must cooperate with us in developing content for franchise-related pages of the Website. As between you and us, we will own the Website and all content published on the Website. You must execute such documents as we may reasonably require, to confirm or transfer such ownership. You must obtain our prior written approval, which we may withhold, before conducting any advertising or promotions on or through the Internet or other electronic medium. Without limiting the generality of the foregoing, you may not, without our express prior written approval, operate, or permit to be operated on your behalf: (i) any Internet site or page, including pages on social networking sites; or (ii) any account, such as Twitter, that uses any of the Marks, or that otherwise promotes the XD System or the Business. If we approve advertising or promotion through the Internet or other electronic medium, you must conduct such advertising or promotion in accordance with such standards and specifications as we establish.

6.6 Conferences. You and any of your personnel that we designate must attend such franchisee conventions, meetings, and teleconferences that we may require. We may charge you a registration fee to cover all costs related to arranging meetings and providing meeting materials. You are responsible for arranging and paying for travel, living, and other expenses that you or your personnel or employees incur.

6.7 Xpresso Delight Technology. You must obtain and use, at your expense, the Xpresso Delight Technology. You must, at your expense: (i) use the Xpresso Delight Technology in accordance with our policies and operational procedures; (ii) transmit data to us in the form and at the times required by the Brand Standards Manual; (iii) give us unrestricted access to your Xpresso Delight Technology at all times (including user IDs and passwords, if necessary) to download and transfer data; (iv) maintain the Xpresso Delight Technology in good working order; (v) replace or upgrade the Xpresso Delight Technology as we require; (vi) use such communications media as we may require to input and manage information that we require; (vii) use such communications media as we may require to communicate with us; and (viii) train your personnel in the use of the Xpresso Delight Technology and our related policies and procedures. You acknowledge that computer and mobile device designs and functions change periodically and that we may require you to make substantial modifications to the Xpresso

Delight Technology or to require installation of entirely different Xpresso Delight hardware and software at any time during the Term. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute any software license agreements that we or the licensor of the software require.

6.8 Minimum Performance Criteria.

(a) Minimum Performance Criteria. You must comply with all your obligations under this Agreement, including without limitation the following minimum performance criteria (the "Minimum Performance Criteria") as more fully described in the Brand Standards Manual:

1) Xpresso Delight Beverage Machines Placement: You must maintain a 90% or greater placement of all Xpresso Delight Beverage Machines at all time. If your Xpresso Delight Beverage Machine placement falls below 90% for two consecutive months, we may terminate this Agreement as set forth in Section 7.1(m)

2) Xpresso Delight Beverage Machines Usage: You must maintain a minimum of 100 coffees sold per week for each Expresso Beverage Machine which you have placed with customers.

3) Local Advertising: You must at all times meet the minimum local advertising spend requirements as set forth in Section 5.5(d).

4) Reporting: You must update all weekly sales and marketing reporting on time as specified in the Brand Standards Manual.

5) Area Coverage: You must be willing to travel up to a minimum 50-mile radius from your Business location to secure customers for your Xpresso Delight Beverage Machines.

If you fail to achieve the Minimum Performance Criteria, we or our authorized agent may, in addition to any other actions we may take, inform you of such failure and we may require you to take all reasonable steps to meet the Minimum Performance Criteria, including requiring you to, at your own cost:

1) Attend meetings with us or our authorized agent for the purposes of analyzing your operations and offering advice or assistance to you in relation to improving your performance.

2) Cause such of your personnel as we may designate to attend and complete, to our satisfaction, such additional training as we may specify.

3) Implement any required or necessary changes to your franchise or promotional activities as we may direct.

4) Provide us, on request, with a written explanation for any failure to achieve the Minimum Performance Criteria.

5) Meet the Minimum Performance Criteria within a reasonable time specified by us or our authorized agent.

(b) Failure to Meet Minimum Performance Criteria. If you either: (i) do not comply with our requirements set forth in Section 6.8(a) within 90 days of receiving written notice from us, or (ii) you again fail to achieve the Minimum Performance Criteria, we may terminate this Agreement after providing you with written notice of your default and/or elect to not offer you an option to renew your rights under this Agreement.

6.9 Insurance. You must maintain at your expense in full force and effect throughout the Term the insurance policies and coverages that we specify in the Brand Standards Manual or otherwise. Your obligation to maintain such policies and coverages is not limited in any way by insurance that we may maintain. On our request or as specified in the Brand Standards Manual, you must provide us with certificates of insurance, or such other documentation that we request, evidencing the required policies and coverages. Your insurance policies must provide that such policies and coverages may not be amended or cancelled without at least thirty (30) days' prior written notice to us. If you fail to obtain and maintain insurance policy or coverage as required by this Agreement, we have the right, but not the obligation, to obtain the required insurance policies and coverages on your behalf, and to charge you for the cost of the insurance plus a reasonable fee for our services in procuring the insurance.

6.10 Intellectual Property.

(a) Marks and Trade Dress.

1) Acknowledgements. You acknowledge that: (i) Licensor is the owner of the Marks, which specifically include, without limitation, the Xpresso Delight trade dress; (ii) you have no interest in the Marks except the nonexclusive License granted in this Agreement; and (iii) as between WXD and you, WXD has the exclusive right and interest in and to the Marks and the goodwill associated with and symbolized by them. On the expiration or termination of this Agreement, no monetary amount will be attributable to goodwill associated with your activities as a franchisee under this Agreement or otherwise.

2) Rights. You may use the Marks only in the development and operation of your Business as expressly provided in this Agreement and the Brand Standards Manual. You may use only the Marks we or WXD designate. You may not us the words "Xpresso" or "Delight," or any of the other Marks, as part of any Entity name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed to you hereunder), or use any of the Marks in connection with the sale of any unauthorized product or service or in any manner that we do not expressly authorize in writing. You may not use any advertising or promotional media, or other materials, using any Mark without our prior written approval, which we may revoke at any time on reasonable notice to you. You may not use the words "Xpresso" or "Delight," or any of the other Marks, or any similar name, as a domain name or on any Internet site or any other electronic communication network unless we expressly authorize such use in writing.

(b) Copyrights. You acknowledge that: (i) as between you or your affiliates on the one hand, and WXD, Licensor, or us on the other hand, WXD, Licensor, and we are the owner of the Copyrights; and (ii) you have no interest in the Copyrights except the nonexclusive License granted herein.

(c) No Contesting Our Rights. During the Term of this Agreement and after its expiration or termination, you agree that you will not directly or indirectly contest Licensor's ownership, title, right, or interest in or to, or our license to use, or the validity of, the Marks, the Copyrights, or any other Intellectual Property, or to contest WXD's, Licensor's, or our sole right to register, use, or license others to use, such Intellectual Property.

(d) Changes to the Intellectual Property. We or WXD have the right, on reasonable notice, to add to, delete from, or modify any of the Intellectual Property and to adopt new Intellectual Property for use with the XD System without any liability to you. You must implement any such change at your own expense within the time we reasonably specify.

(e) Third-Party Challenges. You must notify us promptly of any unauthorized use of the Intellectual Property of which you have knowledge. You also agree to inform us promptly of any challenge to the validity of our, WXD's, or Licensor's ownership of, or right to use or license others to use, any of the Intellectual Property. We and WXD have the right, but no obligation, to commence, direct, and control any litigation or administrative proceeding relating to the Intellectual Property, including without limitation any settlement. We, WXD, and Licensor shall be entitled to retain any and all proceeds, damages, and other sums, including without limitation attorneys' fees, recovered or owed to us, WXD, Licensor, or our or WXD's or Licensor's affiliates in connection with any such action. You agree to execute all documents and, render any other assistance we or WXD may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Intellectual Property.

(f) Post-Termination or Expiration. On the expiration or termination of this Agreement for any reason, all of your rights to use the Intellectual Property shall automatically revert to WXD, Licensor, or us, without payment and without the execution or delivery of any other document. On our request, you must execute all documents that we require to confirm such reversion.

6.11 Improvements. Any and all Intellectual Property Improvements that you develop (whether or not consented to) shall automatically become WXD's property, without payment of any compensation to you. If such improvements may be protected by way of trademark, copyright, patent, trade secret, or otherwise, you must execute such documentation as WXD or we may reasonably require to evidence ownership of such improvements by, and to transfer ownership of such improvements to, WXD.

6.12 Personal Data. All data that you collect from customers and potential customers in connection with the XD System (collectively, the "Personal Data") is deemed to be owned by us or WXD. You must furnish such Personal Data to us at any time that we request it. You must store all Personal Data in the electronic database we designate. You have the right to use Personal Data while this Agreement is in effect, but only in accordance with the policies that we

establish and applicable law. You may not sell, transfer, or use Personal Data for any purpose other than the Business.

6.13 Confidential Information.

(a) Receipt of Confidential Information. You acknowledge and agree that that prior to or during the Term of this Agreement, we or WXD may disclose Confidential Information to you.

(b) Nondisclosure of Confidential Information. You acknowledge and agree that you will not, nor will you permit any person to, use or disclose any Confidential Information to any other person, except to the extent necessary for your professional advisors and your employees to perform their obligations under this Agreement. You will be liable to WXD and us for any unauthorized use or disclosure of Confidential Information by any person to whom you disclose Confidential Information. You must take reasonable precautions to protect the Confidential Information from unauthorized use or disclosure. You must implement all systems, procedures, or training programs that we require. You must require anyone who may have access to the Confidential Information to execute non-disclosure agreements in a form satisfactory to us that identifies us and WXD as third party beneficiaries of such covenants with the independent right to enforce such agreements.

6.14 Bookkeeping and Records. You must maintain complete and accurate books, records, and accounts of all business conducted under this Agreement in accordance with generally accepted accounting principles. You must preserve all of your books and records in hard copy or in a format from which hard copies may be readily generated for at least five (5) years from the date of preparation or such longer period as may be required by law. You must maintain such information and records on your computer system as we may periodically require in the Brand Standards Manual. You acknowledge and agree that you will grant us access to such information and records remotely via a network connection that we specify.

6.15 Reports and Financial Statements. You must submit financial and operational reports and records to us at the times and in the manner specified in the Brand Standards Manual.

6.16 Additional Information. You must prepare and provide us with such information, records, and data as we may request arising out of or related to this Agreement. We may periodically require information about your financial condition, earnings, sales, profits, costs, expenses, and performance to provide a basis for providing prospective franchisees with information concerning actual or potential earnings or to comply with applicable laws and regulations governing the sale of franchises. You must provide such information promptly on our request, and you must certify that such information is true and complete in all material respects.

6.17 Audits and Reviews. We may audit or cause to be audited any statement you are required to submit pursuant to Sections 6.14 (Bookkeeping and Records) or 6.15 (Reports and Financial Statements) of this Agreement. You must submit to us such bank records and tax returns as we may specify so that we actually receive such items by the end of ten (10) days after our request for such items. If any such audit or review discloses an understatement of fees or other amounts due for any period or periods, you must pay to us, so that we actually receive by

the end of fifteen (15) days after demand for payment is made: (i) all additional Royalty Fees or other amounts owed to us; and (ii) the cost of such audit or review, including without limitation the charges of any independent accountant and the cost of travel, meals and lodging for, and compensation of, such accountant and our employees or other agents. Such amounts will include, without limitation, attorneys;' fees and costs. You must pay to us, on demand, interest on any delinquent amounts at the lesser of eighteen percent (18%) per annum or at the maximum rate allowed by law, calculated from the date when the fees or other amounts should have been paid to the date we actually receive such payment.

6.18 Inspection. We have the right, at any time during business hours and without prior notice to you, to: (i) inspect the Business for compliance with this Agreement and the Brand Standards Manual; (ii) videotape, photograph, or otherwise record the operation of your Business as part of any such inspection; (iii) interview your personnel and customers; (iv) examine the records, invoices, payroll records, check stubs, sales tax records and returns, and other supporting records and documents of your Business; (v) examine your income tax records and any other information, records, or materials related to the ownership, management, or operation of your Business; and (vi) enter any location where the Authorized Products are being stored to enable us to inspect such Authorized Products. Our right to inspect your business records includes records maintained electronically or off-site. You must cooperate with such inspections. If we notify you of any deficiencies after the inspection, you must promptly take steps to correct them. If you fail to correct any deficiencies within a reasonable time, we have the right, but no obligation, to correct such deficiencies and charge you a reasonable fee, due immediately, for our expenses. Any inspections shall be made at our expense, unless the inspection is necessitated by your repeated or continuing failure to comply with any provision of this Agreement, in which case we may charge you the costs of making such inspection, including without limitation the cost of travel, living, and other expenses for, and compensation of, our representatives, and further including, without limitation, our attorneys' fees and costs.

6.19 Indemnification. You agree to defend, indemnify, and hold harmless us, WXD, Licensor and our, WXD's and Licensor's past, present, and future affiliates, together with their directors, officers, shareholders, partners, members, employees, agents, attorneys, and management companies, from and against any and all claims, demands, rights, actions, causes of action, loss, damages, expenses, costs and liabilities, of any nature or kind (collectively, the "Damages") arising directly or indirectly from, as a result of, or in connection with, your default of this Agreement, your activities under this Agreement, your or your employees' activities relating to your Business, or the relationship between you and us. With respect to any threatened or actual litigation, proceeding, or dispute that could directly or indirectly affect us or any of the other indemnitees under this Section 6.19, we and WXD will have the right, but not the obligation, to: (i) choose counsel; (ii) direct and control the handling of the matter; and (iii) settle any claim against the indemnitees. This section will survive the expiration or termination of this Agreement and applies to Damages even if they exceed the limits of your insurance coverage.

6.20 Covenant Not to Compete.

(a) During Term. You acknowledge that you will receive valuable, specialized training, together with the Confidential Information, regarding the promotional,

marketing, and operational methods of the XD System. You agree that during the Term, you and your Owners will not, without our prior written consent, directly or indirectly, by, through, on behalf of, or in conjunction with any other person or Entity:

1) Develop, open, operate, own, manage, engage in, be employed in any capacity by, advise, consult with, make loans to, or have any other interest in any entity that operates or licenses others to operate a business that: (i) offers or sells coffee machinery, coffee beverage systems, or related items by any means, including, without limitation, sales via the Internet or catalogs; or (ii) offers or sells franchises that engage in any activity set forth in Clause (i) above (collectively, a "Competitive Business") at any location in the United States;

2) Divert or attempt to divert to any Competitive Business, by direct or indirect inducement or otherwise, any existing or potential business, customer, or franchisee of: (i) the Franchise Business; (ii) WXD or its affiliates; (iii) us or our affiliates; or (iv) any Franchisee operating under the XD System (collectively, the "Xpresso Operators").

3) Perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the XD System; or

4) Use any vendor relationship established through your association with us for any purpose other than to purchase products for use or retail sale in the Franchise Business.

(b) After Termination, Expiration, or Transfer. For two (2) years after the expiration or termination of this Agreement or an approved Transfer to a new franchisee, you and your Owners will not, without our prior written consent, directly or indirectly, by, through, on behalf of, or in conjunction with any other person or Entity: (i) develop, open, operate, own, manage, engage in, be employed in any capacity by, advise, consult with, make loans to, or have any other interest in any entity that operates or licenses others to operate a business that engages in any Competitive Business that is, or is intended to be, located within a fifteen (15) mile radius of the Territory or within any territory in which we have licensed a franchisee to operate; or (ii) solicit any individual or company that has at any time within the immediate past twelve (12) months been a customer of any Xpresso Operator for the purpose of inducing that person or company to become a customer of any Competitive Business. With respect to the Owners, the time period in this Section 6.20 will commence on the expiration, termination, or Transfer of this Agreement or from the termination of the Owner's relationship with you, whichever occurs first. You agree that the time periods contained in this Section 6.20(b) will be tolled for any period during which you or any of your Owners are in breach of the covenants and any other period during which we seek to enforce this Agreement.

(c) Publicly Traded Corporations. Ownership of less than five percent (5%) of the outstanding voting stock of any class of stock of a publicly traded corporation will not, by itself, violate this Section 6.20.

(d) Covenants of Owners and Personnel. The Owners personally bind themselves to this Section 20 by signing the attached Payment and Performance Guaranty (the "Guaranty"). You must also obtain from your directors, officers, managers, and other personnel

whom we may designate executed agreements containing noncompete covenants similar in substance to those contained in this section as we may prescribe in the Brand Standards Manual and otherwise. The agreements must be substantially in the form attached hereto as Exhibit C, or in such other form that is acceptable to us, and must specifically identify us and WXD as having the independent right to enforce its provisions.

(e) Enforcement of Covenants. You acknowledge and agree that: (i) the time, territory and scope of the covenants provided in this Section 6.20 are reasonable and necessary for the protection of our legitimate business interests; (ii) you have received sufficient and valid consideration in exchange for those covenants; (iii) enforcement of such covenants would not impose undue hardship; and (iv) the period of protection provided by these covenants shall not be reduced by any period of time during which you are in violation of the provisions of those covenants or any period of time required for enforcement of those covenants. To the extent that this section is judicially determined to be unenforceable by virtue of its scope or in terms of area or length of time, but may be made enforceable by reductions of any or all thereof, the same shall be enforced to the fullest extent permissible. You agree that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants contained in this section. You acknowledge that any breach or threatened breach of this section will cause us irreparable injury for which no adequate remedy at law is available, and you consent to the issuance of an injunction prohibiting any conduct violating the terms of this section. Such injunctive relief will be in addition to any other remedies that we may have.

6.21 Transfer and Assignment.

(a) Definition of Transfer. For purposes of this Agreement, "Transfer": (i) as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any interest in this Agreement, the License, your Business, all or substantially all of the assets of the Business, or the ownership of the Franchisee (if you are an Entity); and (ii) as a noun means any such sale, assignment, gift, transfer, pledge, mortgage, or encumbrance.

(b) No Transfer With our Consent. This Agreement and the License are personal to you, and we have granted the License in reliance on your (and, if you are an Entity, your Owners') business skill, financial capacity, and personal character. Accordingly, neither you nor any of the Owners or any successors to any part of your interest in this Agreement or the License may make any Transfer or permit any Transfer to occur without obtaining our prior written consent. If you or any of your Owners desires to make a Transfer, you must promptly provide us with a Notice of Transfer and comply with the following: (i) transferee meets our standards and requirements for new franchisees, (ii) transferee executes our then-current form of Franchise Agreement, (iii) you or transferee pays us a transfer fee equal to the greater of $2,500 or all of our legal costs associated with the transfer, (iv) transferee completes our initial training program, (v) you are in compliance with your obligations under this Agreement and any other agreement between you (or your affiliates) and us (or our affiliates), (vi) you pay us all monies owed, and (vii) you and your Owners sign a release of claims in the form we require. Any purported Transfer, without our prior written consent, shall be null and void and shall constitute an Event of Default of this Agreement that will permit us to terminate this Agreement

immediately on notice to you without opportunity to cure. We shall not act unreasonably in deciding whether or not to grant such consent.

(c) Transfer To An Entity. We will consent to the transfer of this Agreement to an Entity that you form for the convenience of ownership, provided that: (i) the Entity has and will have no other business besides operating the Business; (ii) the Owners hold equity interests in the new Entity in the same proportion shown in Exhibit A; and (iii) you, the new entity, and the Owners enter into a transfer agreement in a form we prescribe.

(d) Transfer on Death or Incapacity. If you or any Owner dies or becomes incapacitated, that person's executor, administrator, personal representative, or trustee must apply to us in writing within three (3) months after such event (death or declaration of incapacity) for consent to Transfer the person's interest. The Transfer will be subject to the provisions of this section, as applicable. The new Owner must complete any required training.

(e) Our Right of First Refusal.

1) Our Right. We have the right, exercisable within thirty (30) days after we receive the Notice of Transfer and such documentation and information as we may require, to send written notice to you that we intend to purchase the interest proposed to be Transferred on the same economic terms and conditions offered by any third party; or, at our option, the cash equivalent thereof. If you on the one hand, and we on the other hand, cannot agree on the reasonable equivalent in cash, or if the Transfer is proposed to be made by gift, we will designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be Transferred. We may purchase the interest at the fair market value determined by the appraiser. Closing on our purchase must occur within ninety (90) days after the date of our notice to the seller electing to purchase the interest. We may assign our right of first refusal to another before or after we exercise it. However, the right of first refusal will not apply with regard to Transfers to an Entity under Section 6.21(c) or Transfers to your spouse, son, or daughter (including Transfers to your spouse, son, or daughter as a result of death or incapacity as described in Section 6.21(d) if you are a natural person.

2) Declining Our Right. If we elect not to exercise our rights under this Section 6.21(e), the transferor may complete the Transfer after complying with any and all reasonable requirements we may impose. Closing of the Transfer must occur within ninety (90) days of our election (or such longer period as applicable law may require); otherwise, the third-party's offer will be treated as a new offer subject to our right of first refusal. Any material change in the terms of the offer from a third- party after we have elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as the third party's initial offer. The Transfer is conditional on our determination that the Transfer was on terms substantially the same as those offered to us.

6.22 Compliance with Laws and Regulations. You must comply with all applicable federal, state, and local laws, rules, regulations, and ordinances in connection with the operation of the Business. You must obtain and maintain in good standing any and all licenses, permits, and consents necessary for you to lawfully operate the Business. You have sole responsibility for such compliance despite any information or advice that we may provide.

6.23 Notice of Proceedings. You must notify us in writing within five (5) days of the commencement of any action, suit or proceeding, or of the issuance of any inquiry, subpoena, order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality in connection with the operation or financial condition of your Business, including without limitation any criminal action or proceeding brought by you against any employee, customer, or other person, but excluding civil proceedings against customers to collect monies owed.

6.24 Ownership and Guaranty.

(a) Nominated Manager. If you are an Entity, you must appoint an individual Owner as your Nominated Manager. The Nominated Manager must complete our training program, must have authority over all business decisions related to your Business, and must have the power to bind you in all dealings with us. You or your Nominated Manager must at all times be supervising the operation of your Business.

(b) Owners of Equity. If you are an Entity, each of your Owners must execute the attached Guaranty. By executing the Guaranty, each Owner shall be obligated to pay all amounts you owe us and to perform all obligations you owe us. A default of any of the provisions of this Agreement, including without limitation the covenants contained in Section 6.20, by any Owner shall also constitute a violation by you of your obligations under this Agreement. The individuals executing the Guaranty represent that they are your sole owners.

(c) Governing Documents. If you are (or Transfer this Agreement to) an Entity, on our request, you agree to furnish us with a list of holders of direct or indirect equity interests and their percentage interests, as well as copies of your governing documents and any other corporate documents, books, or records, including certificates of good standing from your state. The Owners may not enter into any shareholders' agreement, management or operating agreement, voting trust, or other arrangement that gives a third party the power to direct and control your affairs without our prior written consent. During the Term of this Agreement, your governing documents must provide that no transfer of any ownership interest may be made except in accordance with Section 6.21 (Transfer and Assignment) of this Agreement. Any securities that you issue must bear a conspicuous printed legend to that effect.

7. DEFAULT AND TERMINATION

7.1 Default: Immediate Termination. You shall be in default of this Agreement, and all rights granted under this Agreement shall terminate, immediately on notice to you:

(a) If you become insolvent, which shall mean that any one or more of the following apply:

1) You file a petition in bankruptcy, or a case in bankruptcy is commenced against you and is not dismissed within thirty (30) days;

2) You are adjudicated bankrupt;

3) You take or attempt to take the benefit of any law for the relief of debtors;

4) You make a general assignment for the benefit of creditors;

5) You commence, or there is commenced against you, a proceeding for the appointment of a receiver, liquidator, manager, or other custodian (permanent or temporary) of you or the Franchise business, that is not dismissed within thirty (30) days;

6) A receiver, liquidator, manager, or other custodian (permanent or temporary) of your assets, the assets of the Franchise business, or any part of any of the foregoing: (i) is appointed by you; or (ii) is appointed by a court of competent jurisdiction or by private instrument or otherwise and such appointment is not dismissed within thirty (30) days;

7) Execution is levied against any ownership interest in, or assets of, you or the Franchise business;

8) We reasonably determine that you are unable to pay all of your indebtedness, as evidenced by your actual failure to pay such indebtedness as such indebtedness comes due;

9) We reasonably determine that your capital is insufficient to carry on your business transactions and all business transactions in which you are required to engage, as evidenced by your actual failure to carry on such business transactions, or otherwise;

10) An unappealed final judgment against you remains unsatisfied for thirty (30) days, unless a supersedeas bond or like bond guarantying payment is filed;

11) You are dissolved or wound up; or

12) You fail on three (3) or more occasions during any twelve (12) consecutive month period to pay when due any sum you are required to pay us or our affiliates, whether or not you cure such failure to pay;

(b) If you make any material misrepresentation or omission to us in connection with your application for a franchise, the operation of your Franchise business, or in any related documents;

(c) If you submit to us any report or statement that you know or should know is false or misleading;

(d) If you do not cooperate fully with, or if you attempt to hinder, any examination or audit of your books and records, or any inspection of your Business;

(e) If you or any Owner are convicted of or plead nolo contendere to a felony, fraud, sale of illegal drugs, crime involving moral turpitude, crime that is directly related to the Franchise business, or any other crime that we determine to have an adverse effect on the XD System;

(f) If, in violation of Section 6.14 of this Agreement, or if in violation of any nondisclosure and noncompetition agreement, you, any Owner, or any of your personnel required to sign a nondisclosure and noncompetition agreement, disclose or divulge the contents of the Brand Standards Manual or any of our other Confidential Information to any person or entity not authorized to receive such information;

(g) If you maintain false books or records, or submit any false report; or if any inspection of your records discloses an understatement of payments due to us of four percent (4%) or more;

(h) If you cease to operate or otherwise abandon the Franchise business, or if you otherwise forfeit the right to do or transact business in the jurisdiction where the Franchise business is located;

(i) If you fail to open the Franchise business by the Commencement Date;

(j) If we terminate any other agreement between you (or an affiliate of yours) and us (or any affiliate of ours);

(k) If you intentionally, willfully, or through gross negligence breach of any of your covenants, warranties, representations, agreements, or obligations set forth in this Agreement or the Brand Standards Manual;

(l) If you default under this Agreement three (3) or more times during any twelve (12) consecutive month period, whether or not you cure such defaults; or

(m) You fail to meet the Minimum Performance Criteria after we have given you ninety (90) days to cure such default.

7.2 Default: Five (5) Days' Notice and Opportunity to Cure. You will have five (5) days after we deliver written notice of default within which to cure any default under this Section 7.2, and to provide evidence satisfactory to us of such cure. If you have not cured such default and provided us with satisfactory evidence of the cure by the end of such cure period, we will have the right to terminate this Agreement on notice to you. You will be subject to termination under this Section 7.2 on the occurrence of any of the following events:

(a) If you fail to promptly pay when due any monies owing to us or our affiliates;

(b) If you sell unauthorized products or products not meeting our specifications;

(c) If a threat or danger to public health or safety results from the maintenance or operation of the Franchise business;

(d) If you fail to maintain any of the standards or procedures we prescribe in this Agreement, the Brand Standards Manual, or otherwise;

(e) If you misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated with the Marks;

(f) If you engage in any business or market any service or product under a name or mark that, in our opinion, is confusingly similar to the Marks or the XD System;

(g) If you fail to provide us with the documents, forms, reports, records, certificates, tax returns, information, reports, data, certificates, notification, or other information that you are required to provide to us.

7.3 Default: Ten (10) Days' Notice and Opportunity to Cure. You will have ten (10) days after we deliver written notice of default within which to cure any default under this Section 7.3 and to provide evidence of such cure to us. If you have not cured such default and provided us with evidence of the cure by the end of the ten (10) day cure period, we will have the right to terminate this Agreement on notice to you. You will be subject to termination under this Section 7.3 on the occurrence of any of the following events:

(a) If you fail to: (i) comply with obligations set forth in Section 6.20; (ii) comply with the Nondisclosure and Noncompetition Agreement attached as Exhibit B to this Agreement; or (iii) obtain execution of the Nondisclosure and Noncompetition Agreement by all persons required to execute such Nondisclosure and Noncompetition Agreement;

(b) If you, by act or omission, commit or permit a violation of any Law, in the absence of a good-faith dispute over such Law's application or legality and without promptly resorting to an appropriate administrative or judicial forum for relief therefrom;

(c) If you fail to pay when due all undisputed bills, invoices, and statements from third-party suppliers of goods and services to the Business;

(d) If you fail to pay when due any taxes or other governmental charges; or

(e) If you, by act or omission, commit or permit a violation of any of the terms or provisions of this Agreement or the Brand Standards Manual not specifically addressed in this Section 7.3.

7.4 Limitations Period. Any and all claims (except for monies due to us) arising out of or related to: (i) this Agreement; (ii) the development, opening, operation, or closure of your Business; or (iii) the relationship between the parties to this Agreement, shall be barred unless an action at law, in equity, or in arbitration is properly commenced within one (1) year after the date you or we knew or should have known of the facts giving rise to such claim, except to the extent any Law provides for a shorter period of time to bring a claim.

7.5 Cross-Default. Any default under or breach by you of any other agreement to which you and any of your affiliates on the one hand, and we and any of our affiliates on the other, are parties, will be deemed a default under this Agreement, and any default or breach of this Agreement by you will be deemed a default under or breach of all other agreements to which you and any of your affiliates on the one hand, and we and any of our affiliates on the other, are parties. If such default or breach would be grounds for termination of this Agreement by us if the

default had occurred under this Agreement, then we will have the right to terminate this Agreement, and we or our affiliates will have the right to terminate such other agreements in the same manner provided for in this Agreement for termination of this Agreement.

7.6 Suspension of Our Performance. If you are in default of any of your obligations set forth in this Agreement or the Brand Standards Manual, we will have the right to suspend any and all obligations that we owe you, until you cure the default to our satisfaction.

7.7 Our Performance of Your Obligations. We shall have the right, but not the obligation, to undertake or perform on your behalf any obligation or duty that you are required to, but fail to, perform under this Agreement. You must reimburse us on demand for all costs and expenses that we reasonably incur in performing any such obligation or duty.

7.8 Termination By You. You may terminate this Agreement only if: (i) we commit a material default of this Agreement; (ii) you give us written notice of the default; (iii) we fail to cure the default, or to take reasonable steps to begin curing the default, within sixty (60) days after we receive your notice and continue our efforts to cure such default until it is cured; (iv) you deliver notice of termination to us at the end of the cure period; and (v) you are in full compliance with your obligations under this Agreement. Termination will be effective no sooner than ten (10) days after you deliver to us written notice of termination. Any attempt to terminate this Agreement without complying with this Section 7.8 will constitute a default by you of Section 7.3(f).

8. YOUR OBLIGATIONS ON EXPIRATION OR TERMINATION

8.1 Your Obligations. You covenant, warrant, represent, and agree that on expiration or termination of this Agreement for any reason, unless we direct you otherwise:

(a) Payment of Amounts Owed. You will immediately pay, without demand, all sums owing to us or our affiliates, and all of your suppliers. If this Agreement is terminated due to an Event of Default, you must promptly pay all damages, costs, and expenses, including without limitation reasonable attorneys' fees and costs, we incur as a result of your default. Such payment obligations to us or our affiliates shall create, until paid in full, a lien in favor of us against your Business and any and all of the personal property, fixtures, equipment, vehicles, and products that you own at the time of the occurrence of the Event of Default. You hereby authorize us to make any filings and to execute such documents on your behalf to perfect the lien created hereby. You also shall pay to us all damages, costs, and expenses, including reasonable attorneys' fees and costs, that we incur after the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provision of this Agreement.

(b) Discontinue Use of the XD System. You will immediately: (i) cease operating your Business; (ii) cease using, in any manner whatsoever, the Marks, XD System and all distinctive forms, slogans, signs, symbols, and devices associated with the XD System; (iii) cease using the confidential methods, procedures, and techniques associated with the XD System; (iv) notify all of your customers and suppliers of such termination or expiration; (v) cease using the Personal Data; and (vi) cease accessing any databases related to the XD System. We will have the right to notify your customers and suppliers of such expiration or termination.

(c) Return of Confidential Information. You will: (i) immediately return to us, at your expense, all copies of the Brand Standards Manual, all Personal Data in your direct or indirect possession, and all other Confidential Information (and all copies thereof); and (ii) not disclose any Confidential Information to third parties.

(d) Cease Identification with Us. You will immediately take all action required to: (i) cancel all assumed name or equivalent registrations relating to your use of the Marks; and (ii) at our option, cancel or transfer to us or our designee all telephone numbers, post office boxes, and classified and other directory listings relating to the Business. You acknowledge that as between you and us, we have the sole rights to and interest in all telephone numbers, post office boxes, and directory listings associated with any of the Marks. If you fail to comply with this Section 8.1(d), you hereby authorize us and irrevocably appoint us or our designee as your attorney-in-fact to direct the telephone company, postal service, and all listing agencies to transfer such numbers, boxes, and listings to us. The telephone company, postal service, and each listing agency may accept such direction by us pursuant to this Agreement as conclusive evidence of our exclusive rights in such telephone numbers, post office boxes, and directory listings and our authority to direct their transfer.

(e) Promote Separate Identity. You will not, directly or indirectly, in any manner: (i) identify yourself, or any individual connected with you, as a former Xpresso Delight franchisee or as otherwise having been associated with WXD or us; of (ii) use in any manner or for any purpose any of the Marks.

(f) Comply with Noncompete. You and your Owners will comply with the covenant not to compete in Section 6.20(b) and the Nondisclosure and Noncompetition Agreement.

8.2 Damages. If we terminate this Agreement, we will be entitled to collect actual damages equal to: (i) the loss of the benefit of the bargain we would have received had you fully performed your obligations; plus (ii) our out-of-pocket costs and expenses, including without limitation our reasonable attorneys' fees and costs, and further including without limitation our reasonable attorneys' fees and costs of appeal, and further including without limitation our reasonable attorneys' fees and costs of collection.

8.3 Our Option to Purchase Certain Goods. Within seven (7) days from the date of termination or expiration of this Agreement, we and you shall arrange for an inventory list to be made, at your expense, of your inventory of Equipment, Authorized Products, Marketing Materials, signs, and fixtures related to the operation of the Business. We will have the option, to be exercised within thirty (30) days after such inventory has been made, to purchase from you any or all of those items at fair market value. If the parties cannot agree on fair market value within a reasonable time, we will select an independent appraiser after consultation with you, and his or her determination shall be final and binding. If we exercise our option to purchase, we shall have the right to set off all amounts then due from you to us or our affiliates against any payments we make to you. If we do not exercise our option to purchase, you agree to dispose of your inventory, Equipment, Authorized Products, Marketing Materials, signs and fixtures that are proprietary or bear any of our Marks, and signs as we direct. You may not sell any Inventory,

Authorized Products, Equipment, Marketing Materials, fixtures that are proprietary or bear any of our Marks, and signs without our prior written approval.

8.4 Injunctive and Other Relief. You acknowledge and agree that any failure by you to comply with the provisions of this Section 8 will cause irreparable harm to us and WXD, and that our and WXD's remedy at law for damages will be inadequate. Accordingly, you agree that if you breach any provision of this Section 8, we and WXD shall be entitled to injunctive relief, including without limitation the remedy of specific performance, in addition to any other remedies available at law or in equity or otherwise.

8.5 Power of Attorney. You hereby irrevocably appoint us and each of our officers and members as your attorney-in-fact to execute any documents and do anything necessary to remove or protect the Marks.

9. DISPUTE RESOLUTION AND GOVERNING LAW

9.1 Litigation. In the event of any dispute arising out of or related to this Agreement, including without limitation any dispute arising out of or related to the making of this Agreement, such dispute shall be resolved exclusively through litigation. Litigation arising out of or related to this Agreement shall be conducted on an individual, not a class-wide, basis. No litigation under this Agreement may be consolidated with any other litigation involving us and any other person without our prior written consent.

9.2 Mandatory Pre-Litigation Mediation. Except as otherwise stated below, prior to commencing any action to resolve any dispute arising out of or related to this Agreement, each party shall have the right to require that all of the parties participate in mediation before one mediator selected by the parties, and if the parties cannot agree on the mediator, then a mediator selected by the American Arbitration Association ("AAA"). The mediation shall be conducted in the city where our principal place of business is located at the time the dispute arises. The party requesting the mediation shall pay the fees and costs of the mediator. Each party will be responsible for its own fees and costs in connection with the mediation. The mediation shall not last more than one day, and if the parties do not resolve their dispute, then thereafter any party may commence litigation in accordance with the terms of this Agreement. The mediation shall be governed by the rules of the AAA. It is the intent of the parties that mediation shall be held not later than fourteen (14) days after a written request for mediation shall have been served on the other parties. Either party may bring an action under Section 9.1 without first submitting the action to mediation under this Section 9.2: (i) for monies owed, (ii) for injunctive relief, or (iii) involving the possession or disposition of, or other relieve relating to, real property. You and we agree that mediation is a compromise negotiation for the purposes of the federal and state rules of evidence, and the entire mediation process shall be confidential.

9.3 Governing Law. Except as otherwise set forth in this Agreement, the existence, validity, construction, enforcement, and sufficiency of performance of this Agreement will be determined exclusively in accordance with, and governed exclusively by, the laws of New York without regard to its conflict of law rules.

9.4 Forum, Venue, and Jurisdiction. In the event of any litigation arising out of or related to this Agreement, including without limitation any litigation arising out of or related to the making of this Agreement, the exclusive forum and venue for such litigation shall be the state or federal court in or for the jurisdiction where our principal place of business is located at the time the dispute arises. You hereby irrevocably accept and submit to, generally and unconditionally, for yourself and with respect to your property, the exclusive jurisdiction of any such courts in any such action or proceeding and hereby waive all defenses based on jurisdiction, venue, or forum non conveniens.

9.5 Waiver of Trial By Jury. You and we hereby waive trial by jury in any litigation arising out of or related to this Agreement.

9.6 Attorneys' Fees. In any litigation arising out of or related to this Agreement, including without limitation any litigation arising out of or related to the making of this Agreement, the non- prevailing party shall pay the prevailing party, on demand, such prevailing party's costs, including without limitation such prevailing party's reasonable attorneys' fees and costs of appeal, and further including its reasonable attorneys' fees and costs of collection, all of which will be taxed as costs, as apportioned and awarded by the court. In the event of any default under this Agreement, the defaulting party will pay the non- defaulting party the non-defaulting party's costs related to such default, including without limitation the non-defaulting party's reasonable attorneys' fees and costs of collection, so that the non-defaulting party actually receives such amounts by the end of five (5) days after demand therefor.

9.7 Mutual Waiver of Punitive Damages. Unless otherwise provided herein, you and we each waive any right to or claim of punitive, exemplary, multiplied, enhanced, or consequential damages against the other in litigation and agrees to be limited to the recovery of actual damages sustained.

9.8 Remedies Not Exclusive. No remedy that the parties have under this Agreement is exclusive of any other remedy under this Agreement or under applicable law. Each and every such remedy will be in addition to, and not in limitation of or substitution for, every other remedy available at law or in equity or by statute or otherwise.

9.9 Right to Injunctive Relief. Nothing in this Agreement bars either parties' right to obtain injunctive or declaratory relief against a breach or threatened breach of this Agreement that will cause loss or damage. Neither party will be required to prove actual damages or post a bond in excess of $1,000.00 or other security in seeking or obtaining injunctive relief (both preliminary and permanent), including without limitation a decree for specific performance.

9.10 Effect of Termination or Expiration. The provisions of this Section 9 shall remain in full force and effect after termination or expiration of this Agreement.

10. MISCELLANEOUS

10.1 Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement between you and us with respect to the Business and supersede all prior discussions, understandings, representations, and agreements concerning the Business, except for any representations included in our Franchise Disclosure Document. This Agreement

includes the terms and conditions contained in the exhibits to this Agreement, which are hereby incorporated into this Agreement by this reference.

10.2 Amendments and Modifications. This Agreement may be amended or modified only by a written document signed by each party hereto.

10.3 Waiver. Any term or condition of this Agreement may be waived at any time by the party which is entitled to the benefit of the term or condition, but such waiver must be in writing. No course of dealing or performance by any party, and no failure, omission, delay, or forbearance by any party, in whole or in part, in exercising any right, power, benefit, or remedy, shall constitute a waiver of such right, power, benefit, or remedy. Our waiver of any particular default does not affect or impair our rights with respect to any subsequent default you may commit. Our waiver of a default by another franchisee does not affect or impair our right to demand your strict compliance with the terms of this Agreement. We have no obligation to deal with similarly situated franchisees in the same manner. Our acceptance of any payments due from you does not waive any prior defaults.

10.4 Time. Time is of the essence to the performance of all obligations of the parties to be performed under this Agreement.

10.5 Force Majeure. Neither we nor you shall have any liability to the other or to any other person as a result of the failure of either of such parties to perform its obligations hereunder, nor shall such failure be considered a breach of this Agreement, if such failure is due to fire, flood, storm, other act of God, strike, or other event or situation beyond the reasonable control of such party acting in accordance with sound business practices (a "Force Majeure"), but such failure to perform shall be excused only so long as the Force Majeure event shall continue to exist. General economic conditions shall not be construed as a Force Majeure event.

10.6 Headings. The headings in this Agreement are for convenience of reference and are not a part of this Agreement and shall not affect the meaning or construction of any of its provisions.

10.7 Severability. Each provision of this Agreement is severable from the others. If any provision of this Agreement or any of the documents executed in conjunction with this Agreement are for any reason determined by a court to be invalid, illegal, or unenforceable, the invalidity will not affect any other remaining provisions of this Agreement or any other document. The remaining provisions will continue to be given full force and effect and bind us and you.

10.8 Survival. Each provision of this Agreement that expressly or by reasonable implication is to be performed, in whole or in part, after the expiration, termination, or Transfer of this Agreement will survive such expiration, termination, or Transfer, including without limitation Sections 6.10 (Intellectual Property), 6.13 (Confidential Information), 6.18 (Inspection), 6.19 (Indemnification), 6.20 (Covenant Not to Compete, and 8 (Your Obligations On Expiration or Termination).

10.9 Consent. Whenever our prior written approval or consent is required under this Agreement, you agree to make a timely written request to us for such consent. Our approval or consent must be in writing and signed by an authorized officer to be effective.

10.10 Independent Contractor Relationship. This Agreement does not create, nor does any conduct by us create, a fiduciary or other special relationship or make you or us an agent, legal representative, joint venturer, partner, employee, or servant of each other for any purpose, unless, and only to the extent, expressly set forth herein. You are not authorized to make any contract, agreement, warranty, or representation on our behalf, or to create any obligation, express or implied, on our behalf. During the Term, you agree to hold yourself out to the public as an independent contractor operating your Business under license from us, and you agree to post a notice to that effect whenever practical and, as we direct, in your advertising and on your contracts, forms, stationery, and promotional materials.

10.11 Notices. All communications required or permitted to be given under this Agreement will be in writing and will be deemed to have been duly given: (i) when received in person by the other party; (ii) one (1) business day after being sent (and receipted for) by commercial courier service for next business day delivery; (iii) five (5) days after being deposited in the United States mail for certified or registered delivery, return receipt requested, postage prepaid; (iv) on the date of receipt or rejected delivery after being sent by any other means which affords the sender evidence of delivery or of rejected delivery; or (v) on the intended recipient's otherwise failure or refusal to accept delivery of any communication given pursuant to this Section 10.11, which failure or refusal shall be deemed constructive delivery effective on the earlier of the date of such refusal or the times set forth in clauses (i) through (iv), above.

(a) Notice to us will be addressed to our address set forth on Exhibit A, with simultaneous written copy, which shall not constitute notice, to:

DLA Piper LLP (US)
2000 Avenue of the Stars
North Tower, Suite 400
Los Angeles, California 90067
Attention: Matthew B. Gruenberg

(b) Notice to you will be directed to your address shown on Exhibit A. Either party may designate another address at any time by written notice to the other as set forth in this Section 10.11.

10.12 Execution in Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

10.13 Successors and Assigns. Except as expressly otherwise provided herein, this Agreement is binding on and shall inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors, and permitted assigns.

10.14 Third Party Rights of WXD; Third Party Beneficiaries. You acknowledge and agree that all of our rights and all of your obligations under this Agreement inure to the benefit of WXD, as well as to us, and that WXD is an intended third-party beneficiary entitled to enforce this Agreement. If our Trademark License Agreement with WXD is terminated or expires, this Agreement will remain in effect for a period of six (6) months following the termination of the Trademark License Agreement, unless we or WXD notifies you that our interest in this Agreement will, at WXD's option, be assigned to and assumed by WXD. You agree to be bound by that assignment on receipt of notice from us or WXD of the effective date of the assignment. Except as otherwise provided herein (including, without limitation, Section 6.11 (Intellectual Property), Section 6.19 (Indemnification), and this Section 10.14, no third party shall have the right to claim any of the benefits conferred under this Agreement.

11. YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS

You, for yourself and the Owners covenant, warrant, represent, and agree as follows:

11.1 Truth of Information. All information, including without limitation all personal and financial information, that you and your Owners have furnished or will furnish to us relating to the subject matter of this Agreement is true and correct in all material respects and includes all material facts necessary to make such information not misleading in light of the circumstances when made.

11.2 Due Authority. This Agreement has been duly authorized and executed by you or on your behalf and constitutes the valid and binding obligation of you, enforceable in accordance with its terms, subject to applicable bankruptcy, moratorium, insolvency, receivership, and other similar laws affecting the rights of creditors generally.

11.3 Terrorist Acts. You acknowledge that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the "Order"), we are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Order. Accordingly, you represent and warrant to us that, as of the date of this Agreement, neither you nor any person holding any ownership interest in you, controlled by you, or under common control with you, is designated under the Order as a person with whom business may not be transacted by us, and that you: (i) do not, and hereafter will not, engage in any terrorist activity; (ii) are not affiliated with and do not support any individual or Entity engaged in, contemplating, or supporting terrorist activity; and (iii) are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or Entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

11.4 Independent Investigation. You have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that it involves business risks and that your results will be largely dependent on your own efforts and ability. We have provided you with ample time to consult with your own legal counsel and other advisors about the potential risks and benefits of entering into this Agreement, and we have advised you to do so.

11.5 Timely Receipt of Agreement and Disclosure Document. You received an execution- ready copy of this Agreement at least seven (7) calendar days before you executed this Agreement or any related agreements or paid any consideration to us. You also received a Disclosure Document required by applicable state and federal laws, including a form of this Agreement, at least fourteen (14) calendar days (or such longer time period as required by applicable state law) before you executed this Agreement or any related agreements or paid any consideration to us. You have reviewed this Agreement and the Disclosure Document and have been given ample opportunity to consult with, and ask questions of, our representatives regarding the documents.

11.6 Financial Performance Representations. Except as may be stated in the Franchise Disclosure Document, neither we, nor WXD, nor any of our or WXD's affiliates, nor any officers, agents, employees, or representatives of us, WXD, or our or WXD's affiliates have made any representation to you, express or implied, as to the historical revenues, earnings, or profitability of any Business or the anticipated revenues, earnings, or profitability of the business subject to the License or any other business operated by us, WXD's other regional WXDs, any Xpresso Delight franchisees, or our or WXD's affiliates. In entering into this Agreement, you are not relying on any information furnished by us or our representatives other than the information contained in this Agreement and the Franchise Disclosure Document.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the Effective Date set forth above.

US:	YOU:
XD COFFEE, LLC	[FRANCHISEE]
By: _____	By: _____
Title: _____	Title: _____

EXHIBIT A TO THE FRANCHISE AGREEMENT

SPECIFIC CONTRACT TERMS

SPECIFIC CONTRACT TERMS

1. Effective Date: _____, 20____

2. Franchisee: _____

3. Franchisee's Territory: _____

_____

4. Owners of Franchisee:

If the Franchisee is an Entity, the following persons constitute all of the owners of a legal or beneficial interest in the Franchisee:

Full Name
Street Address:

_____
_____
_____
_____

Pct. of Equity Owned or Held: _____

Full Name
Street Address:

_____
_____
_____
_____

Pct. of Equity Owned or Held: _____

Full Name
Street Address:

_____
_____
_____
_____

Pct. of Equity Owned or Held: _____

Full Name
Street Address:

_____
_____
_____
_____

Pct. of Equity Owned or Held: _____

5. Initial Franchise Fee: _____

6. Launch Marketing Fee: _____

7. Franchisor's Address for Notices: _____

8. Franchisee's Address for Notices: _____

EXHIBIT B TO THE
FRANCHISE AGREEMENT

PAYMENT AND PERFORMANCE GUARANTY

PAYMENT AND PERFORMANCE GUARANTY

THIS GUARANTY (the "Guaranty") is made by the Guarantor(s) named on the signature pages of this Guaranty (whether one or more, the "Guarantor") in favor of XD Coffee, LLC, a Delaware limited liability company, with its principal business address at 28 Liberty Street, 6th Floor, New York, New York 10005 (hereinafter the "Franchisor").

RECITALS

A. Franchisor and (the "Franchisee") are parties to an Xpresso Delight® franchise agreement (the "Franchise Agreement") dated the same date as this Guaranty.

B. As an express condition precedent to, and in consideration of, Franchisor entering into the Franchise Agreement, Franchisor requires that Guarantor guaranty: (i) the payment and performance of all Monetary Covenants; and (ii) the performance of all Non-Monetary Covenants (the Monetary Covenants and Non-Monetary Covenants being referred to collectively in this Guaranty as the "Covenants").

C. Franchisor would not have entered into the Franchise Agreement without Guarantor's guaranties and agreements set forth in this Guaranty, which guaranties and agreements Franchisor has relied on to its detriment.

NOW, THEREFORE, in consideration of the foregoing, and in further consideration of the Franchise Agreement and the mutual promises and commitments set forth therein, Guarantor agrees as follows:

1. Definitions.

Monetary Covenants. "Monetary Covenants" shall mean any and all monetary obligations, covenants, and agreements of Franchisee contained in the Franchise Agreement and any other agreements related to the Franchise Agreement or the business franchised under the Franchise Agreement.

Non-Monetary Covenants. "Non-Monetary Covenants" shall mean any and all non-monetary obligations, covenants, and agreements of Franchisee contained in the Franchise Agreement and any other agreements related to the Franchise Agreement or the business franchised under the Franchise Agreement.

2. Guaranty.

2.1 Guarantor hereby guaranties the due and punctual payment and performance when due of all Monetary Covenants. Guarantor hereby guaranties the due and punctual performance when due of all Non-Monetary Covenants.

2.2 Guarantor agrees that, as to all Monetary Covenants, this Guaranty is a guaranty of payment and not of collection.

2.3 Guarantor agrees that the guaranties Guarantor is giving under this Guaranty: (i) are full, complete, continuing, absolute, unconditional, primary, and unlimited in amount; and (ii) specifically include amounts owed to Franchisor prior to the date Guarantor made this Guaranty, as well as amounts owed to Franchisor after the date Guarantor made this Guaranty.

2.4 Guarantor agrees that Franchisor may at any time, without impairing, releasing, or affecting in any way the obligations of Guarantor under this Guaranty, and without further notice to Guarantor, and without further consent by Guarantor:

(a) Add to, delete from, or modify in any respect the Franchise Agreement and any other Agreements, even if such additions, deletions, or modifications increase Guarantor's liability under this Guaranty;

(b) Add additional agreements to the Agreements, even if such additional agreements increase Guarantor's liability under this Guaranty;

(c) Extend or waive any time for Franchisee's or any other person's or entity's performance of, or compliance with, any covenant, warranty, representation, agreement, or obligation to be performed or observed under the Agreements; or waive such performance or compliance; or consent to a failure of, or departure from, such performance or compliance; and

(d) Release any person or other entity primarily or secondarily liable under the Franchise Agreement or other Agreements, or this Guaranty.

2.5 Guarantor hereby subordinates to the Covenants all obligations that Franchisee may owe to Guarantor; including without limitation those obligations Franchisee may owe to Guarantor under any covenant, warranty, representation, agreement, contract, note, guaranty, accommodation, claim, action, or right of action, and any other obligations of Franchisee to Guarantor, however and whenever created, arising, or evidenced, whether direct or indirect, absolute or contingent or otherwise, and whether now due or to become due.

3. Joint and Several Guaranty. If there is more than one Guarantor, all the terms, conditions, and obligations set forth in this Guaranty shall be joint and several.

4. Payment and Performance. If Franchisee fails to pay or perform any Monetary Covenant or fails to perform any Non-Monetary Covenant, Franchisor may proceed directly against Guarantor without first proceeding against or notifying Franchisee or any other guarantor. On notice from Franchisor that Franchisee has failed to pay or perform any Monetary Covenant or to perform any Non-Monetary Covenant: (i) Guarantor will pay all amounts owed under any Monetary Covenant so that Franchisor actually receives the amounts owed by the end of five (5) days after demand therefor; and (ii) subject to Clause (i) above, Guarantor will commence performing all other obligations to be performed immediately after Franchisor's demand for such performance and shall thereafter use Guarantor's best efforts to complete such performance to Franchisor's satisfaction.

5. Waivers by Guarantor. Guarantor hereby waives:

5.1 Notice of default arising out of or related to the Agreements whether such defaults are related to the Covenants or otherwise;

5.2 Notice of acceptance of this Guaranty, notice of settlement or compromise of differences, notice of suit, and notice of any arrangement or settlement made with Franchisee or any other guarantor, in or out of court; and

5.3 All rights Guarantor now has or in the future may have to compel Franchisor to proceed against any other party before proceeding against, or as a condition of proceeding against, Guarantor.

6. No Waiver. No delay or failure by Franchisor in the exercise of any right, power, or remedy related to this Guaranty shall operate as a waiver thereof, and no single or partial exercise by Franchisor of any right, power, or remedy shall preclude any further exercise thereof or the exercise of any other right, power, or remedy.

7. Notices. All communications required or permitted to be given under this Guaranty shall be in writing and shall be deemed to have been duly given: (i) when received in person by the other party; (ii) one (1) business day after being sent by reputable commercial courier service for express delivery to the address provided under this Guaranty; or (iii) on the intended recipient's failure or refusal to accept delivery of any communication given pursuant to this Guaranty, which failure or refusal shall be deemed constructive delivery effective on the earlier of the date of such refusal or the times set forth in Clauses (i) and (ii) of this Section 7. UPS, Federal Express, and any successors thereto shall conclusively be deemed "reputable commercial courier services." For the purposes of this Guaranty:

7.1 The address of Guarantor is as set forth below his or her signature at the end of this Guaranty.

7.2 The address of Franchisor is as set forth in the caption of this Guaranty. Guarantor shall direct any notice it delivers to Franchisor to the attention of Franchisor's President.

7.3 Delivery of the copy as set forth in Section 7.4 of this Guaranty: (i) shall not constitute notice; and (ii) shall be an express condition precedent to the validity of any notice Guarantor delivers to Franchisor.

7.4 Any party may designate another address at any time by delivering written notice to the others in the manner set forth in this Section 7.

8. Heirs, Personal Representatives, Successors, and Assigns. The provisions of this Guaranty shall bind Guarantor and Guarantor's estate, heirs, personal representatives, and assigns, and shall benefit Franchisor and its successors and assigns. Guarantor shall not assign this Guaranty without Franchisor's prior written consent.

9. Dispute Resolution.

9.1 Governing Law. Franchisor agrees to be bound by the dispute resolution provisions outlined in the Franchise Agreement, including, but not limited to, those provisions outlined in Section 9 of the Franchise Agreement. .

10. Miscellaneous.

10.1 Continuity; No Release. This Guaranty and the obligations of Guarantor shall remain in full force and effect after and notwithstanding: (i) the termination, expiration, or transfer of the Franchise Agreement or any of the other Agreements; (ii) the transfer of Guarantor's equity in Franchisee; (iii) the termination or expiration of Guarantor's relationship with Franchisee; (iv) the dissolution or termination of existence of Franchisee; (v) the termination of operation of Franchisee; (vi) the death of Guarantor; or (vii) any other event or occurrence, except as Franchisor may expressly agree in an enforceable bilateral written agreement duly executed by Franchisor's authorized officer and Guarantor and duly delivered to Guarantor.

10.2 Construe In Favor of Enforcement. In the event of any dispute, litigation, or like event or occurrence arising out of or related to Guarantor's obligations set forth in this Guaranty, or arising out of or related to the matters set forth in this Guaranty, Guarantor hereby directs any third party construing this Guaranty, including without limitation any court, mediator, master, or other party acting as trier of fact or law, to construe the provisions of this Guaranty broadly in favor of enforcement.

10.3 Merger; Entire Guaranty, Compliance. This Guaranty is a complete integration that sets forth the entire agreement between the parties, fully superseding any and all prior negotiations, agreements, representations, or understandings between Franchisor and Guarantor, whether oral or written, related to the subject matter of this Guaranty. Guarantor hereby expressly affirms that there are no oral or written agreements, "side-deals," arrangements, or understandings between Franchisor and Guarantor except as expressly set forth in this Guaranty. No course of dealing, whether occurring before or after the date Guarantor made this Guaranty, shall operate to amend, terminate, or waive any express written provision of this Guaranty. Notwithstanding anything set forth in this Section 10.3 to the contrary, if Franchisor or their affiliates have received any other guaranties related to the Franchise Agreement or the other Agreements, from Guarantor or otherwise, such other guaranties shall remain in full force and effect notwithstanding this Guaranty, and such other guaranties shall be deemed a supplement to, and in addition to, this Guaranty.

10.4 Interpretation. The word "including" means "including without limiting the scope or generality" of any word or words related thereto, and the words "and" and "or" mean, and are used in the inclusive sense of, "and/or." References to agreements, documents, guaranties, and like agreements and instruments shall be deemed to refer as well to all schedules, exhibits, addenda, attachments, and amendments thereto.

10.5 Guarantor's Acknowledgment. Guarantor acknowledges and agrees that notwithstanding anything set forth in this Guaranty or any other agreement to the contrary: (i) all

obligations Franchisor owes under the Franchise Agreement and any other agreements are owed to Franchisee alone, and not to Guarantor; (ii) Guarantor shall not be entitled to rely on, enforce, or obtain relief for breach of, any of Franchisor's obligations arising out of or related to the Franchise Agreement or any other agreement, whether directly, indirectly, by subrogation, as an intended third-party beneficiary, or otherwise; and (iii) Guarantor will not make or raise any claim, counterclaim, crossclaim, affirmative defense, or demand, that alleges, asserts, or otherwise raises any matter contrary to Clause (i), Clause (ii), or Clause (iii) of this Section 10.5.

10.6 Partial Invalidity. If any provision of this Guaranty is declared invalid or unenforceable, such provision shall be modified to the minimum extent necessary to make it valid and enforceable; and if it cannot be so modified, then severed. The balance of this Guaranty shall remain in full force and effect, and Guarantor agrees that it, he, or she would have signed this Guaranty as so modified.

10.7 Effect of Recitals. The Recitals to this Guaranty shall be construed as a material and enforceable part of this Guaranty for all purposes, and shall in no event be considered prefatory language or mere surplusage.

10.8 Further Assurances. Guarantor covenants, warrants, represents, and agrees that Guarantor will perform such acts and execute and deliver such agreements or other documents to Franchisor as Franchisor may require to effect the intent of this Guaranty, and that Guarantor will not unduly delay or condition the performance of such acts or execution of such agreements or other documents.

10.9 Date. The date shown beneath Guarantor's signature is for reference purposes only. If Guarantor does not date this Guaranty, Guarantor hereby grants Franchisor the right to enter the Effective Date of the Franchise Agreement in the space for such date, and Guarantor agrees that Guarantor shall be deemed to have given Franchisor this Guaranty as of the Effective Date of the Franchise Agreement. Guarantor's omission of the date, and Franchisor's entry of the date described in this Section 10.9, shall not impair, release, or affect in any way Guarantor's covenants, warranties, representations, agreements, or obligations set forth in, arising out of, or related to this Guaranty.

I, AS GUARANTOR, ACKNOWLEDGE AND AGREE THAT I HAVE READ AND FULLY UNDERSTAND ALL OF THE TERMS OF THIS GUARANTY. I HAVE HAD A FULL AND FAIR OPPORTUNITY TO CONSULT WITH AN ATTORNEY OF MY CHOOSING RELATED TO THIS GUARANTY AND I HAVE EITHER DONE SO OR HAVE KNOWINGLY, INTELLIGENTLY, AND VOLUNTARILY ELECTED NOT TO DO SO. I HAVE NOT RECEIVED, AND I AM NOT RELYING ON, ANY REPRESENTATION OR PROMISE BY FRANCHISOR OR ANY PERSON ACTING ON THEIR BEHALF ARISING OUT OF OR RELATED TO THIS GUARANTY, OTHER THAN THOSE THAT ARE EXPRESSLY SET FORTH IN THIS GUARANTY.

I, AS GUARANTOR, ACKNOWLEDGE, AGREE, AND REITERATE THAT, AS SET FORTH IN SECTION 2.3 OF THIS GUARANTY, THE GUARANTEES I AM GIVING UNDER THIS GUARANTY: (I) ARE FULL, COMPLETE, CONTINUING, ABSOLUTE, UNCONDITIONAL, PRIMARY, AND UNLIMITED IN AMOUNT; AND (II)

SPECIFICALLY INCLUDE AMOUNTS OWED TO FRANCHISOR PRIOR TO THE DATE I MADE THIS GUARANTY, AS WELL AS AMOUNTS OWED TO FRANCHISOR AFTER THE DATE I MADE THIS GUARANTY.

I, AS GUARANTOR, ACKNOWLEDGE AND AGREE THAT I AM SIGNING THIS GUARANTY OF MY OWN FREE WILL AND VOLITION AND WITHOUT ANY DURESS OR COERCION.

IN WITNESS WHEREOF, intending to be legally bound by this Guaranty, I have duly executed and delivered this Guaranty as of the date set forth beneath my signature:

Guarantor

_____

Print Name

Date: _____, 20____

Address:

_____

_____

_____

_____

Guarantor

_____

Print Name

Date: _____, 20____

Address:

_____

_____

_____

_____

Guarantor

_____

Print Name

Date: _____, 20____

Address:

_____

_____

_____

_____

Guarantor

_____

Print Name

Date: _____, 20____

Address:

_____

_____

_____

_____

EXHIBIT C TO
THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

This Nondisclosure and Noncompete Agreement (this "Agreement") is dated [Date]. The parties are [Franchisee Name] (referred to as "we", "us", and "our"), located at [Address], and [Name of Owner/Officer/Manager/Employee/Spouse] (referred to as "Bound Party", "you", and "your") residing at [Address]. You are signing this Agreement in consideration of, and as a condition to, your association with us and the compensation, dividends, or other direct or indirect payments and benefits you will receive from us.

BACKGROUND

A. We are a franchisee of XD Coffee, LLC ("Franchisor").

B. We have a license to use in our Xpresso Delight business (the "Xpresso Business") certain trademarks designated by Franchisor (the "Marks"), certain methods, policies, and procedures used in operating, and distributing, promoting, and selling products in connection with the Xpresso Business (the "XD System"), and the Confidential Information developed and owned by Franchisor. Franchisor recognizes that, in order for us to effectively operate the Xpresso Business, our owners, management, employees, and other authorized individuals may have access to certain confidential information and trade secrets owned by Franchisor. Disclosure of this confidential information and trade secrets to unauthorized persons, or its use for any purpose other than the operation of our Xpresso Business, would harm Franchisor, its affiliates, and us and our affiliates (the "Interested Parties"). Accordingly, Franchisor requires us to have you sign this Agreement due to your association with us as a condition of our purchase and operation of the Xpresso Business. This Agreement should be interpreted as an agreement related to the sale of a Xpresso Business, rather than an employment agreement.

AGREEMENT

1. Confidential Information. As used in this Agreement, "Confidential Information" means all information (written, oral, electronic or otherwise), including trade secrets and other confidential information, relating to the Xpresso Business, the XD System, or Franchisor's business, including, without limitation, any and all manuals, specifications, methods, training materials, management procedures, marketing and pricing techniques, inventions, marketing plans, business plans, financial information, customer information, employee information, and other proprietary information of the Interested Parties that you obtain or the Interested Parties disclose to you during your association with us.

2. Nondisclosure. You agree not to use or disclose to anyone, or permit anyone else to use or disclose to anyone, any Confidential Information outside of our organization (other than the Interested Parties) and not to use any Confidential Information for any purpose except to carry out your duties as our owner, officer, employee, or agent. If you are a spouse of an owner or employee and obtain Confidential Information, you may not disclose to anyone the Confidential Information or use the Confidential Information for any purpose. You also agree not to claim any ownership in or rights to Confidential Information and not to challenge or contest our, Franchisor's, or Franchisor's affiliates' ownership of it. These obligations apply both during and after your association with us.

3. Return of Confidential Information. If your association with us ends for any reason or on the request of any Interested Party, you must return to us all records described in Paragraph 1, all other Confidential Information, and any authorized or unauthorized copies of Confidential Information that you may have in your possession or control. You must take appropriate steps to permanently delete and render unusable any Confidential Information stored electronically. You may not retain any Confidential Information after your association with us ends.

4. Noncompete During Association. You may not, during your association with us, without our prior written consent, directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any other person or entity:

(a) own, manage, engage in, be employed in any managerial capacity by, advise, make loans to, or have any other interest in any business (i) offering, selling, or distributing coffee machinery, coffee beverage systems, or related items by any means, including, without limitation, sales via the Internet or catalogs, and/or (ii) offering or selling franchises that engage in such activities (a "Competitive Business") at any location in the United States;

(b) divert or attempt to divert to any Competitive Business, by direct or indirect inducement or otherwise, any existing or potential business, customer, or franchisee of (x) WXD or its affiliates, (y) us or our affiliates, or (z) any franchisee operating under the XD System (collectively, the "Xpresso Operators").

(c) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the XD System; or

(d) use any vendor relationship established through your association with us for any purpose other than to purchase products for use or retail sale in the Xpresso Business.

5. Noncompete After Association Ends. For two years after your association with us ends for any reason, you may not, without our prior written consent, directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any other person or entity:

(a) own, manage, engage in, be employed in any managerial capacity by, advise, make loans to, or have any other interest in any Competitive Business that is (or is intended to be) located within a 15-mile radius of [insert the Territory] or within any territory in which we have licensed a franchisee to operate.

(b) solicit any individual or company that has at any time within the immediate past 12 months been a customer of any Xpresso Operator for the purpose of inducing that person or company to become a customer of any Competitive Business.

6. Remedies. If you breach or threaten to breach this Agreement, you agree that we will be entitled to injunctive relief (without posting bond) as well as a suit for damages.

7. Severability. If any part of this Agreement is declared invalid for any reason, the invalidity will not affect the remaining provisions of this Agreement. If a court finds any provision of this Agreement to be unreasonable or unenforceable as written, you agree that the

court can modify the provision to make it enforceable and that you will abide by the provision as modified.

8. Independent Agreement. The Agreement is independent of any other obligations between you and us. This means that it is enforceable even if you claim that we breached any other agreement, understanding, commitment, or promise.

9. Third Party Right of Enforcement. You are signing this Agreement not only for our benefit, but also for the benefit of Franchisor, Franchisor's affiliates, Xpresso Delight International Pty Ltd ("WXD"), WXD's affiliates, and our affiliates. We, our affiliates, Franchisor, Franchisor's affiliates, Xpresso Delight International Pty Ltd ("WXD"), and WXD's affiliates have the right to enforce this Agreement directly against you.

10. Not An Employment Agreement. This is not an employment agreement. Nothing in this Agreement creates or should be taken as evidence of an agreement or understanding by us, express or implied, to continue your association with us for any specified period.

11. Modification and Waiver. Your obligations under this Agreement cannot be waived or modified except in writing.

12. Governing Law. This Agreement shall be interpreted and construed in accordance with the laws of the State of _____ without regard to its conflict of laws provisions.

13. Attorney's Fees. If we have to take legal action to enforce this Agreement, we will be entitled to recover from you all of our costs, including reasonable attorney's fees, to the extent that we prevail on the merits.

14. Representation. You certify that you have read and fully understood this Agreement, and that you entered into it willingly.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed as of the day and year written below.

_____

BOUND PARTY

_____

Printed Name

_____

Relationship to Us Date

_____

Witnessed by:

_____

Witness Printed Name

EXHIBIT B TO
THE FRANCHISE DISCLOSURE DOCUMENT

STATE ADDENDA

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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

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

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

3. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF BUSINESS OVERSIGHT BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

4. The following is added at the end of Item 3:

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

4. The following is added at the end of Item 6:

The highest interest rate allowed by law in California is 10% annually.

5. The following paragraphs are added at the end of Item 17:

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

The franchise agreement requires application of the laws of New York. This provision may not be enforceable under California law.

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

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

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

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

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

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

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

The Franchise Agreement requires application of the laws of New York. This provision may not be enforceable under California law.

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

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

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

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

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

[Signatures appear on following page.]

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

FRANCHISOR:	FRANCHISEE:
_____	_____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§815 ICLS 705/1-44 applies, the terms of this Addendum apply.

Illinois law shall apply to and govern the Franchise Agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisee's rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§815 ICLS 705/1-44 applies, the terms of this Addendum apply.

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

Illinois law shall apply to and govern the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisee's rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

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

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

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

FRANCHISOR:	FRANCHISEE:
_____	_____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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

Item 17, Additional Disclosures:

The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. 101 et seq.), but we will enforce it to the extent enforceable.

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

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

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

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

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

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

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

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

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

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

All representations requiring Franchisee to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

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

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

[Signatures appear on following page.]

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

FRANCHISOR:	FRANCHISEE:
_____	_____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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

Item 17, Additional Disclosures:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document and Franchise Agreement can abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulation or provision in the Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

Any release required as a condition of renewal, sale and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

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

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

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement.

Nothing in the Franchise Agreement will abrogate or reduce any of Franchisee's rights under Minnesota Statutes Chapter 80C or Franchisee's right to any procedure, forum or remedies that the laws of the jurisdiction provide.

If and then only to the extent required by the Minnesota Franchises Law, Sections 9.5 and 9.7 of the Franchise Agreement, relating to waiver of jury trial and waiver of punitive damages, are deleted in their entirety.

Franchisee agrees that Franchisor's only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby). A court will determine if a bond is required.

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

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

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

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

[Signatures appear on following page.]

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

FRANCHISOR:	FRANCHISEE:
_____	_____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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

Cover Page, Additional Disclosure.

> INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT C OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21st FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

Item 17, Additional Disclosures.

The following is added to the Summary sections of Item 17(c) and 17(m): To the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Section 687.4 and 687.5 be satisfied.

The Summary section of Item 17(d) is deleted and replaced with the following language: You may terminate the agreement on any grounds available by law.

The following is added to the Summary section of Item 17(j): No assignment will be made except to an assignee who in good faith and judgment of the franchisor is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

The following is added to the Summary sections of Items 17(v) and 17(w): The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

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

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

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

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

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

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

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

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

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

FRANCHISOR:	FRANCHISEE:
_____	_____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission apply, the terms of this Addendum apply.

1. The following is added to the end of the "Summary" sections of Item 17(c), entitled Requirements for franchisee to renew or extend, and Item 17(m), entitled Conditions for franchisor's approval of transfer:

> However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

2. The following is added to the end of the "Summary" section of Item 17(r), entitled Non-competition covenants after the franchise is terminated or expires:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

3. The following is added to the end of the "Summary" section of Item 17(v), entitled Choice of forum:

> ; except that to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

4. The "Summary" section of Item 17(w), entitled Choice of law, is deleted and replaced with the following:

> Except as otherwise required by North Dakota law, the laws of the State of New York will apply.

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission apply, the terms of this Addendum apply.

1. The following is added to the end Sections 3.2(f) and 6.21(b) of the Franchise Agreement:

> Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

2. The following is added to the end of Sections 6.20 of the Franchise Agreement:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, Franchisor will enforce the covenants to the maximum extent the law allows.

4. Section 9.3 of the Franchise Agreement is deleted and replaced with the following:

> Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. 1051 et seq.), and except as required by North Dakota law, this Agreement and the Franchise shall be governed by the laws of New York without regard to its conflicts of law principles.

5. The following is added at the end of Section 23.6 of the Franchise Agreement:

> To the extent required by the North Dakota Franchise Investment Law, Franchisee may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

6. To the extent required by the North Dakota Franchise Investment Law, Sections 9.5 and 9.7 of the Franchise Agreement are deleted.

7. The following is added to the end of Section 9.1 of the Franchise Agreement:

The statutes of limitations under North Dakota Law apply with respect to claims arising under the North Dakota Franchise Investment Law.

8. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

9. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

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

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

FRANCHISOR:	FRANCHISEE:
_____	_____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

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

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

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

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

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

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

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

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

FRANCHISOR:	FRANCHISEE:
_____	_____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.). "According to Section 13.1 – 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

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

> "According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

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

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

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

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

FRANCHISOR:	FRANCHISEE:
_____	_____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Washington Franchise Investment Protection Act, Chapter 19.100 RCW applies, the terms of this Addendum apply.

1. The following is added to the end of the "Summary" section of Item 17(d), entitled Termination by franchisee:

> You also may terminate the Franchise Agreement on any grounds available by law.

2. The following paragraph is added at the end of Item 17:

> If any of the provisions in this disclosure document and Franchise Agreement are inconsistent with the relationship provisions of Revised Code of Washington Section 19.100.180 or any other requirements of the Washington Franchise Investment Protection Act (the "Act"), the provisions of the Act will prevail over the inconsistent terms of the disclosure document or Franchise Agreement.

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

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

FRANCHISOR:	FRANCHISEE:
_____	_____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

EXHIBIT C TO THE
FRANCHISE DISCLOSURE DOCUMENT

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

CALIFORNIA

Commissioner of the Department
of Business Oversight:
Toll Free: 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

1515 K Street, Suite 200
Sacramento, California 95814-4052
(916) 445-7205

San Diego

1350 Front Street, Rm. 2034
San Diego, California 92101-3697
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94105-2980
(415) 972-8559

HAWAII

(for service of process)

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

(for other matters)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

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

INDIANA

(for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

(state agency)

Indiana Secretary of State
Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

(for service of process)

Maryland Securities Commissioner
at the Office of Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(state agency)

Office of the Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 335-7567

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NEW YORK

(for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

(Administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236 (Phone)

NORTH DAKOTA

(for service of process)

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-4712

(state agency)

North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Oregon Division of Financial Regulation
350 Winter Street NE, Suite 410
Salem, Oregon 97301
(503) 378-4140

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(for service of process)

Clerk, State Corporation Commission
1300 East Main Street
First Floor
Richmond, Virginia 23219
(804) 371-9733

(for other matters)

State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9th Floor
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

(for service of process)

Director Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

Department of Financial Institutions
Securities Division
P. O. Box 9033
Olympia, Washington 98501-9033
(360) 902-8760

WISCONSIN

(for service of process)

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139

(state administrator)

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-9555

EXHIBIT D TO THE
FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

EXHIBIT D

LIST OF FRANCHISEES
As of December 31, 2019

Franchisee	Address	Telephone Number	Territory
XD Coffee, Inc. (Thomas Dowd)	1280 NE 24th St, Wilton Manors, FL 33305	954-734-5710	Ft. Lauderdale, FL
XD5C LLC (Bryan Zeiss)	1204 Princeton Ave Charlotte, NC 28209	704-258-6494	Charlotte, NC
FMD Tech	6 Hubbard Circle Bronxville, NY 10708	914-355-8971	New York, NY
Walter Koehler	16 West 87th Street Apt. 2FR New York, NY 10024	908-783-5995	New York, NY
Russell Goeseke	8020 Cherry Lane Niagara Falls, NY 14034	716-471-6138	Buffalo, NY
Stuart Mills	160 Pleasant St Haworth, NJ 07641	646-341-7002	New York, NY
Deka Partners, LLC (Nicole Amico)	136 Fairmount Rd, Ridgewood, NJ07450	917-842-8535	New Jersey
Turning Point Enterprises, LLC	17 Broadway Somers Point, NJ 08244	413-822-8307	Pennsylvania
Dasari Group, Inc.	2719 Mill Flume Drive Midlothian, VA 23112	804-822-5506	Washington, DC

LIST OF DEVELOPERS
As of December 31, 2019

None.

FRANCHISEES WITH FRANCHISE AGREEMENTS BUT OUTLETS NOT YET OPENED
December 31, 2019

Franchisee	Address	Telephone Number	Territory
Chicago Xpresso LLC (Derek Gilroy) (5 Franchised Businesses in development)	1307 W Erie Chicago, IL 60642	773-259-1148	Chicago, IL
FMD Tech (1 Franchised Business in development)	6 Hubbard Circle Bronxville, NY 10708	914-355-8971	Connecticut
Stuart Mills (2 Franchised Businesses in development)	160 Pleasant St Haworth, NJ 07641	646-341-7002	New York, NY
Dasari Group, Inc. (1 Franchised Business in development)	2719 Mill Flume Drive Midlothian, VA 23112	804-822-5506	Washington, DC

COMPANY-OWNED OUTLETS
December 31, 2019

Affiliate	Number of Outlets	Territory
XD Unit Franchise, LLC 28 Liberty Street 6th Floor New York, NY 10005 347-421-4196	2	New York, NY

LIST OF FRANCHISEES AND DEVELOPERS THAT LEFT THE SYSTEM DURING THE LAST FISCAL YEAR

None.

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

EXHIBIT E TO THE
FRANCHISE DISCLOSURE DOCUMENT

TABLES OF CONTENTS –
MANUALS

Day 1 & 2 Training Manual Index

Topic	Training Item	Page #	# Pages
Agenda:	New Franchisee Training Agenda	Page 5	2
Pre-Marketing:	Pre-Marketing System	Page 7	1
Coffee:	Coffee Overview and Quality Control	Page 8	10
Psychology:	The Psychology of Success	Page 18	7
Brand:	The Xpresso Delight Brand and Core Values	Page 25	6
Sales and Marketing:	Sales and Marketing Procedures	Page 31	4
Client Value:	Client Lifetime Profit Calculator	Page 35	2
Business Models:	What - Why - How	Page 37	2
Customer Service:	5 Star Customer Service	Page 39	5
Conversations:	Conversation Fluency	Page 44	17
Set Up:	Initial Coffee Machine Set UP	Page 61	4
Installations:	Installation and Demo Procedures	Page 65	3
Servicing:	Servicing Procedures	Page 68	1
Online Portal:	Machine Management and Ordering	Page 69	2
Central Billing:	Central Billing System	Page 70	1
Networking:	Building Networks and Relationships	Page 71	1
Research:	Location Marketing	Page 72	13
		Total pages	81

Marketing Playbook (Day 3) Training Manual Index

Topic	Training Item	Page #	# Pages
Welcome:	Welcome to our Marketing Playbook Training	Page 5	2
Marketing:	Marketing Playbook Overview	Page 7	1
Marketing::	Marketing Playbook 2 Week Cycles	Page 8	3
Marketing::	Marketing Playbook Performance Management	Page 11	2
Marketing::	Marketing Playbook Implementation Training	Page 13	1
Marketing:	Marketing Playbook Goals	Page 14	1
Marketing:	Placement Guidelines	Page 15	1
Marketing:	MLMP G-Mass	Page 16	1
Marketing:	MLMP Response Process	Page 26	10
Networking:	External Network Training	Page 38	12
Networking:	BNI Meetings	Page 39	1
Networking:	60 Second Infomercial	Page 46	7
Review:	Review Questionnaire	Page 47	4
		Total pages	46

Operations Manual Index

Topic	Training Item	Page #	# Pages
Operations Part 1:	Welcome to Xpresso Delight	Page 3	1
Operations Part 2:	Why Xpresso Delight	Page 4	1
Operations Part 3:	Business Operations	Page 5	2
Operations Part 4:	Business Mind Set	Page 7	3
Operations Part 5:	Xpresso Delight Intellectual Property	Page 10	1
Operations Part 6:	Dispute Resolution	Page 11	2
Operations Part 7:	Franchisee Roles and Responsibilities	Page 13	2
Operations Part 8:	Uniforms	Page 15	1
Operations Part 9:	Customer Service	Page 16	1
Operations Part 10:	Payment of Fees	Page 17	1
Operations Part 11:	Franchise and Systems Equipment Inclusions	Page 18	4
Operations Part 12:	Xpresso Delight Systems and Products	Page 22	2
Operations Part 13:	Online Ordering, Authorized Suppliers & Purchase Orders	Page 24	3
Operations Part 14:	Additional Franchise Purchase Requirements	Page 27	1
Operations Part 15:	Transfer and Renewal Procedures	Page 28	8
Operations Part 16:	Franchisee Reporting	Page 36	2
Operations Part 17:	Performance Criteria	Page 38	12
Operations Part 18:	Web Site and Intranet and Social Media	Page 40	2
Operations Part 19:	Location Marketing Support System	Page 41	1
Operations Part 20:	Forms	Page 43	6
		Total pages	56

Systems Manual Index

Topic	Training Item	Page #	# Pages
Systems Part 1:	Business Systems	Page 3	2
Systems Part 2:	New Location Installation Procedure Corporate Systems	Page 5	2
Systems Part 3:	Weekly Location Service Procedure Corporate Systems	Page 7	3
Systems Part 4:	Weekly Sales, Service and Payment Reports Corporate Systems	Page 10	1
Systems Part 5:	Routine Maintenance and Basic Trouble Shooting Corporate Systems	Page 11	2
Systems Part 6:	Warranty	Page 13	1
Systems Part 7:	System Serial Number Tracking	Page 14	1
Systems Part 8:	iPad Service Application	Page 15	3
Systems Part 9:	Online Marketing Tracking and Reporting System	Page 18	1
Systems Part 10:	Forms	Page 19	26
		Total pages	42

Marketing Manual Index

Topic	Training Item	Page #	# Pages
Marketing Part 1:	Business Marketing	Page 3	2
Marketing Part 2:	Marketing Processes and Campaigns	Page 5	2
Marketing Part 3:	Network and Relationship Building	Page 7	2
Marketing Part 4:	Marketing Strategies	Page 9	9
Marketing Part 5:	Customer Service with WOW Factor	Page 18	1
Marketing Part 6:	Authorized Marketing Material	Page 19	1
Marketing Part 7:	Forms and Approved Marketing Material	Page 20	19
		Total pages	36

EXHIBIT F TO THE
FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

XD COFFEE, LLC
(A Limited Liability Company)

BALANCE SHEET

APRIL 1, 2020

XD COFFEE, LLC
(A Limited Liability Company)
APRIL 1, 2020

Table of Contents

	Page
Independent Auditor's Report	1 - 2
Financial Statement	
Balance sheet	3
Notes to financial statement	4 - 6

CITRINCOOPERMAN®
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Member
XD Coffee, LLC

We have audited the accompanying balance sheet of XD Coffee, LLC (a limited liability company) as of April 1, 2020, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

CITRINCOOPERMAN®
Accountants and Advisors

Opinion

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of XD Coffee, LLC as of April 1, 2020, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 6 to the financial statement, subsequent to year end, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
April 24, 2020

XD COFFEE, LLC
(A Limited Liability Company)
BALANCE SHEET
APRIL 1, 2020

ASSETS

Cash	$ 481,390
TOTAL ASSETS	$ 481,390

LIABILITIES AND MEMBER'S EQUITY

Liabilities:	
Accrued expenses	$ 13,773
Commitments and contingencies (Notes 5 and 6)	
Member's equity	467,617
TOTAL LIABILITIES AND MEMBER'S EQUITY	$ 481,390

See accompanying notes to financial statement.

XD COFFEE, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENT
APRIL 1, 2020

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

XD Coffee, LLC (the "Company"), a wholly-owned subsidiary of Westside Xpresso Delight LLC (the "Parent"), was formed on March 18, 2020, as a Delaware limited liability company to sell franchises pursuant to a non-exclusive license agreement dated April 24, 2020, between the Company and the Parent. Pursuant to the Company's standard franchise agreement, franchisees will operate a business under the "Xpresso Delight" name and system for the sale of espresso and related coffee products and services to offices and workplaces and cold brew to consumers in North America. The Company has not had significant operations through April 24, 2020, the date on which the financial statement was available to be issued.

The Company is a limited liability company and, therefore, the member is not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless the member has signed a specific guarantee.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting
The accompanying financial statement has been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of estimates
The preparation of a balance sheet in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet. Actual results could differ from those estimates.

Income taxes
The Company is treated as a partnership for tax purposes and, as such, is not liable for federal or state income taxes. As a single-member limited liability company and, therefore, a disregarded entity for income tax purposes, the Company's assets and liabilities are combined with and included in the income tax return of the Parent. Accordingly, the accompanying financial statement does not include a provision or liability for federal or state income taxes.

Uncertain tax positions
The Company recognizes and measures its unrecognized tax benefits in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. There were no uncertain tax positions at April 1, 2020.

The Parent will file income tax returns in the U.S. federal jurisdiction and in various state jurisdictions.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent events

The Company has evaluated subsequent events through April 24, 2020, the date on which this financial statement was available to be issued. Except as disclosed in Note 5, there were no material subsequent events that required recognition or additional disclosure in this financial statement.

NOTE 3. CONCENTRATIONS OF CREDIT RISK

The Company places its cash, which may at times be in excess of Federal Deposit Insurance Corporation insurance limits, with a major financial institution. Management believes that this policy will limit the Company's exposure to credit risk.

NOTE 4. BRAND FUND

National brand fund

The Company has the right to collect brand fund fees from franchisees for the brand fund. Franchisees will be charged 3% of their monthly gross sales or $750 per month, whichever is greater, by the brand fund in accordance with the Company's standard franchise agreement. The national brand fund is to be utilized for the benefit of the franchisees, with a portion designated to offset the Company's administrative costs to administer the funds, all at the discretion of the Company. As of April 24, 2020, the Company has not yet established the brand fund.

Local area marketing

The Company has the right to implement a local area marketing program in which franchisees will be required to spend 4% of their monthly gross sales or $1,000, whichever is greater, on local area marketing ("LAM") initiatives. Franchisees will pay these fees to third-party advertising firms or directly to the Company if the Company elects to collect these fees. If franchisees own and operate multiple Xpresso Delight businesses in accordance with a development schedule in the same market area and LAM spending for them is combined, franchisees will be in compliance with the LAM requirement if franchisees spend an amount that satisfies the LAM obligations for all of the Xpresso Delight businesses in the aggregate. LAM requirements may be suspended by the Company in the case a franchisee has completed its development schedule and maintains 95% of placements. As of April 24, 2020, the Company has not yet established local area marketing.

NOTE 5. RELATED-PARTY TRANSACTIONS

License agreement

On April 24, 2020, the Company entered into a perpetual non-exclusive license agreement with the Parent for the use of the registered name "Xpresso Delight" (the "license agreement"). Pursuant to the license agreement, the Company acquired the right to sell "Xpresso Delight" franchises, and the right to earn franchise fees, royalties and other fees from franchisees. In accordance with the license agreement, the Company will be required to pay the Parent a license fee based on the Company's gross revenue, as defined.

NOTE 5. RELATED-PARTY TRANSACTIONS (CONTINUED)

Assignment and assumption agreement

On April 24, 2020, the Company entered into an assignment and assumption agreement with XD Franchising, LLC ("XDF"), an entity related to the Company by common ownership and control, whereby XDF assigned its interest in certain franchise agreements with existing franchisees to the Company. XDF was the predecessor franchisor of "Xpresso Delight."

NOTE 6. CORONAVIRUS PANDEMIC

In March 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Disruptions to the Company's business operations could occur as a result from the supply and quarantine of employees, residents, and vendors. Given the uncertainty of this situation, an estimate of the financial impact to the Company, if any, cannot be reasonably estimated at this time.

EXHIBIT G TO THE
FRANCHISE DISCLOSURE DOCUMENT

COMPLIANCE QUESTIONNAIRE

COMPLIANCE QUESTIONNAIRE

You or your affiliate are preparing to enter into an Xpresso Delight Franchise Agreement ("Franchise Agreement") with XD Coffee LLC ("we," "us," or "our") in order to operate a Franchise Business. The purpose of this Questionnaire is to confirm that you understand the terms of the contracts and that no unauthorized statements or promises have been made to you. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. When and where did you have your first face-to-face meeting with our representative(s) and/or brokers?

   Approximate date of first meeting: _____, 20_____ Place of meeting: _____

2. Which of our representative(s) or brokers have you been dealing with in the sales process?

   Name(s): _____

3. Have you personally read the XPRESSO DELIGHT Franchise Disclosure Document ("FDD")?

   Yes _____ No_____

4. Did you give us a signed receipt for the copy of the FDD that we furnished to you?

   Yes _____ No _____ If yes, on what date? _____

5. Do you understand all of the information contained in the FDD?

   Yes _____ No _____

If not, what parts of the FDD do you not understand? (Attach additional pages, if necessary.)

_____

_____

_____

_____

_____

6. Have you personally read the Franchise Agreement and all Exhibits that you or your affiliates intend to execute?

   Yes _____ No_____

7. Do you understand all of the terms of the Franchise Agreement that you or any of your affiliates intend to sign?

Yes _____ No_____

If not, what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary.)

_____

_____

_____

_____

_____

_____

8. We recommend that you have the FDD and related agreements reviewed by an attorney or professional advisor. Have you, in fact, discussed the FDD, the related agreements, and the benefits and risks of operating a Franchise Business with an attorney, accountant, or other professional advisor?

Yes _____ No_____

If yes, name and profession of advisor:

If no, do you wish to have more time to do so?

Yes _____ No_____

9. Other than the information presented in Item 19 of the FDD, has any of our employees or any other person speaking on our behalf (this does not include franchisees whom you contact on your own) made any statement or representation (oral, written, or visual) regarding:

a. The amount of money that others have made or that you might make as an Xpresso Delight franchisee?

Yes _____ No_____

b. The revenue or profits that a Franchise Business can or will generate?

Yes _____ No_____

c. Any other financial performance information about Franchise Businesses?

Yes_____ No_____

10. If your answer to any part of Question 9 is "yes," please describe the statement or representation. Please include when, where, and by whom the statement or representation was made. Please provide full details in the following space. (Attach additional pages, if necessary.)

_____

_____

_____

_____

_____

11. Have you contacted any of our existing franchisees about their financial performance?

Yes _____ No_____

12. If your answer to Question 11 is "yes," please describe the information that they shared with you in the following space. (You do not need to identify the franchisees with whom you spoke.)

_____

_____

_____

_____

13. Please think about the statements or promises made to you by our employees (or by any other person purporting to speak on our behalf) concerning the advertising, marketing, training, support, or assistance that we will furnish to you. Were any such statements or promises contrary to, or different from, the information contained in the FDD?

Yes _____ No_____

14. If you answered "Yes" to Question 13, please provide full details in the following space. (Attach additional pages, if necessary.)

_____

_____

_____

15. Have you or any of your affiliates entered into any agreement with us before today concerning our XPRESSO DELIGHT franchise opportunity?

Yes _____ No _____ If Yes, please describe: _____

16. Have you or any of your affiliates paid any money to us before today in connection with our XPRESSO DELIGHT franchise opportunity?

Yes _____ No _____ If Yes, please describe: _____

17. In entering into the Franchised Agreement, are you or any of your affiliates relying on any statement, promise, or assurances by us or anyone speaking or purporting to speak on our behalf, other than the terms of the Franchised Agreement? If "Yes", please provide full details in the following space. (Attach additional pages, if necessary.)

_____

_____

_____

_____

_____

18. Would you agree that the success or failure of your Franchise Business will depend in large part on your own skills and abilities, competition from other businesses, the size of your market, and other economic and business factors?

Yes _____ No _____

19. In which state do you reside?

20. In which state do you intend to operate the Xpresso Delight Franchise Business?

_____

21. Do you have personal knowledge of the market area in which you will operate your Franchise Business?

Yes _____ No _____

22. Have all of your questions concerning your proposed investment in a Franchise Business been answered to your satisfaction?

Yes _____ No _____

* * * * *

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

Date: _____, 20_____ _____
Prospective Franchisee

Date: _____, 20_____ _____
Prospective Franchisee

Date: _____, 20_____ _____
Prospective Franchisee

Special note for residents of the States of Illinois or Maryland and businesses located in Illinois or Maryland: Nothing in this Compliance Questionnaire shall act as a release, estoppel, or waiver of any liability incurred under the Illinois Franchise Disclosure Act and Maryland Franchise Registration and Disclosure Law.

EXHIBIT H TO THE FRANCHISE DISCLOSURE DOCUMENT

FORM OF GENERAL RELEASE

GENERAL RELEASE

(*Form only; subject to change*)

For and in consideration of the Agreements and covenants described below, XD Coffee LLC ("Franchisor") and _____ ("Franchisee") enter into this Release of Claims ("Agreement").

RECITALS

A. Franchisor and Franchisee entered into a Xpresso Delight® Franchise Agreement dated_____ _____, _____.

B. [NOTE: Describe the circumstances relating to the release.]

C. Subject to and as addressed with greater specificity in the terms and conditions noted below, Franchisor and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

AGREEMENTS

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

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

4. **Release of Claims by Franchisee**. Except as may be prohibited by applicable law, and in consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisee, for itself, its heirs, successors and assigns, affiliates, directors, officers and shareholders, and any other party claiming an interest through them (collectively and individually referred to as the "Franchisee Parties") release and forever discharge Franchisor, its predecessors, successors, assigns, affiliates, and past and present directors, officers, shareholders, and employees (collectively and individually referred to as the "Franchisor Parties") of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which you may now or in the future own or hold, that in any way relate to the Franchise Agreement or the business relationship between the parties (collectively, "Claims"), for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other related agreement between you and Franchisor or your affiliate and Franchisor.

The Franchisee Parties do not release the Franchisor Parties from any obligations arising by virtue of this Agreement and the Franchisor Parties' failure to comply with those obligations.

5. **Release of Claims by Franchisor**. Except as noted in this Section 5, and subject to your compliance with the terms and conditions of this Agreement, including the payment of $_____ to Franchisor, Franchisor Parties hereby release and forever discharge Franchisee Parties from any and all Claims, for known or unknown damages or other losses including but

not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other related agreement between you and Franchisor or your affiliate and Franchisor.

The Franchisor Parties do not release the Franchisee Parties from any obligations arising by virtue of this Agreement and the Franchisee Parties' failure to comply with those obligations. Further, the Franchisor Parties do not release the Franchisee Parties from any Claims related to Franchisee's (i) indemnification obligations under Section _ of the Franchise Agreement, (ii) non-disclosure obligations under Section _ of the Franchise Agreement, and (iii) post-termination non-compete obligations under Section _ of the Franchise Agreement, each of which remain in full force and effect and are incorporated by reference in this Agreement.

6. **Acknowledgement.** The releases of Claims outlined in Section 4 and Section 5 are intended by the Franchisor Parties and the Franchisee Parties (collectively, the "Parties) to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the one of the Parties against the other Party regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Parties acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Parties' respective intentions to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. This Release is and shall be and remain a full, complete and unconditional general release. The Parties further acknowledge and agree that no violation of this Agreement shall void the releases contained in this Agreement.

7. **Reservation of Claims Against Non-Settling Parties.** Franchisor and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties.

8. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.

9. **Voluntary Nature of Agreement.** The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms.

10. **Governing Law and Jurisdiction.** This Agreement will be construed and enforced in accordance with the law of the state of _____.

11. **Attorneys' Fees**. All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right or remedy allowed by law. In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorneys' fees and costs incurred by reason of the breach.

12. **California**. Franchisee Parties waive the provisions of Section 1542 of the Civil Code of the State of California (as well as under any other statutes or common law principles of similar effect whether now or hereinafter existing), which provides:

> **A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

Dated: _____, 20_____ **XD COFFEE LLC:**

By_____

Its _____

Dated: _____, 20_____ **FRANCHISEE:**

By_____

Its_____

EXHIBIT I TO THE
FRANCHISE DISCLOSURE DOCUMENT

DEVELOPMENT RIGHTS AGREEMENT

XPRESSO DELIGHT®
DEVELOPMENT RIGHTS AGREEMENT

THIS DEVELOPMENT RIGHTS AGREEMENT (the "**Agreement**") is made and entered into as of _____, 20__ (the "**Effective Date**," regardless of the dates of the parties' signatures), between, XD Coffee, LLC, a Delaware limited liability company with its principal business address at 28 Liberty Street, 6th floor, New York, New York 10005 ("**we**," "**us**" or "**our**"), and _____, whose principal business address is _____ ("**you**" or "**your**").

1. **Background**. We and you (or your Controlled Affiliate, as defined in Section 2) are signing or have signed a franchise agreement dated as of _____ (the "**Existing Agreement**") pursuant to which you (or your Controlled Affiliate) operate or will operate a XD Business in/at _____. All capitalized terms used but not defined in this Agreement shall have the meanings in the Existing Agreement. We and you are signing this Agreement because you have requested the right to develop and operate a number of XD Businesses within a certain geographic area over a certain period of time, and we are willing to grant you such development rights if you comply with the terms of this Agreement.

2. **Grant of Development Rights**. Subject to your compliance with this Agreement, we hereby grant you (and your Controlled Affiliates) the right to develop _____ (_____) new XD Businesses, including the XD Business to be operated under the Existing Agreement, according to a mandatory development schedule (the "**Schedule**") identified on Exhibit A to this Agreement, within the geographic area described on Exhibit B to this Agreement (the "**Market**"). In this Agreement, "**Controlled Affiliate**" means any corporation, limited liability company or other Entity: (a) of which you or one or more of your Owners owns more than _____percent (__%) of the total authorized Ownership Interests and has the power unilaterally, without the consent or approval of any other person or Entity, to direct and control the Entity's management and policies; and (b) that is approved by us in our sole judgment to own and operate an XD Business.

3. **No XD Businesses in Market**. Provided you and your Controlled Affiliates are in full compliance with this Agreement and all other agreements between you (or any of the Controlled Affiliates) and us (or any of our affiliates), including, without limitation, the Existing Agreement and all other franchise agreements then in effect between you (or any Controlled Affiliate) and us for the operation of XD Businesses, then, during this Agreement's term only, except as otherwise provided in this Agreement, neither we nor our affiliates will operate, or authorize any other party to operate, an XD Business that has its physical location within the Market. We (and any affiliates that we might have from time to time) shall at all times have the right to engage in any activities we or they deem appropriate that are not expressly prohibited by this Agreement, whenever and wherever we or they desire, including, without limitation, those which we now reserve in the Existing Agreement. After this Agreement expires or is terminated, regardless of the reason, we (and our affiliates) may operate, and authorize any other parties to operate, XD Businesses the physical premises of which are located within the Market and engage, and allow others to engage, in any other activities we desire within and outside the

Market without any restrictions whatsoever, subject only to your (or any Controlled Affiliate's) rights under then-existing franchise agreements with us.

4. **Development Fee**. Simultaneously with signing this Agreement, you must pay us a fee of _____ Thousand Dollars ($_____) (the "**Development Fee**"), which is equal to _____percent (__%) of the initial franchise fee times the number of XD Businesses to be developed under this Agreement. The Development Fee is fully earned by us when we and you sign this Agreement and is non-refundable, even if you do not comply with the Schedule.

5. **Development Obligations**. To maintain your rights under this Agreement, you and/or your Controlled Affiliates must sign franchise agreements for, develop, and open for business the agreed-upon number of XD Businesses within the Market by the dates set forth on the Schedule. Time is of the essence under this Agreement. You or a Controlled Affiliate will operate each XD Business under a separate franchise agreement (and related documents) with us. The franchise agreement (and related documents) that you or your Controlled Affiliate will sign for each XD Business will be the form of franchise agreement and any ancillary agreements we then customarily use in granting franchises for XD Businesses, including, without limitation, personal guarantees (collectively, the "**Franchise Documents**"), any or all of the terms of which may differ substantially from the terms contained in the Existing Agreement. In addition, in connection with the XD Brand Fund Contribution which you will pay under each Franchise Agreement, by signing a Development Agreement, you will be obligated to pay an additional Five Hundred Dollars ($500) per month under each Franchise Agreement for national marketing. We will apply $37,500 of the Development Fee toward the initial franchise fee under the Existing Franchise; $32,500 for the second Franchise Agreement; and $30,000 for the third and each subsequent Franchise Agreement you sign pursuant to this Agreement. To retain your rights under this Agreement, each XD Business developed under this Agreement must operate continuously throughout the term of this Agreement.

6. **No Sublicensing Rights or Rights to Use Marks**. This Agreement does not grant you any right to license others to operate XD Businesses. Only you (and your Controlled Affiliates) may develop XD Businesses pursuant to this Agreement and only under Franchise Documents with us. This Agreement does not grant you (or your Controlled Affiliates) any right to use, or authorize others to use, the Marks in any manner. Your (and your Controlled Affiliates') right to use the Marks arises only under Franchise Documents with us.

7. **Development of Additional Franchises**. You must deliver to us for our review materials and information we request for each franchise you propose for a XD Business, including documentation that you have placed fifty (50) Xpresso Delight Beverage Machines with customers under each of your existing Franchise Documents; and your (or your Controlled Affiliate's) financial and operational ability to develop and operate each proposed XD Business, including the proposed Principal Operator for the XD Business.

Despite any assistance, information or recommendations that we provided or will provide (whether before or after the Effective Date) with respect to any XD Business, we have made and will make no representations or warranties of any kind, express or implied, of the suitability of any franchise for an XD Business or any other purpose.

8. Grant of Franchises. If you have provided documentation acceptable to us that there are fifty (50) Xpresso Delight Beverage Machines placed with customers under all of your existing Franchise Documents; we accept your (or your Controlled Affiliate's) financial and operational ability to develop and operate the proposed XD Business, then you or your Controlled Affiliate (and your or its owners) must sign separate Franchise Documents for that XD Business. If you or your Controlled Affiliate (and your or its owners) do not sign separate Franchise Documents within the time periods set forth in the Schedule, then we may terminate this Agreement according to Section 10. After you (or your Controlled Affiliate) signs the Franchise Documents, their terms and conditions will control the development and operation of the XD Business, although the opening deadline is controlled by the Schedule.

9. Term. This Agreement's term begins on the Effective Date and ends on the date when (a) you (or your Controlled Affiliate) open the final XD Business under the Schedule, or (b) this Agreement otherwise is terminated, whichever occurs first.

10. Termination. We may terminate this Agreement and your right to develop additional XD Businesses within the Market at any time, effective upon delivery of written notice of termination, if: (a) you fail to satisfy either your development obligations under the Schedule or any other obligation under this Agreement, which defaults you have no right to cure; or (b) the Existing Agreement or any Franchise Documents between us and you (or any Controlled Affiliate) for an XD Business is terminated by us or you (or the Controlled Affiliate) for any reason.

11. Assignment. You (and your Owners) acknowledge that we are granting you the rights under this Agreement because of our perception of your (and your Owners') individual and collective character, skill, business acumen, financial capability and proven ability to operate XD Businesses according to our System Standards. These rights are personal to you and your Owners. Therefore, you and your Owners may not assign this Agreement or any of your Ownership Interests (whether directly or indirectly) without our prior written approval, which we may grant or withhold for any or no reason. We may assign this Agreement or any of our Ownership Interests (whether directly or indirectly) without restriction.

You acknowledge our current requirement that developers (directly or through controlled affiliates) must continue to own and operate all of the XD Businesses located in their areas throughout the entire terms of their franchise agreements. We believe these requirements are important in order to (among other reasons) establish continuity and cooperation among the XD Businesses in the market and protect the Xpresso Delight brand. We currently require that a developer must own and operate (directly or through controlled affiliates) all of the XD Businesses located in its development area throughout the entire terms of their franchise agreements. Therefore, you and your Owners agree that if you, any of your Owners, or any Controlled Affiliate seeks to enter into any transfer that would (if consummated) require our approval pursuant to this Section 11 or the applicable Franchise Documents, regardless of the form of transaction, then we may condition our approval of that transfer (in addition to any other conditions set forth in this Agreement or the applicable Franchise Documents) on the simultaneous transfer to that transferee of other rights, interests, obligations, assets, and/or Ownership Interests such that, following such transfer, you (or your successor in interest) own

and operate (directly or through your Controlled Affiliates) all of the XD Businesses in the Market.

12. Incorporation of Other Terms. Sections 6.13 (Confidential Information), 6.11 (Improvements), 6.20 (Covenant not to Compete), 6.19 (Indemnification), 9 (Dispute Resolution), 10.10 (Independent Contractor Relationship) and 10.14 (Third Party Rights of WXD; Third Party Beneficiaries) of the Existing Agreement, including (without limitation) the provisions relating to mediation and litigation of disputes, are incorporated by reference in this Agreement and will govern all aspects of our relationship with you under this Agreement and the construction of this Agreement as if fully restated within the text of this Agreement. This Agreement, together with the Existing Agreement, supersedes all prior agreements and understandings, whether oral and written, between the parties relating to its subject matter, and there are no oral or other written understandings, representations, or agreements between the parties relating to the subject matter of this Agreement. This Agreement may be signed in multiple counterparts, but all such counterparts together shall be considered one and the same instrument. The provisions of this Agreement may be amended or modified only by written agreement signed by the party to be bound.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement effective on the Effective Date.

FRANCHISOR

XD Coffee, LLC, a Delaware limited liability company

By:_____
Name: _____
Title: _____

Date: _____

DEVELOPER

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date: _____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date: _____

EXHIBIT A
to the
XPRESSO DELIGHT DEVELOPMENT RIGHTS AGREEMENT

You agree to sign Franchise Documents for and open _____ (__) new XD Businesses within the Market (including the XD Business operating or to be operated under the Existing Agreement) according to the following Schedule:

Franchise Agreement To Be Executed By (Date)	Opening by (Date)	Cumulative Minimum Number of New XD Businesses To Be Open and Operating No Later Than the Opening Date (in Previous Column)
Simultaneously with this Agreement		1

FRANCHISOR

XD Coffee, LLC, a Delaware limited liability company

By:_____
Name: _____
Title: _____

Date: _____

DEVELOPER

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date: _____

(IF INDIVIDUALS):

_____

[Signature]

_____

[Print Name]

_____

[Signature]

_____

[Print Name]

Date: _____

EXHIBIT B
to the
XPRESSO DELIGHT DEVELOPMENT RIGHTS AGREEMENT

The Market is defined as the entire territory encompassed by _____ in the State of _____. If the Market is identified by city or other political subdivisions, political boundaries will be considered fixed as of the date of this Agreement, notwithstanding any political reorganization or change to the boundaries. The Market is depicted on the map attached to this Exhibit B. However, if there is an inconsistency between the language in this Exhibit B and the attached map, the language in this Exhibit B shall control. All street boundaries will be deemed to end at the street center line unless otherwise specified.

FRANCHISOR

XD Coffee, LLC, a Delaware limited liability company

By:_____
Name: _____
Title: _____

Date: _____

DEVELOPER

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date: _____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date: _____

MAP OF MARKET

EXHIBIT J TO THE
FRANCHISE DISCLOSURE DOCUMENT

BEVERAGE MACHINE DELIVERY AND DEPOSIT AGREEMENT

Beverage Machine Delivery and Deposit Agreement

THIS BEVERAGE MACHINE DELIVERY AND DEPOSIT AGREEMENT ("Agreement") is made effective between XD Coffee, LLC ("Franchisor") and _____ ("Franchise Candidate") as of _____ ("Effective Date").

Franchise Candidate is considering whether to apply for an Xpresso Delight franchise business. To assist Franchise Candidate, Franchisor has agreed to send to Franchise Candidate, at Franchisor's sole cost and expense, one of its proprietary Xpresso Delight beverage systems, which consists of the Jura W3 Automatic Espresso Machine and accompanying refrigerator ("Beverage Machine"), for Franchise Candidate's examination and review. It is agreed that Franchise Candidate will pay to Franchisor the sum of $5,000 as a deposit in order to inspect the Beverage Machine (the "Deposit"). In consideration of its receipt of the Deposit, Franchisor will ship a Beverage Machine to Franchise Candidate at Franchisee Candidate's address listed below its signature below.

Terms:

1. If Franchise Candidate is awarded a franchise but elects to not enter into a Franchise Agreement with Franchisor, Franchise Candidate must return the Beverage Machine to Franchisor within fourteen (14) days of receipt. The foregoing notwithstanding, Franchisor may at any time before the expiration of such 14-day period, by e-mail, require Franchise Candidate to return the Beverage Machine to Franchisor and Franchise Candidate must do so within three (3) business days. All shipping and delivery costs associated with the return of the Beverage Machine as described in this Section 1 will be paid by Franchisor.

2. If in Franchisor's reasonable judgment, the Beverage Machine is returned in the same condition as it was when shipped to Franchise Candidate (and if Franchisor requested the return of the Beverage Machine, it is also returned within the three (3) business day period), then Franchisor shall return the Deposit to Franchise Candidate within five (5) business days of Franchisor's receipt and inspection of the Beverage Machine.

3. If upon receipt of the Beverage Machine, Franchisor determines that the Beverage Machine was damaged by Franchise Candidate in any way, Franchisor, at its sole discretion, may choose either to not to refund the Deposit or may provide a partial refund, depending on the condition of the Beverage Machine. Franchisor shall bear all risk of loss and damage during shipping and delivery of the Beverage Machine.

4. If Franchise Candidate signs a Franchise Agreement within fourteen (14) days of receipt of the Beverage Machine, Franchise Candidate shall keep the Beverage Machine and the Deposit will be credited against the minimum of five Beverage Machines which Franchise Candidate is required to purchase under Franchisor's Franchise Agreement.

5. Franchise Candidate hereby agrees that the Beverage Machine is the confidential and proprietary property of Franchisor and that Franchise Candidate acquires no interest in the Beverage Machine, other than the right to use and inspect the Beverage Machine in

evaluating whether to apply for or enter into a Franchise Agreement with Franchisor. Accordingly, at all times during which the Beverage Machine is in the possession of Franchise Candidate, Franchise Candidate shall not in any way use, copy, disclose, or otherwise make available to any other person or entity the Beverage Machine or any of its component parts.

6. If Franchise Candidate does not purchase the Beverage Machine as described in Section 3 above, and fails to return the Beverage Machine as specified in Section 1 above, Franchisor shall be entitled to seek damages, costs, expenses and attorneys' fees against Franchise Candidate, and the exclusive forum and venue for such litigation shall be the state or federal court where Franchisor's principal place of business is located at the time the dispute arises.

7. Franchise Candidate acknowledges that it has received the current franchise disclosure document of XD Coffee, LLC ("FDD") and has had the FDD in its possession for at least fourteen (14) calendar days before the signing of this Agreement or the payment of the Deposit to Franchisor. Delivery of the FDD does not indicate that either Franchisor or Franchise Candidate has agreed to enter into a Franchise Agreement for an Xpresso Delight franchise.

Franchisor and Franchise Candidate acknowledge and agree upon the definitions and terms set forth above.

XD Coffee, LLC:

_____

By: Nigell Lee, CEO

Franchise Candidate:

_____

By:

Address for Delivery of Beverage Machine:

_____

_____

_____

EXHIBIT K TO THE
FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES PAGE

State Effective Dates

The following states have franchise laws that require that the Franchise 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 document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT L TO THE
FRANCHISE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If XD Franchising LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. If XD Franchising LLC offers you a franchise in New York, it must give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. If XD Franchising LLC offers you a franchise in Michigan, it must give you this Disclosure Document at least 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. If XD Franchising LLC offers you a franchise in Iowa, it must give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If XD Franchising LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your State's regulatory agency listed on Exhibit C.

The name, principal business address, and telephone number of each franchise seller offering the franchise are: Nigell Lee, 28 Liberty Street, 6th Floor, New York, New York 10005, or is listed below (with address and telephone number) or will be provided to you separately before you sign a franchise agreement: _____.

The issuance date is: April 24, 2020

The name and address of the franchisor's registered agent authorized to receive service of process are set forth at Exhibit C to this disclosure document.

I received a disclosure document dated April 24, 2020 that included the following Exhibits:

A. Franchise Agreement	G. Compliance Questionnaire
B. State Addenda	H. Form of General Release
C. State Administrators and Agents for Service of Process	I. Development Rights Agreement
D. List of Franchisees and Company-Owned Outlets	J. Beverage Machine Delivery and Deposit Agreement
E. Tables of Contents - Manuals	K. State Effective Dates Page
F. Financial Statements	L. Receipts

Date:_____ _____

(Do not leave blank) Signature of Prospective Franchisee

_____

Print Name

Copy for Prospective Franchisee

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If XD Franchising LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. If XD Franchising LLC offers you a franchise in New York, it must give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. If XD Franchising LLC offers you a franchise in Michigan, it must give you this Disclosure Document at least 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. If XD Franchising LLC offers you a franchise in Iowa, it must give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If XD Franchising LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your State's regulatory agency listed on Exhibit C.

The name, principal business address, and telephone number of each franchise seller offering the franchise are: Nigell Lee, 28 Liberty Street, 6th Floor, New York, NY 10005, or is listed below (with address and telephone number) or will be provided to you separately before you sign a franchise agreement: _____.

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E. Tables of Contents - Manuals	K. State Effective Dates Page
F. Financial Statements	L. Receipts

Date:_____
(Do not leave blank)

_____
Signature of Prospective Franchisee

_____
Print Name