

FRANCHISE DISCLOSURE DOCUMENT



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The franchises described in this disclosure document are for retail cafes and kiosks specializing in the preparation and sale of SEATTLE'S BEST COFFEE® ("SBC") proprietary brand coffee products and beverages and related products.

The total investment necessary to begin operation of a single SBC cafe ranges from \$267,200 to \$454,000. The total investment necessary to begin operation of a single SBC kiosk ranges from \$240,700 to \$407,000. This includes \$42,000 to \$63,000 that must be paid to SBC or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Adam Ekberg, corporate counsel, at Seattle's Best Coffee, LLC, 2401 Utah Avenue South, Suite 800, Mail Stop S-LA3, Seattle, WA 98134, (206) 318-6383.

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

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

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

Issuance Date: December 21, 2009

STATE COVER PAGE

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

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

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

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

THE MASTER FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN WASHINGTON. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE THAN TO LITIGATE WITH US IN WASHINGTON THAN IN YOUR OWN STATE.

THE MASTER FRANCHISE AGREEMENT STATES THAT WASHINGTON LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

WE USE THE SERVICES OF ONE OR MORE FRANCHISE BROKERS OR REFERRAL SOURCES TO ASSIST US IN SELLING OUR FRANCHISE. A FRANCHISE BROKER OR REFERRAL SOURCE REPRESENTS US, NOT YOU. WE PAY THIS PERSON A FEE FOR SELLING OUR FRANCHISE OR REFERRING YOU TO US. YOU SHOULD BE SURE TO DO YOUR OWN INVESTIGATION OF THE FRANCHISE.

The state effective dates appear on the next page.

STATE EFFECTIVE DATES

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

STATE	EFFECTIVE DATE
California	Exempt from Registration
Hawaii	December 22, 2009
Illinois	December 23, 2009
Indiana	Exempt from Registration
Maryland	March 12, 2010
Michigan	January 21, 2010
Minnesota	December 28, 2009
New York	Exempt from Registration
North Dakota	January 7, 2010
Rhode Island	December 22, 2009
South Dakota	December 22, 2009
Virginia	January 20, 2010
Washington	Exempt from Registration
Wisconsin	December 23, 2009

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Master Franchise Agreement

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Exhibit C – SBC Card License Agreement

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor.

To simplify the language in this disclosure document, “Seattle’s Best Coffee”, “SBC”, “we” or “us” means Seattle’s Best Coffee LLC, the Franchisor. “You” means the person, corporation, partnership or other entity who buys the franchise. If you are a corporation, partnership or other entity, certain provisions of this disclosure document also apply to your owners and will be noted.

We are a Washington limited liability company doing business as “Seattle’s Best Coffee.” We are a subsidiary of Seattle Coffee Company, a Georgia corporation (“SCC”), which in turn, is a subsidiary of Starbucks Corporation, a Washington corporation (“Starbucks”), our parent company.

Our principal business address, and the principal business address of SCC is 2401 Utah Ave. South, Suite 800, Seattle, Washington 98134, (206) 447-1575. The principal place of business of Starbucks is 2401 Utah Avenue S., Seattle, WA 98134, (206) 447-1575.

We have operated Seattle’s Best Coffee retail outlets from 1974 to the present. We offered Seattle’s Best Coffee franchises from 1994 to 1997 and from 1999 to the present. As of September 27, 2009, there were 557 Seattle’s Best Coffee retail outlets, 9 of which are owned and operated by SBC, in operation in North America. We also sell coffee and related specialty products at wholesale and by mail order. We do not offer licenses in any other line of business. We do not otherwise conduct business of the type offered to you in this disclosure document.

Our Predecessors and Affiliates.

SCC owns and operates SBC. SCC does not offer licenses in any line of business. SCC does not otherwise conduct business of the type offered to you in this disclosure document.

In March 1998, Seattle Coffee Company merged into a subsidiary of AFC Enterprises, Inc. (“AFC”), SBC Acquisition Corp., a Washington corporation. Prior to the merger, Seattle’s Best Coffee, Inc. merged into SBC Acquisition Corp., which then changed its name and charter to Seattle’s Best Coffee LLC, a Washington limited liability company. On July 14, 2003, Starbucks acquired from AFC all of the outstanding and issued stock of SCC, which owns and operates SBC. Cinnabon, Inc., a wholly owned subsidiary of AFC, held the rights of Franchisor under the development and Master Franchise Agreements for the licensed SBC Units in Hawaii and specified international countries, under the terms of a Master Franchise Agreement with SCC and SBC. On March 3rd, 2006, SBC re-acquired the rights of Franchisor for the State of Hawaii from Cinnabon, Inc.

Starbucks has more than 16,000 retail units in North America, Latin America, Europe, the Middle East and the Pacific Rim. In addition to its retail operations, Starbucks sells its specialty coffee at wholesale. Starbucks also produces and sells bottled Frappuccino® coffee

drink, Starbucks DoubleShot™ coffee drinks, and a line of super premium ice creams through joint venture agreements. Starbucks brands also include the Tazo Tea Company, a wholly owned subsidiary of Starbucks, which offers a line of innovative premium teas.

The Franchise.

We franchise retail cafes (“SBC Cafes”) and kiosks (“SBC Kiosks”) (collectively “SBC Units”) specializing in the sale of proprietary Seattle’s Best Coffee brand coffee beverages and related products. Under our current program, we offer franchises for SBC Units to be developed and operated in colleges and universities, retail stores, captive venues, and other locations.

Each SBC Cafe and/or Kiosk will be operated under a franchise agreement (“Master Franchise Agreement”). Under the terms of the Master Franchise Agreement, we will grant you the right (and you will accept the responsibility) to establish and operate one or more SBC Cafes or Kiosks. Unless we specify otherwise, the information in this disclosure document applies to all SBC Units.

You must operate each SBC Unit under the “Seattle’s Best Coffee” trade name, service marks and trademarks that we designate (“Proprietary Marks”). You must also operate each SBC Unit under our business and operating procedures, which we describe in our Confidential Cafe Operations Manual (together with any other manuals created or approved for use in the operation of the SBC franchised business, and all amendments and updates thereto, the “Manual”). Our business and operating procedures include distinctive designs, interior and exterior layouts, trade dress, equipment layout standards and specifications; development and maintenance of sources of supply, operating procedures for sanitation and maintenance; food and beverage storage procedures; food preparation procedures; service procedures; proprietary recipes; operating procedures and management programs. New techniques and other information about the refinement of our business and operating procedures will be provided to you by means of the Manual. You will also be required to sign the SBC Card License Agreement which is attached to the Master Franchise Agreement as Exhibit B.

If you and we agree to enter into a multi-unit addendum, then you will be required to develop, construct, open, and operate two or more SBC Units (the exact number of which we will agree upon in advance), under the same terms and conditions that apply to each individual SBC Unit, at locations that you propose and that we approve. You will have a certain amount of time within which you will be required to open your multiple SBC Units. You will have a period of ten years to operate each SBC Unit, beginning on the day that the unit opens to the public. See Items 5 and 6 for additional information on initial and recurring fees applicable under the multi-unit addendum.

SBC Card License Agreement.

SBC sells and administers a stored value card program consisting of a standard value card in association with a third party payment processor. The SBC Card License Agreement describes the terms that permit you to activate, reload and redeem the SBC Card at your SBC Units.

The Cafés and Kiosks.

SBC Cafes are typically located in central business districts, office buildings, urban/residential “store-front” locations, specialty shopping centers, colleges and universities, highway travel plazas or in major airports. SBC Kiosks are typically located in malls, office buildings or other alternative locations.

The General Market and the Competition.

All SBC Units depend upon a large number of customers and are typically located in high pedestrian traffic facilities (*e.g.*, major office buildings, revitalized urban shopping districts, malls, major supermarkets and bookstores, etc.). Seattle’s Best Coffee competes for customers seeking specialty coffee products. These customers are generally upper income individuals who frequently purchase other quality gourmet products. This customer base is highly developed in some major urban centers. In many markets in the United States and in other countries, the market for specialty coffee beverages is still developing. The industry is expanding its consumer education to attract a broad mix of customers. The business is slightly seasonal, with somewhat increased pre-holiday sales following the pattern of most retail businesses. You will have to compete with national and local businesses offering similar products and services and independent coffee cafes. You may also compete with our wholesale accounts (*i.e.*, independent coffee shops, bakery and specialty goods retailers, supermarkets, etc.), that offer SBC brand specialty coffee products at retail. We may also sell SBC coffee products, at wholesale, to other restaurant concepts owned and/or licensed by us, Starbucks or its affiliates, and/or other channels of distribution including sales through mail order catalogs and the Internet. Seattle’s Best Coffee may compete with all of these and other companies for locations, employees and customers. You may also compete with other company-owned SBC Cafes, SBC Kiosks, existing SBC mobile units, our other SBC Franchisees and Starbucks retail stores whether company owned or licensed.

Among your business risks are changing market conditions, public perception of coffee as a popular, healthy, or desirable beverage, demand, competition, cost of coffee and supplies (which is affected by valuation of the dollar and foreign currencies, actions of the international coffee cartel, weather in coffee producing countries, speculation in futures markets and other factors), cost of equipment and labor, health and continuity of your management, continuation of sources of supply (mostly from international sources), quality and availability of labor, availability of financing, recession or depression locally or nationally, wars, strikes, national emergencies, natural disasters, liability and casualty losses, and consumer advocacy groups.

Coffee supply and prices are subject to volatile international and domestic markets. An increase in wholesale prices (or a reduction in retail prices) could negatively impact your profitability.

Industry-Specific Laws and Regulations.

You must comply with the local, state and federal laws that apply to your SBC Unit's operation, including health and safety, sanitation, "no smoking" and employment laws. Federal, state and local regulations may affect your advertising and may even require point-of-sale disclosure of certain information about nutrition and the dietary characteristics (*e.g.*, calories and fat content) of the food served at or from your SBC Unit. You must also comply with any banking laws that apply to your SBC Card License Agreement. You should consult with your attorney concerning these and other laws and ordinances that may affect your SBC Unit's operation.

ITEM 2
BUSINESS EXPERIENCE

Michelle Gass, President, Seattle's Best Coffee, LLC

Michelle Gass has been President, Seattle's Best Coffee, LLC since September 2009. Prior to that, she was Executive Vice President, Marketing & Category for Starbucks Corporation. Prior to that, Ms. Gass was Senior Vice President, U.S. Product Management for Starbucks Corporation from November 2004 to November 2008.

John Wuycheck, Vice President, Seattle's Best Coffee New Business Development

John Wuycheck has been Vice President, New Business Development for SBC since November 2009. Prior to his current position, he was Vice President of Development for Pump It Up Management from October 2009 to November 2009. Prior to that, Mr. Wuycheck was Vice President of Sales for Hydration Technologies from June 2009 to November 2009. Prior to that, he was Vice President of Development for Kahala Franchise Corporation from 2007 – June 2009. Prior to that, Mr. Wuycheck was Vice President of Development for Cold Stone Creamery from 2003 – 2007.

Barry Beeninga, Vice President, Finance, Global Consumer Products Group, Seattle's Best Coffee & Foodservice

Barry Beeninga has been Vice President, Finance for SBC since January 2008 and is responsible for leading the finance functions for Starbucks Global Consumer Products and SBC. Prior to his current position, he was Director, Finance for SBC from November 2007 until January 2008. Prior to that, he was Director of Finance for Starbucks Global Consumer Products from 2004 until November 2007.

Tom Ehlers, Vice President & General Manager

Tom Ehlers has been Vice President & General Manager of SBC since 2007. Prior to that he was Vice President of SBC Marketing and Category from 2003 to October 2007.

Brian Melodia, Director, Business and Store Development

Brian Melodia has been a Director, Business & Development for SBC since September 2007. Prior to his current position, he was Director of National Accounts & Business Development for Starbucks Corporation from February 2000 until August 2007.

Marie Gill, Director, Business Development – Franchise

Marie Gill has been Director, Business Development of Franchising for Seattle's Best Coffee, LLC since February 2008. Prior to joining Seattle's Best Coffee, Ms. Gill was responsible for developing the licensed stores and foodservice business for the International Division of Starbucks Corporation from 2004 to February 2008.

Kristi Brooks, Franchise Sales Executive

Kristi Brooks has been Franchise Sales Executive for SBC since October 2009. Prior to her current position, she was National Account Executive for SBC from February 2005 until October 2009. Prior to her current position, she was a National Account Executive with Starbucks Corporation from August 2000 to January 2005.

Sidney Lee, National Account Executive, New Business

Sidney Lee has been National Account Executive for New Business since July 2007. Prior to his current position, he was National Account Executive of Licensed Stores for Starbucks Corporation from November 2001 to July 2007.

Pat Hiller, Franchise Sales Executive

Pat Hiller has been Franchise Sales Executive for SBC since February 2010. Prior to his current position, Mr. Hiller was an independent consultant from August 2008 until February 2010. Prior to that, he was Director of Franchise Development for Dunkin Brands, Inc. from January 2007 until August 2008. Prior to that, he was President of Business Consulting Group from January 1993 until December 2006.

Johanna Oseland, Business Development Manager

Johanna Oseland has been Business Development Manager for SBC since May 2005. Prior to that she was involved with the supply chain, food service, licensed partnerships and international business development for Starbucks Corporation from May 1996 until May 2005.

Dennis Bosshart, Manager, Licensed Store Development Programs

Dennis Bosshart has been Manager, Licensed Stores Development for SBC's licensed units from April 2004 to the present. Prior to that, he was Manager, Licensed Stores Development for Starbucks Corporation from June 1999 to May 2007. During the period April 2004 to May 2007, Mr. Bosshart had development responsibilities for both Starbucks and SBC.

Mary Clare Barth, Director of Operations

Mary Clare Barth has been Director of Operations for SBC's company owned and licensed units from April 2004 to present.

Michael Lord, Director of Operations

Michael Lord has been Director of Operations for SBC's licensed units from July 2004 to present.

Paul Mutty, Vice President, Assistant General Counsel

Paul Mutty has been Vice President and Assistant General Counsel of Global Commercial for Starbucks Corporation since February 2009. Prior to that, he was vice president and assistant general counsel of Real Estate and Franchising for Starbucks Corporation from October 2007 until February 2009 and he was vice president and assistant general counsel of International for Starbucks Corporation from June 2002 until October 2007. Mr. Mutty is secretary of SCC and SBC and is authorized to receive service of process for those companies.

David Byers, Director, Corporate Counsel

Beginning January, 2010, David Byers will be Director, Corporate Counsel for Starbucks Corporation. Prior to that, he was a shareholder with the law firm Graham & Dunn PC from June 1999 to December 2009 in Seattle, Washington.

Adam Ekberg, Corporate Counsel

Mr. Ekberg has been Corporate Counsel for Starbucks Corporation since August 2006. Prior to that he was an associate with the law firm Dorsey & Whitney LLP from August 2004 to 2006 in Seattle, Washington.

ITEM 3
LITIGATION

Prior Litigation.

1. Santa's Best v. Seattle Coffee Company and Seattle's Best Coffee, United States District Court, Northern District of Illinois, Civil Action No. 00C7643. Santa's Best filed this action against SBC and SCC on December 5, 2000, alleging trademark infringement, dilution, false designation of origin and unfair competition based on SBC's sale of Santa's Best Coffee, a coffee blend SBC has offered (under both the Santa's Best Coffee or Santa's Best Blend names) during the holiday season since the early 1990s, and seeking injunctive relief and damages. There is no relationship between the parties. This matter was settled on June 22, 2001, with SBC paying Santa's Best \$30,000 and agreeing to cease all use of the "Santa's Best" trade name.

2. GMS Hawaii Corporation v. Seattle’s Best Coffee LLC, United States District Court for the District of Hawaii, Civil Action No. 03-00353 HG-KSC. On July 7, 2003, GMS Hawaii, a former Franchisee of SBC in Hawaii, filed a complaint against SBC, SCC, AFC, and Starbucks, seeking a Temporary and Permanent Injunctive Relief enjoining the sale of SCC to Starbucks. GMS Hawaii alleged that the pending sale by AFC of SCC to Starbucks and would violate the rights of GMS Hawaii and cause it permanent and irreparable harm because of the transfer of the franchisor obligations with respect to GMS Hawaii to Cinnabon International, Inc., a subsidiary of AFC. GMS Hawaii filed a similar counterclaim and third party complaint in Georgia on July 11, 2003, in response to a declaratory relief action filed by AFC in Georgia against GMS. See AFC Enterprises et al. v. GMS Hawaii Corporation v. Starbucks Corporation, United States District Court for the Northern District of Georgia, Atlanta Division, Civil Action No. 1:03-CV-1893. On July 11, 2003, all parties to the two GMS lawsuits executed a settlement agreement and the two lawsuits were dismissed on July 12, 2003. Under the terms of the Settlement Agreement, SBC agreed to extend Plaintiff’s development timeline and further agreed to allow Plaintiff to continue operating three SBC food service accounts. No further consideration was or is to be paid by SBC under the terms of the Settlement Agreement.

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

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Franchise Fee.

The franchise fee for each SBC Unit is up to \$30,000 per cafe or kiosk, depending on the number of SBC Units you commit to develop and we agree to allow. You must pay the full franchise fee for the first SBC Unit, and one-half of the remaining franchise fees for any additional SBC Units you commit to develop, when you sign the Master Franchise Agreement. For the second and any subsequent SBC Units, you must pay the remaining one-half of the franchise fee within 10 days after we approve your proposed site. The franchise fee per SBC Unit is as follows:

SBC Units in Development Obligation	Franchise Fee per SBC Unit
1 to 4	\$30,000
5 to 9	\$25,000
10 or more	\$20,000

Design Fee.

The design fee for each SBC Unit is \$10,000 per cafe or kiosk. You must pay the design fee at the time we provide the schematic and design and development drawings to you. This fee includes the schematic and design development drawings prepared for the space by the SBC design team. These drawings will be created from input from the SBC development and operations teams' site inspections, as well as from the completed site survey required by you.

Initial Promotional Material.

Prior to the opening of your SBC Cafe or Kiosk, you must purchase from us an initial supply brochures and other materials describing coffee, coffee blends and drink components and other point-of-sale materials to educate your customers. The approximate cost of these materials is between \$2,000 and \$3,000 for a Cafe or Kiosk.

Opening Supplies and Inventory.

Prior to the opening of your SBC Cafe and/or Kiosk, you must purchase from us or a manufacturer designated by us, your initial inventory of coffee beans and other products, the approximate cost of which is between \$10,000 and \$20,000. Currently, we are the only approved supplier.

General.

Except as described above, you must pay all fees in full, and none of the fees are refundable. SBC offers discounts of the initial franchise fee to prospective franchisees who meet certain criteria to qualify as veterans, minorities, and current or former employees of SBC or its affiliates.

**ITEM 6
OTHER FEES**

Type of Fee	Amount	Date Due	Remarks
Royalty ¹	Percentage of Gross Revenue ² , variable based on number of SBC Units you commit to develop: 1-4: 7% 5-9: 6% 10+: 5%	Payable monthly on the Gross Revenue for the preceding fiscal month	If you do not develop the committed number of SBC Units within the required time period, then the Royalty will adjust to correspond with the actual number of SBC Units developed, and you will be required to pay any underpaid amount as if the adjusted Royalty had been

Type of Fee	Amount	Date Due	Remarks
			in effect from the outset.
Advertising Fee ¹	1% of Gross Revenue of each SBC Store	Payable monthly on the Gross Revenue for the preceding fiscal month	The Advertising Fee is currently suspended. See Item 11 for additional information.
Transfer ¹	Full Franchise Fee	Before transfer.	Requires payment of transfer fee and may require renovation of the SBC Unit. ³ No transfer fee is required if the transfer is to a corporation you or a partner own 100% of and that is formed for the convenience of ownership.
Design fees upon refurbishment ¹	Will vary under circumstances	If incurred, on demand	If your SBC Unit is required to be refurbished at our request, you must pay for the design fees related to the refurbishment.
Insurance ¹	Costs and premiums	If incurred, on demand	If you do not obtain or maintain insurance coverage and we choose to do so on your behalf, you must reimburse us.
Audit (by us) ¹	Cost of audit	If incurred, on demand	If we audit you and find that you understated Gross Revenue by 2% or more, you must reimburse us for the cost of the audit.
Interest on Understated Sales ¹	12% per annum or the maximum rate permitted by law, whichever is less	If incurred, on demand	Interest on under-reported sales runs from the date you should have made your payment until the date you pay us.
Interest on Overdue Payments ¹	12% per annum or the maximum rate permitted by law, whichever is less	If payments are more than 7 days overdue, on demand	Interest on late payments runs from the date you should have made your payment until the date it is received by us.
Costs and Attorneys' Fees ¹	Will vary under circumstances	Immediately, if incurred	If either party is required to employ legal counsel or incurs other expenses to

Type of Fee	Amount	Date Due	Remarks
			enforce any provision of the Master Franchise Agreement, the prevailing party will be entitled to collect attorneys' fees and costs from the nonprevailing party.
Liquidated Damages ¹	Varies, see Note 4	If incurred, on demand	You must pay us liquidated damages if we terminate your Master Franchise Agreement due to your default.
Indemnity ¹	Will vary under circumstances	If incurred, on demand	You must indemnify and reimburse us for our costs and any judgment if we are sued for claims relating to the operation of your SBC Unit.
Transaction Fee for SBC Card	\$0.07 for each purchase made using the SBC Card at your SBC Unit.	Daily automatic settlement process	See Section 5.1.3 of the SBC Card License Agreement.
Payments for Approval of Suppliers & Distributors	We currently do not charge fees, but reserve the right to do so. You will be responsible for the costs of any testing required.	If incurred, on demand	See Item 8
Additional Training	\$600 per day	If incurred, on demand	Subject to change

Notes:

¹ These fees must be paid to us, are non-refundable, and except as described above, are uniformly imposed on all Franchisees. Under the terms of the Master Franchise Agreement, we can begin collecting Royalties and Advertising Program contributions from you via electronic funds transfer ("EFT"). If we implement EFT, you will be required to sign and deliver to us and your bank all required documents that permit us to debit your bank account for each week's Royalty and Advertising Program contributions and any other purchases that you make from us. If you fail to report Gross Revenue, we will be authorized to debit your bank account for the amount we estimate then due, with any overpayment applied against future amounts due. Any deficiency will be debited against your account.

² Gross Revenue is defined in Article 19 of the Franchising Agreement and refers to the total revenues derived from your SBC Unit during the term of your Master Franchise Agreement, whether the revenues are derived from cash, services, property, or other means of exchange, excluding taxes paid by you that are attributable to the operations of your SBC Unit.

³ As a condition of approval to transfer an SBC Unit, you must perform any required reimaging, renovation, refurbishment or modernization of the existing SBC Unit. The SBC development team will perform an assessment of the SBC Unit prior to the transfer and will provide a scope of work and preliminary cost estimate. The work will be completed within a timeframe agreed upon by you and SBC before the transfer date. You are responsible for any travel costs related to completing the work.

⁴ Liquidated damages are equal to the average monthly total amount of Royalties and Advertising Fees due for the last twelve months that the SBC Unit is operating multiplied by 12 months, or multiplied by the number of months left in the term, if less than 12; plus the average monthly total amount spent on products purchased from SBC for the last 12 full months that the SBC Cafe is operating multiplied by 12, or multiplied by the number of months left in the term, if less than 12. If you have multiple units, these calculations are the same and apply to each unit that terminates.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Category	Estimated Amount for an SBC Café	Estimated Amount for an SBC Kiosk	Method of Payment	When Due	Payable To
Franchise Fee ¹	The franchise fee for each SBC café is \$30,000 per cafe.	The franchise fee for each SBC kiosk is \$30,000 per kiosk.	Lump Sum	At signing of Master Franchise Agreement	SBC ¹⁴
Real Estate and Leasehold Improvements ²	Variable	Variable	As arranged	As arranged	Contractors and landlords
Design and Development Fee	\$10,000	\$10,000	Lump Sum	As incurred, on demand	SBC ¹⁴
Casework	\$55,000 to \$95,000	\$65,000 to \$105,000	As arranged	As arranged	Vendors
Equipment, Furniture and Signs ³	\$80,000 to \$150,000	\$45,000 to \$100,000	As arranged	As arranged	Vendors or lessors

Category	Estimated Amount for an SBC Café	Estimated Amount for an SBC Kiosk	Method of Payment	When Due	Payable To
Opening Supplies and Inventory ⁴	\$10,000 to \$20,000	\$10,000 to \$20,000	As arranged	As arranged	SBC and other vendors
Initial Promotional Supplies and Inventory ⁵	\$2,000 to \$3,000	\$2,000 to \$3,000	As arranged	30 days prior to opening	SBC
Security Deposits	\$5,000 to \$12,000	\$3,500 to \$12,000	As arranged	As arranged	Lessors
Business Licenses and Professional Fees ⁶	\$2,000 - \$10,000	\$2,000 - \$10,000	As arranged	As arranged	Vendors and licensing agencies
Point-of-Sale System ⁷	\$8,700 to \$22,000	\$8,700 to \$15,000	As arranged	As arranged	Vendors
Grand Opening Promotion ⁸	\$5,000 to \$10,000	\$5,000 to \$10,000	As arranged	First 30 days of operation	Vendors
Initial Training ⁹	\$2,500 to \$5,000	\$2,500 to \$5,000	Lump Sum	While attending training	Employees and vendors
Utility Deposits ¹⁰	\$2,000 to \$3,000	\$2,000 to \$3,000	As arranged	As arranged	Utility providers
Insurance ¹¹	\$2,000 to \$5,000	\$2,000 to \$5,000	As arranged	As arranged	Insurers and brokers
Site Evaluation	\$3,000 to \$4,000	\$3,000 to \$4,000	As arranged	As arranged	Vendors
Additional Funds – 3 Months ¹²	\$50,000 to \$75,000	\$50,000 to \$75,000	As arranged	As arranged	Employees and vendors
Total Investment ¹³	\$267,200 to \$454,000(excluding Real Estate and Improvements)	\$240,700 to \$407,000 (excluding Real Estate and Improvements)			

Notes:

¹ You must pay the Franchise Fee when you sign the Master Franchise Agreement. You may find additional information about this fee in Item 5, above.

² The probable locations of SBC Units are high pedestrian traffic areas such as major office buildings, revitalized urban shopping districts, malls, major supermarkets, airports

and other public transportation facilities. We cannot estimate your initial investment for real estate and improvements. Improvement costs vary and depend on the age and condition of the pre-existing leasehold improvements and site conditions as well as whether or not the landlord gives you a “Tenant allowance” (*i.e.*, money to offset your cost to construct leasehold improvements). Several factors will bear on the amount of your investment. If you do not already have adequate SBC Unit space, you will have to lease premises for your SBC Unit. A typical SBC Cafe can range in size from 500 square feet to 1,800 square feet. The size range is caused by variations in required back-of-house facilities, required number and size of restrooms, and planned seating and merchandising areas. The production area of the SBC Unit will be sized to anticipate menu offerings and sales volume. SBC Kiosks range in size from 250 square feet to 600 square feet. The cost of commercial space varies considerably depending upon the location and conditions affecting the local market for commercial property. Security deposits should not exceed an average of two (2) months’ rent on the property. Costs of leasehold improvements, which include but are not limited to, architectural and engineering fees, building permit and inspection fees, and demolition of existing improvements to the premises, construction of building shell (*i.e.*, walls, ceiling, doors, storefront, etc.), ADA upgrades, electrical, plumbing, sanitary sewer, bathrooms, HVAC, prefabrication, floor covering, wall treatment, carpentry and related work and contractors’ fees, and any other cost related to construction of your SBC Unit, except furniture, fixtures, signs and equipment, will vary depending on the location and size of the premises and any construction allowances granted by the landlord after negotiations. Depending on your landlord, some or all of these costs may become part of your monthly lease payment. The leasehold improvement cost for a SBC Unit conversion depends on the work required to convert the existing SBC Unit to current SBC standards. Some, all or none of the existing leasehold improvements may meet our current standards.

This item also includes the front and rear service counters and possible options of chair rail and wainscoting, merchandise displays, ceiling elements and other mill work items including installation of such items. The costs for an SBC Kiosk covers three sizes of pre-designed kiosk units. The units are a pre-fabricated modular package including the roof element. Several types of materials can be used to finish the SBC Kiosk and that decision will affect the cost. Custom SBC Kiosks can be created at an additional cost.

³ This item includes the cost of all fixtures, equipment (*i.e.*, espresso machines, grinders, brewers, refrigerators, mixers, display cases, cup dispensers, ice bins, carbonation systems, etc.) interior and exterior furniture (*i.e.*, tables, chairs, etc.), menu boards and signs (*i.e.*, exterior logo signs, interior signs, murals, artwork, graphics, decorations, etc.) needed to open and operate an SBC Unit. Additionally, back of house equipment will be required such as ice makers, refrigerators, freezers, dishwashers, 3-compartment sinks, mop sinks, hot water heaters, water treatment systems, storage shelving, safes, lockers and manager’s work station. The Manual contains a complete list of the equipment that you will need. The estimated amount for an SBC Kiosk is because a kiosk is a pre-designed, pre-fabricated complete package of fixtures, equipment, and signage. A drive-thru will have additional costs that normally would reach the upper range in this category.

⁴ This is the cost of the initial inventory of coffee beans, food, syrups, milk, cups and lids, paper bags, accessories and gifts needed to open an SBC Unit. We sell you coffee,

proprietary sauces and syrups and items with our trademarks. You can buy other items from us or an approved supplier. We estimate that the range given will be sufficient to cover a supply of food, coffee and paper products for one (1) or two (2) weeks of SBC Unit operations.

⁵ This is the cost of an initial supply of brochures and other materials describing coffee, coffee blends and drink components and other point-of-sale materials to educate your customers.

⁶ Local, municipal, county and state regulations vary on the licenses and permits that are required by you to operate an SBC Unit. For example, you may need city and county occupational licenses and a city food-handlers' license. You pay the fees necessary to obtain the required licenses and permits to governmental authorities when incurred, before commencing business. Professional Fees payable to your architect, attorney and other professionals will vary depending on the location of your SBC Unit and the complexity of the services provided by these professionals.

⁷ In SBC Units, this consists of one to four intelligent terminals, printers, cash drawers, cabling, modems and power conditioners (or other equipment that we designate). The cost of computer and accounting software, standard installation and training by the vendor is included.

⁸ From the time you open your SBC Unit and for 30 days thereafter, you must expend between \$5,000 and \$10,000 promoting your SBC Unit, using a program prescribed or approved by SBC.

⁹ In connection with the initial training, you must pay for any transportation, lodging, food, salaries and wages, and incidental expenses for you and your designated management employees. In addition, training expenses will vary depending upon how many employees you send to training (we may require that you send a certain minimum number that we determine, and we will typically require no fewer than seven). See Item 11 for additional information on training.

¹⁰ You may need to provide deposits for utilities. The amount of these deposits and utility costs will vary depending upon the location of the SBC Unit and the practices of the lessor and the utility companies.

¹¹ This item includes amounts vendors may require you to pay before opening your SBC Unit, and may not include amounts payable after the SBC Unit opens. Required insurance includes: general liability, employer's liability, worker's compensation, auto liability and property insurance (see Section 15.1 of the Master Franchise Agreement for coverage amounts). Your cost will vary according to the risks associated with your business and your location. The cost of worker's compensation insurance will vary according to the number of employees of the SBC Unit and the requirements of state law.

¹² This is a three (3) month estimate of the post-opening expenses not listed above to operate an SBC Unit (*e.g.*, payroll, uniform cleaning, rent, telephone and other miscellaneous

expenses). This figure will vary and may increase with your SBC Unit's sales volume, your management costs and local economic conditions, including supplies and wages. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during this initial phase or thereafter. We relied upon the many years of experience of our executives identified in Item 2 and that of our predecessors in preparing these figures.

¹³ Excluding the cost of real estate and leasehold improvements discussed in note 3 above, and business licenses and professional fees, the range given provides our best estimate of your total investment, assuming that you will establish only one SBC Unit. We relied upon the many years of experience of our executives identified in Item 2 and that of our predecessors in preparing these figures.

¹⁴ See Item 5 for additional information.

* * *

None of the fees listed under Item 7 payable to SBC are refundable under any circumstances. We do not offer, either directly or indirectly, financing to you in connection with your initial investment. The availability and terms of financing from third parties will depend on factors such as the availability of financing generally and your credit-worthiness. Your agreements with third parties will control whether any of the fees paid under those agreements are refundable and on what terms.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Seattle's Best Coffee is a premier roaster of high quality coffee beans and supplier of many other gourmet quality coffee products that the general public associates with the SBC System and the Proprietary Marks. You must, therefore, purchase all coffee beans and coffee products only from us or a manufacturer designated by us ("SBC Coffee Products"). At this time, we have not designated any other manufacturers or vendors to provide SBC Coffee Products; therefore, SBC Coffee Products can only be purchased from us. Occasionally, you must buy special promotional items, such as advertising material, complementary products, cups, shirts, hats or chocolates only from us or from vendors we designate in connection with a promotional program or marketing strategy ("Promotional Products").

To operate your SBC Unit, you must also use certain products that bear our Proprietary Marks and/or are made to our specifications by approved suppliers ("Proprietary Products"). You must buy Proprietary Products only from suppliers we approve in writing. Examples of Proprietary Products include certain food items, beverages, uniforms, signs, menu boards, paper goods and packaging. We are and may continue to be an approved supplier of Proprietary Products. There are no approved suppliers in which any of our officers owns an interest.

You may use only cash registers and other point-of-sale equipment ("POS Equipment") that meet our specifications (see Item 11). We estimate the cost of the POS Equipment to be \$8,700 to \$22,000.

We may periodically require you to purchase and install or construct, at your expense, all improvements, furnishings, signs and equipment that we specify in the approved standards plans and specifications for the SBC Unit, as well as other furnishings, signs or equipment. You may not install or allow installation of improvements, furnishings, signs or equipment for which we did not give our prior written approval.

Except for SBC Coffee Products, Proprietary Products, Promotional Products, training, certain design services and materials, and the items described in the prior paragraphs, we do not currently require you to buy or lease goods or services from us, nor do we presently offer to sell or lease goods or services to you and there are no other items for which we or our affiliates are approved suppliers or the only approved suppliers. You must buy all other products, services, supplies, equipment, advertising, displays, trade dress, fixtures and other items needed to operate the SBC Unit (including but not limited to, coffee brewing equipment, smallwares, paperware, etc.) according to our standards and specifications and only from suppliers and distributors who demonstrate, to our continuing and reasonable satisfaction, the ability to meet our reasonable standards for those items; who possess adequate quality controls and capacity to supply your needs promptly and reliably; and as to who, we have given (and not revoked) our written approval. We will determine your quantity and mix of SBC Coffee Products you will display and sell in your SBC Unit. We expect that the espresso machines used to prepare SBC coffee beverages will be available from only one designated supplier due to the high cost of testing other suppliers and of training and monitoring Franchisees who use other espresso machine suppliers. We may, upon thirty (30) days written notice, require you to purchase a computer system which we have approved and which meets our standards and specifications (see Item 11).

You may contract with alternative suppliers that meet our criteria and are approved by us. If you want to obtain items from a non-approved supplier, you (or the supplier) must make a written request to us seeking approval. We may require, as a condition of our approval, that the supplier allow our representatives to inspect its facilities and that the supplier deliver samples, at our option, either to us or to an independent laboratory we designate for testing before we will grant our approval. The approval process ranges from thirty (30) days for simple items to six (6) months for highly complex food formulas, which require more extensive testing. You or the supplier must pay a charge not to exceed our reasonable cost of inspection and the actual cost of testing. We may, at our option, periodically re-inspect the facilities and products of any approved supplier. We may also revoke our approval if we find that a supplier no longer meets our standards. The process of reviewing possible suppliers and distributors includes many factors, such as inspecting and testing sample products to determine whether the products meet our standards, inspecting a proposed distributor's physical plant and similar steps to assure compliance with our standards for quality, safety and sanitation. There are no written criteria for supplier approval, but if we develop any specific written criteria, we will make them available to you upon request. Except for our reasonable costs of inspection and testing, we do not currently charge fees to approve suppliers and distributors but reserve the right to do so.

We will provide our standards to you through our Manual, which will be provided to you when you sign the Master Franchise Agreement and pay us the initial Franchise Fee and any other amounts then due. Generally, we may update and revise these standards periodically, and

will notify you of these changes by written or electronic communication. See Item 11. We develop standards internally (for example, our Quality Assurance department develops our standards for food and packaging materials); however, we may also develop standards with suppliers.

We do not require you to buy or lease any goods or services from us or suppliers designated by us except as described above.

We may derive revenue through markups of the prices charged to you for goods or services we supply. We may derive revenue through franchise fees, commissions, promotional fees, advertising allowances, rebates or other monies paid by approved suppliers. Our approved suppliers for proprietary pastry and other food items you may purchase make a payment to us of between two and twenty cents per item sold for distribution to our franchisees. In the fiscal year ended September 27, 2009, our total revenue from Franchisee purchases was \$36,728,623, which was approximately 89.07% of our total revenue of \$41,237,547. The source of this information is internally generated reports. These figures are included in the consolidated figures disclosed in the attached financial statements, but are not reported as separate line items therein.

We estimate your total purchases and leases of products, equipment, and supplies from a designated supplier or that must meet our specifications will represent approximately 35% of your total purchases and leases in establishing your SBC Cafe. During the operation of the franchised business, we estimate your total purchases and leases of products, equipment, and supplies from a designated supplier or that must meet our specifications will represent approximately 34% of your total purchases and leases on an annual basis.

We do not currently have a purchasing cooperative for the Seattle's Best Coffee System. We may form a Seattle's Best Coffee purchasing cooperative to provide service to the entire Seattle's Best Coffee System ("Purchasing Co-op") in the future. If we do form such a Purchasing Co-op, you must join it. We may negotiate with vendors (with respect to factors such as sales terms and price terms) for the benefit of any Seattle's Best Coffee Purchasing Co-op. We provide you with no material benefits (such as renewal or granting additional franchises) based on your use of designated or approved sources, but doing so is one of your obligations under the Master Franchise Agreement.

We have the right to review and accept the site on which you propose to operate any SBC Unit. You will generally have the option to buy, lease or sublease the premises, depending upon market conditions. If you lease or sublease the premises, we will have the right to review and accept the lease or sublease. We may require the lease or sublease to contain the following terms before we will give our acceptance: (1) if you default under the lease or sublease or stop operating the SBC Unit for any reason, we will have the right to assume your rights and obligations under the lease/sublease; (2) if you default under your lease/sublease, we must receive a copy of any notice of the default; and (3) if you default under your lease/sublease or stop operating the SBC Unit, we may modify the premises as necessary to enforce the covenant against competition and the other post-termination obligations under the Master Franchise Agreement, and we may assume control of the premises under the terms of a lease rider, the form of which is attached to the Master Franchise Agreement (noted in Item 17 below).

ITEM 9
FRANCHISEE'S OBLIGATIONS

The table below lists your principal obligations under the Master Franchise Agreement, Card License Agreement and other Agreements, and should be read together with the notes that follow it. It will help you find more detailed information about your obligations in these Agreements and in other items of this disclosure document.

Obligation	Section(s) in Agreement(s)	Item(s) in Disclosure Document
a. Site Selection	§§1.2.4, and 5.1 of Master Franchise Agreement; §1.3.3 of Multi-Unit Addendum	Item 11
b. Pre-Opening Purchases	§§7.1.1, 7.1.2, 7.1.3, and 7.1.4 of Master Franchise Agreement	Items 5, 7 and 8
c. Site Development and Other Pre-Opening Requirements	§§1.2.4, and Article 5 of Master Franchise Agreement; §1.3.3 of Multi-Unit Addendum	Items 7, 8 and 11
d. Initial and On-going Training	Article 6 of Master Franchise Agreement; §1.6.1 of Multi-Unit Addendum	Item 11
e. Opening	Article 3 and Exhibit A of Master Franchise Agreement	tem 11
f. Fees	Article 4 and §17.3 of Master Franchise Agreement; §1.5 of Multi-Unit Addendum	Items 5 and 6
g. Compliance with Standards and Policies/ Operations Manual	Article 9 of Master Franchise Agreement; §1.2 of Multi-Unit Addendum	Items 6, 8 and 11
h. Trademarks and Proprietary Information	§8.2 of Master Franchise Agreement	Items 13 and 14
i. Restrictions on Products/ Services Offered	§§7.1.1, 7.1.2, 7.1.3, and 7.1.4 of Master Franchise Agreement	Items 8 and 16
j. Warranty and Customer Service Requirements	§7.2 of Master Franchise Agreement	Item 11
k. Territorial Development and Sales Quota	N/A	N/A
l. Ongoing Product/Service Purchases	§7.1 and Exhibit B of Master Franchise Agreement	Item 8
m. Maintenance, Appearance and Remodeling Requirements	§§5.4, 5.5, and 5.6 of Master Franchise Agreement	Items 6 and 11
n. Insurance	Article 15 of Master Franchise Agreement	Item 7

Obligation	Section(s) in Agreement(s)	Item(s) in Disclosure Document
o. Advertising	Article 10 of Master Franchise Agreement	Items 7 and 11
p. Indemnification	§15.2 of Master Franchise Agreement and §11.1 of the Card License Agreement	Item 6
q. Owner's Participation/Management/Staffing	Article 6 of Master Franchise Agreement	Item 15
r. Records/Reports	Article 11 of Master Franchise Agreement and §3.8 of Card License Agreement	Item 6
s. Inspections/Audits	§§5.6 and 11.3 of Master Franchise Agreement and §3.9 and §5.7 of Card License Agreement	Items 6 and 11
t. Transfer	Article 14 of Master Franchise Agreement	Item 17
u. Renewal	Article 3 of the Master Franchise Agreement	Item 17
v. Post-Termination Obligations	§§16.2, 16.4, and 16.5 of Master Franchise Agreement; §1.7.4 of Multi-Unit Addendum	Item 17
w. Non-Competition Covenants	Article 13 of Master Franchise Agreement	Item 17
x. Dispute Resolution	Article 17 of Master Franchise Agreement and §12.8 of the Card License Agreement	Item 17

Notes:

¹ If you are a corporation or a limited liability company ("LLC"), you must furnish us with your organizational documents, stockholder agreements, and LLC member agreements when you sign the Master Franchise Agreement or transfer the Master Franchise Agreement.

² If you are a partnership, limited partnership or limited liability partnership, you must furnish us with your Articles of Partnership and Partnership Agreement when you sign the Master Franchise Agreement or transfer the Master Franchise Agreement. You must also furnish us with any amendments to those documents when they are amended.

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guaranty your notes, leases or other obligations.

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

Except as listed below, SBC is not required to provide you with any assistance.

Pre-Opening Obligations.

Before you open your SBC Unit, we will:

1. Approve or disapprove the site for your SBC Unit. We do not currently own sites for leasing to Franchisees. You select the site for your SBC Unit and we approve or disapprove your proposed site. The site of the SBC Unit must meet our criteria for demographic characteristics; character of neighborhood; size; and other physical and commercial characteristics. We will approve or disapprove a location you propose within 30 days after receiving information we may request concerning the proposed location, such as demographic or market survey information. Your Master Franchise Agreement will specify the time limit within which you must open your SBC Unit. If you and we cannot agree upon a location prior to the expiration of this time limit your right to develop an SBC Unit will terminate. We will not refund any of the initial franchise fee. [Master Franchise Agreement, Article 2]

2. Provide you with schematic and design development drawings (but not permit drawings or detailed construction drawings) for your SBC Unit. You must hire an architect or engineer to engage in local code review and you are responsible for all permitting and code compliance. You will be responsible for all construction expenses necessary to develop the SBC Unit. We provide you with the names of designated or approved suppliers or specifications for some items of the construction, furniture, fixtures, equipment and decoration of the SBC Unit. We do not deliver or install equipment, signs and fixtures for the SBC Unit. [Master Franchise Agreement, Section 5.3.]

3. Make available an Initial Cafe Training Program for you and your employees along with an Advanced Cafe Training Program for at least one designated management employee (we will determine the exact number). [Master Franchise Agreement, Section 6.1.] Also, see Item 11 below for information on the training program.

4. You must open your SBC Unit within the time frame agreed upon by you and us and set forth in Section 2.1 of your Master Franchise Agreement, which generally will require you to open your SBC Unit within 12 months after executing the Master Franchise Agreement (and any permitted subsequent SBC Units within the first 36 months after executing the Master Franchise Agreement, unless we allow a longer period). We estimate that the typical length of time between the signing of the Master Franchise Agreement and the opening of your SBC Unit is six to eight months. Factors affecting time to open include obtaining a satisfactory location, attendance at and satisfactory completion of our Initial Cafe Training Program and Advanced Cafe Training Program, arranging for any financing, construction, complying with local ordinances, completing delivery and installation of equipment and opening inventory.

5. For the duration of the Master Franchise Agreement, we will lend you a copy of the Manual or, at our option, make it available to you electronically via diskette, CD ROM, electronic mail, the Internet or other electronic format. The Manual contains the standards, specifications, procedures and techniques of the System. We may revise the contents of the Manual from time to time by letter, memorandum, bulletin, videotape, audio tape, diskette, CD ROM, electronic mail or other written or electronic communication including the Internet. You must abide by all revisions. [Master Franchise Agreement, Section 1.3] See Exhibit I for the Table of Contents of the Manual as of the date of this disclosure document.

6. Sell you our Proprietary Products. See Items 7 and 8.

Continuing Obligations.

During your operation of the SBC Unit we will:

1. Make available continuing advisory assistance in the operation of an SBC Unit, and develop and supply you with coffee, and other items to be sold in the SBC Unit. [Master Franchise Agreement, Sections 6.3, 7.1.1, and 7.1.2.]

2. Make available to you additional training programs as we, in our discretion, choose to conduct. [Master Franchise Agreement, Section 6.3.]

3. We (or our designated affiliate) will maintain and administer the Advertising Program, if we choose, in our sole discretion to reinstate it. If we do so, you will be required to contribute to this fund. [Master Franchise Agreement, Section 10.1.]

4. Continue our efforts to maintain high and uniform standards of quality, cleanliness, appearance and services at all SBC Units. [Master Franchise Agreement, Sections 9.1, 9.2, 9.3, 9.6, and 9.7.]

5. Suggest prices for the items you sell. If we determine that we are permitted by law to designate certain prices or impose restrictions or requirements on pricing, and we elect to do so, then you will be required to follow those prices, restrictions, and requirements. Otherwise, you will not be required to accept our advice about prices and you will determine the prices you charge. [Master Franchise Agreement, Section 9.4]

6. We may conduct periodic inspections of the premises of an SBC Unit and periodic evaluations of the products used and sold at an SBC Unit. [Master Franchise Agreement, Section 5.6.]

Advertising.

We are not obligated by the Master Franchise Agreement to conduct any advertising for the SBC system. The selection of media and locale for media placement if any, will be at our discretion. We use one or more national and/or regional advertising agencies to produce our

advertising and promotional materials. We are not required to spend any particular amount on advertising in the area where your SBC Unit is located.

All advertising, marketing and promotional plans you wish to use must meet our standards and you must obtain our prior written approval before using any local advertising, marketing or promotional plans including any advertising, marketing or promotions through any form of electronic media, including the Internet. To get our approval, you must submit samples of the proposed advertising copy, marketing or promotional plans to us unless we previously prepared or approved the proposed materials. If you do not get our written approval within thirty (30) days after we receive the proposed samples or materials, it means that we disapproved the samples or materials. [Master Franchise Agreement, Section 10.2]

Franchise Advisory Council.

There is an informal Franchise Advisory Council that is not sponsored by SBC and we are not involved in the selection of members. The Franchise Advisory Council serves in an advisory capacity only and we do not have the power to change or dissolve the Council. There is no contractual obligation to become a member of a Franchise Advisory Council.

Local Area Marketing Cooperatives:

We have the power to form, change, dissolve, or merge any Local Area Marketing cooperatives (LAM Co-ops). As of the date of this disclosure document, we have not established any formal LAM Co-ops. These LAM Co-ops, if and when formed, will be administered by us and will be operated from written governing documents which will be available for your review. If we form LAM Co-ops, the area for such LAM Co-ops will be either local or regional depending on the scope of the advertising carried out by such LAM Co-ops. Additionally, we may require each LAM Co-op to prepare annual or periodic financial statements, which will be available for your review.

Upon written request, we may waive the requirement that you join a LAM Co-op or pay the full contribution to the LAM Co-op. For example, we may reduce, defer or waive your requirement to contribute. We decide whether to grant a waiver and our decision will be final. If we grant a waiver to you, you must still spend the same amount as you would have been required to contribute to the LAM Co-op on local advertising during each accounting period.

Advertising Program:

The Advertising Program is currently suspended and you will not be required to make contributions unless it is reinstated. The Advertising Program was previously known as the “NCP Fund” and/or the National Creative and Production Fund.

1. If we decide to reinstate this Program, we will administer the Advertising Program and you must make monthly contributions to the Advertising Program that we designate, but no more than one percent (1%) of the Gross Revenue of your SBC Cafes and/or SBC Kiosks for the preceding fiscal month. Other SBC Franchisees may contribute at different

rates. SBC Cafes and/or SBC Kiosks that we and our affiliates own will contribute to the Advertising Program on the same or greater basis as you. We will use the Advertising Program for the creation and production of national, regional and/or local advertising and promotional materials and market research for the Seattle's Best Coffee System. If the Advertising Program is reinstated, you will be allowed to obtain and review annual unaudited statements of receipts and disbursements from the Advertising Program upon your request.

2. We did not collect or spend any Advertising Program in our most recent fiscal year. However, if the Advertising Program is reinstated, we anticipate that in any given year, we will spend an amount approximately equal to the amounts contributed to the Advertising Program for market research, creation and production of advertising and promotional programs and materials. If, however, there are excess amounts in the Advertising Program at the end of the taxable year, we will carry the amounts over to the following taxable year(s).

3. Because the Advertising Program is currently suspended, we do not spend any Advertising Program funds on the solicitation of new Franchisees. If we decide to reinstate the Advertising Program, we may charge the Advertising Program for our reasonable costs for market research, production and distribution of advertising and promotional materials. We are not required to spend any minimum amount from the Advertising Program on advertising or promotion in the market in which the franchised SBC Unit is located.

Local Area Marketing Expenditure:

In addition to the contributions to the Advertising Program (if reinstated), for each SBC Unit that you operate, you must expend, in each calendar quarter, on local advertising approved by us, in writing, an amount no less than one percent (1%) of the Gross Revenue of the SBC Unit. The expenditure will be reduced by an amount equal to your actual contribution to any LAM Co-op (described above) for the corresponding period.

Point-of-Sale and Computer Systems.

Point-of-Sale System:

You must install and use a point-of-sale system ("POS System") that we have approved and which meets our current minimum specifications. The Master Franchise Agreement does not limit us from receiving (*i.e.*, "downloading") information from the POS System. The POS System will permit you to manage cash control, inventory control, labor scheduling, sales forecasting and menu and price change control, among other things (Master Franchise Agreement, Section 9.5). Cost of the POS System is expected to \$8,700 to \$22,000. Our current minimum specifications for the POS System are as follows:

1. **FOREVER TOTALS:** The system must provide for individual registers with non-resettable sales totals.
2. **CONSOLIDATED REPORTING:** The system must provide individual register reporting, as well as consolidated reporting from all registers in the SBC Cafe or Kiosk.

3. SYSTEM AND CASHIER FINANCIAL REPORTS: The system must provide a number of financial reports including sales per hour, deposits, daily sales, sales adjustments, as well as detailed cashier activity reports.
4. INVENTORY FUNCTIONS AND REPORTS: The system must include all functions necessary to track inventory, such as purchases, product transfers and waste and detailed reports.
5. MODULAR: The system should be modular to prevent any single failure from damaging or deleting system data and to ensure capability for additional features.
6. MINIMUM 100 PRESET KEYS FOR MENU: We recommend higher item capacity to accommodate menu expansion and sales growth; however, this is the minimum.
7. MINIMUM 8 CHARACTER DESCRIPTION: We require sufficient characters in the menu description so that cashiers, customers and others reading the information can identify and understand the items.
8. DISCOUNT KEYS: The system must provide preset discount keys for employee meals, senior citizens, police, mall employees, students , etc.
9. POLLABLE OR UPGRADEABLE: The system must be able to communicate with a personal computer through built-in features or third-party telecommunications software in order for us to poll critical sales and menu mix information on a daily basis.
10. ORDER ERROR CORRECTION/VOID ITEM FUNCTION.
11. MANAGER KEY OR CODE SECURITY.
12. MANAGER DELETE ORDER FUNCTION.
13. CUSTOMER DISPLAY SHOWING AT LEAST THE ORDER DOLLAR TOTAL.
14. MINIMUM 48 HOUR BATTERY PROTECTION TO ENSURE OPERATION DURING LOSS OF ELECTRICAL POWER.
15. RECEIPT AND ORDER PRINTER.
16. SUGGESTIVE SELLING PROMPTS: This feature allows messages to appear before the cashier as they ring up an order prompting them to suggest items to the customer.
17. SUSPENSE FILE CAPABILITY: This function allows new menu items to be setup in the system before they actually go into effect.

18. UNINTERRUPTIBLE POWER: This device allows for system operation without main power for a minimum of thirty (30) minutes to ensure that sales backup has taken place.

19. JOURNAL TAPE OR ELECTRONIC JOURNAL: The system must provide a means of auditing previous transactions.

20. TIME KEEPING: The system should have a way of allowing employees to login and out, either by built-in programs or attachment of an external time clock.

We may revise our specifications from time to time. Consequently, we may require you to upgrade or update your POS System. There is no contractual limitation on the frequency or cost of this obligation. If such revisions to the POS System occur, we will continue to require the need for a POS system that allows us to conduct regular polling of the data in such POS system.

Computer System:

We may, upon thirty (30) days written notice, require you to purchase a computer system which we have approved and which meets our standards and specifications (a "Computer System"). The Computer System will permit electronic communication of information concerning the System and the SBC Unit between us and you, including access to our extranet. The Master Franchise Agreement does not limit us from receiving (*i.e.*, "downloading") information from the Computer System. Currently, we do not require that you purchase a Computer System, but we may do so in the future.

We may revise our specifications for the Computer System. Consequently, we may require you to upgrade or update the Computer System during the term of your Master Franchise Agreement. There is no contractual limitation on the frequency or cost of this obligation. However, we estimate that the annual costs of any optional or required maintenance, updating, upgrading or support would be approximately \$1,500 per SBC Unit.

Manual.

For the duration of the Master Franchise Agreement, we will lend you a copy of the Manual or make it available to you electronically via diskette, CD ROM, electronic mail, the Internet or other electronic format. The Manual contains mandatory and suggested specifications, standards and operating procedures. The Manual is confidential and remains our property. We may revise the Manual from time to time by letter, memorandum, bulletin, videotape, audio tape, diskette, CD ROM, electronic mail or other written or electronic communication including the Internet. You must abide by all revisions, but the revisions will not contradict any provisions of the Master Franchise Agreement. You can find the Table of Contents to the Manual in Exhibit I to this disclosure document.

The Training Program.

Initial Cafe Training Program:

For each SBC Unit, a management employee and a minimum of six other employees must complete to our satisfaction, the Initial Cafe Training program (“ICT”) prior to opening your first SBC Unit. ICT is typically conducted at your new SBC Unit, or, at our option, at an existing SBC Unit that you operate, that we operate, or that is operated by another franchisee in your vicinity. ICT consists of up to 30 hours of workshops and seminars. During ICT, we will provide you with a copy of the Manual. All training classes are held on an as-needed basis as SBC Units are opened.

Advanced Cafe Training Program:

At least one management employee for each SBC Unit that you develop must successfully complete to our satisfaction, our required SBC Advanced Cafe Training (“ACT”) program prior to the opening of an SBC Unit. Each person who successfully completes the ACT Program will be designated as an “SBC Certified Manager.” All training classes are held on an as-needed basis as Units are opened.

You must maintain a minimum of one (1) SBC Certified Manager in each SBC Unit at all times throughout the term of the Master Franchise Agreement. You must enroll a qualified replacement manager in the ACT program for any SBC Certified Manager who ceases active employment at your SBC Unit within thirty (30) days after the former employee’s last day of employment. The replacement employee must attend and successfully complete the ACT program as soon as possible.

We may periodically conduct an annual conference, convention or training session, and if we do, we will determine its duration, curriculum and location. You (or an Operations Manager designated by you) and the managers of each SBC Unit must attend each annual conference, convention or additional training session.

We will provide the Initial Cafe Training Program and Advanced Cafe Training Program offered prior to opening and no additional charge, but you must pay all the expenses incurred by your trainees or attendees in connection with all training, conferences, conventions or other meetings your trainees attend, including, for example, their wages, salaries, transportation costs, meals, lodging and other living expenses. For all other training, we reserve the right to charge our expenses plus a fee of \$600 per day of training, which fee we may revise at any time. [Master Franchise Agreement, Sections 6.4]

SBC may, at its option, offer a program under which Franchisees may apply for an SBC Unit to qualify as an SBC Certified Training Cafe. SBC Certified Training Cafes are permitted to conduct Advanced Cafe Training and may be permitted to conduct other training activities.

TRAINING PROGRAM

All training classes are held on an as-needed basis as cafes are opened.

Initial Cafe Training			
Subject	Hours of Classroom Training¹	Hours of On the Job Training	Location
Orientation	2 hours		In new SBC Unit
Coffee Basics	1 hour		In new SBC Unit
Guest Service	2 hours		In new SBC Unit
Safety & Sanitation		.5 hour	In new SBC Unit
Lobby		1 hour	In new SBC Unit
Espresso & Hot Beverage		4 hours	In new SBC Unit
Brewed Coffee		1 hour	In new SBC Unit
Blended & Cold Beverage		4 hours	In new SBC Unit
Merchandise & Promotions		1.5 hours	In new SBC Unit
Food – Pastry		2 hours	In new SBC Unit
Tazo® Tea		.5 hour	In new SBC Unit
Register Station		1 hour	In new SBC Unit
Skills Practice		8 hours	In new SBC Unit
Certification	.5 hour	1 hour	In new SBC Unit
TOTAL	5.5 hours	24.5 hours	

Advanced Cafe Training			
Subject	Hours of Classroom Training¹	Hours of On the Job Training	Location
Getting Started	.5 hour		In new cafe
Performance Measures	1 hour	4 hours	In new cafe
Scheduling	2 hours	1 hour	In new cafe
Floor Supervision	1.5 hours	6 hours	In new cafe
Equipment Maintenance	1 hour	6 hours	In new cafe
Product Management	2 hours	1 hour	In new cafe
Food Operations	2 hours	1 hour	In new cafe
Communications	2 hours	.5 hour	In new cafe
Coaching & Training Team Members	2 hours	1.5 hours	In new cafe
Visual Presentation & Increasing Sales	2 hours	1 hour	In new cafe
Effective Action Planning	1.5 hours	.5 hour	In new cafe
TOTAL	17.5 hours	22.5 hours	

Notes:

¹ Classes include both seminars and workshops.

All training instructors have extensive experience in restaurant operations with us, other food service companies, or both. The instructional materials are included in the Manual and the table of contents is attached as Exhibit I to this disclosure document. We employ the following individuals on our training staff that has the responsibility for developing and delivering training programs and support materials:

Joe Reilly, Manager, Regional Account Services

Joe Reilly has been a Manager of Regional Account Services with Seattle's Best Coffee, since October of 2009. Prior to that he was a Regional Manager from April of 2006 to September of 2009. Prior to that he was a District Manager with Starbucks Coffee Company from July 2002 to March 2006.

Chrissie Lane, District Manager

Chrissie has been a District Manager with Seattle's Best Coffee, LLC since February of 2006. Before that she was an Operations Project Specialist with Seattle's Best Coffee for almost two years. Prior to that she was an assistant store manager and store manager for Seattle's Best Coffee from September 2001 to September 2004.

Christina Phillips, District Manager

Christina Phillips has been a District Manager with Seattle's Best Coffee, LLC since October 2005. Prior to that, she was an Account Services Representative with Starbucks Coffee Company from July 2004 until October 2005. Prior to that she was a Territory Manager with Starbucks Coffee Company from October 2003 until July 2004. Prior to that, she was a Sales Executive with Seattle's Best Coffee, LLC from September 2002 until October 2003.

Christy Hebel, District Manager

Christy has been a District Manager with Seattle's Best Coffee, LLC since January 2006. Prior to that she was a Territory Manager for Starbucks Coffee Company from February 2001 to December 2005. Prior to that she was a sales representative for Pacific Wine and Spirits from June 1996 to January 2001.

Jay Sytsma, District Manager

Jay has been a District Manager with Seattle's Best Coffee, LLC since May of 2006. Prior to that he was a District Manager with Reebok International since 1998. Prior to that, Mr. Sytsma was a District Manager with the following; Let's Talk Cellular and Wireless since 1997, OfficeMax since 1996, Herman's Sporting Goods from 1993, and Consumers Distributing Catalog Showrooms since 1982. Prior to that, he was a store manager with Medi-Mart Drug Stores since 1975.

Jim Haigis, District Manager

Jim has been a District Manager with Seattle's Best Coffee, LLC since July 2006, prior to July 2006 he was a manager for Espresso Solutions from 2004 to 2006. Prior to that Jim was a District Manager for Dunkin Donuts, Inc from 1990 to 2004.

Linc Howell, District Manager

Linc has been a District Manager with Seattle's Best Coffee, LLC since May 2006. Prior to that, he was a Sr. Compliance Specialist with P&AP Starbucks Coffee Company from November 2003 until May 2006.

Todd McCormick, District Manager

Todd has been a District Manager with Seattle's Best Coffee, LLC since May 2006. Prior to that, he was a Store Manager with Starbucks Coffee Company from October 2003 to May 2006.

Gladys Zarate, District Manager

Gladys Zarate has been a District Manager with Seattle's Best Coffee, LLC since December 2007. Prior to that, she was an Operations Project Manager with Seattle's Best Coffee, LLC from April 2005 to December 2007.

Frank Gowens, District Manager

Frank Gowens has been a District Manager with Seattle's Best Coffee, LLC since July 2007. Prior to that, he was a Manager with Kacey Fine Furniture November 2005 to July 2007.

Myung (Carol) Kim, District Manager

Myung Kim has been a District Manager with Seattle's Best Coffee, LLC since October 2007. Prior to that, she was an Operations Project Manager with Seattle's Best Coffee, LLC from November 2005 to October 2007.

Todd Bischoff, District Manager

Todd Bischoff has been a District Manager with Seattle's Best Coffee, LLC since January 2006. Prior to that, he was a Field Consultant with Subway Restaurants from 1999 to December 2005.

James Waldner, District Manager

James Waldner has been a District Manager with Seattle's Best Coffee, LLC since October 2004. Prior to that, he was a Store Manager with Starbucks Coffee Company from November 1999 to October 2004.

Kim Novak, District Manager

Kim Novak has been a District Manager with Seattle's Best Coffee, LLC since July 2007. Prior to that, she was an Operations Project Manager with Seattle's Best Coffee, LLC from November 2004 to July 2007.

Mark Driggers, District Manager

Mark Driggers has been a District Manager with Seattle's Best Coffee, LLC since January 2006. Prior to that, he was a District Manager with Starbucks Coffee Company from May 2002 to January 2006.

Chad Anderson, District Manager

Chad Anderson has been a District Manager with Seattle's Best Coffee, LLC since November 2007. Prior to that, he was a store manager with Starbucks Coffee Company from November 2003 to November 2007.

Jennifer Austin, District Manager

Jennifer Austin has been a District Manager with Seattle's Best Coffee, LLC since June 2007. Prior to that, she was a district manager with Starbucks Coffee Company, company operated stores, from May 2003 until June 2007. Prior to that, Jennifer was a SR Training Specialist for Starbucks Coffee Company from September 2001 until May 2003.

Sohail Chand, District Manager

Sohail Chand has been a District Manager with Seattle's Best Coffee, LLC since July 2005. Prior to that, he was a director in the Colleges & Universities business with Aramark Corporation from 1999 to 2005.

Wendy Kilponen, District Manager

Wendy Kilponen has been a District Manager with Seattle's Best Coffee, LLC since February 2007. Between October 2005 and February 2007 she was a Realtor in WA and FL. From May 2003 to October 2005, Wendy was a district manager for Starbucks Coffee Company in WA.

Carrie Schluckbier, District Manager

Carrie Schluckbier has been a District Manager for Seattle's Best Coffee, LLC since May 2006. Prior to that, she was a district manager with Kodak from August 2003 to April 2006

Lawrence Broome, District Manager

Lawrence has been a District Manager with Seattle's Best Coffee, LLC since August 2008. Prior to that, he was a district manager with Starbucks Coffee Company, company operated stores, from January 2000 until August 2008. Prior to that, Larry was a store manager for Starbucks Coffee Company from November 1996 until January 2000.

ITEM 12
TERRITORY

Master Franchise Agreement.

You will not receive an exclusive territory. You may face competition from other Franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We and our affiliates may sell products under the SBC trademarks or different trademarks anywhere through any method of distribution including sales through such channels of distribution as grocery stores, the Internet, catalog sales, telemarketing, or other direct marketing sales (together, "alternative distribution channels"). You may not use alternative distribution channels to make sales and you will receive no compensation for our sales through alternative distribution channels.

You may only operate the SBC Unit from or at the location we have accepted and you may not relocate the SBC Unit without our prior written consent, which we are not obligated to grant. We will not restrict you from soliciting or accepting orders from customers that may be located elsewhere, provided however, that such offers may not be solicited or accepted over the Internet. Similarly, we will not restrict other SBC Units from soliciting or accepting orders from customers located in the vicinity of your SBC Unit.

We do not grant you the right under the Master Franchise Agreement to acquire additional franchises.

Our affiliate, Starbucks, operates a business that sells coffee and related products similar to those offered by you. Starbucks conducts business under the trade name Starbucks and related trademarks through both company-owned and licensed units. It currently solicits and intends to continue to solicit and accept orders anywhere. You will freely compete with Starbucks units. Our affiliate's principal business address is the same as ours as stated in Item 1, but we maintain separate offices and training facilities. We do not have a policy or program for resolving conflicts between us, Starbucks and licensees of Starbucks regarding territory, customers and franchisor support. Because your ability to compete with company-owned and licensed Starbucks units is not restricted and we maintain separate support facilities, we do not need a policy to resolve conflicts.

ITEM 13 **TRADEMARKS**




We grant you a license under the Master Franchise Agreement to use our Proprietary Marks and the System.

You must use the Proprietary Marks only at the SBC Unit and only in the way we specify in the Master Franchise Agreement, Manual or otherwise in writing. If you use the Proprietary Marks in any other way, you may be in violation of the Master Franchise Agreement and you may also be infringing on our trademarks and service marks.

The principal Proprietary Marks that we license you to use under the terms of the Master Franchise Agreement are those shown in the following chart. All of the trademarks and service marks noted below are either pending or registered on the Principal Register of the U.S. Patent and Trademark Office.

We do not have a federal registration for the Proprietary Marks listed below under pending application numbers 78/725,264, 78/725,363, 78/725,387, 77/950,717 and 85/030.945. Therefore, these marks do not have as many legal benefits and rights as a federally registered trademark. If our right to use any of these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Design (if applicable)	Trademark	App./ Reg. No.	App./ Reg. Date	Status
	CREMEKULA, Class(es) 29, 30, 32.	3,552,895	12/30/2008	Registered
	FRUITKULA, Class 32.	3,661,741	07/28/2009	Registered
	JAVAKULA, Class(es) 30.	3,330,726	11/06/2007	Registered
	JAVANILLA, Class(es) 30	2,902,336	11/09/2004	Registered
	JAVANILLA, Class(es) 30	2,296,622	11/30/1999	Registered
	OVENSONG, Class(es) 30.	3,596,589	03/24/2009	Registered
	OVENSONG BAKERY, Class(es), 30.	3,671,014	8/18/2009	Registered
	OVENSONG BAKERY (Design), Class(es) 30.	3,633,202	06/02/2009	Registered
	REDCANE KOLA, Class(es) 32.	3,469,707	07/15/2008	Registered
	SBC, Class(es) 30, 42.	1,923,926	10/03/1995	Registered
	SBC (Design) (Tall Oval), Class(es) 30, 42.	1,557,057	09/19/1989	Registered
	SBC (Mug Design), Class(es) 30.	3,418,815	04/29/2008	Registered
	SBC (Mug Design), Class(es) 43.	3,098,562	05/30/2006	Registered
	SEATTLE'S BEST COFFEE, Class(es) 25, 30, 42.	1,910,161	08/08/1995	Registered
	SEATTLE'S BEST COFFEE SMOOTH-ROASTED SINCE 1970(Design), Class(es) 30.	3,644,919	06/23/2009	Registered
	SEATTLE'S BEST COFFEE SMOOTH-ROASTED SINCE 1970(Design), Class(es) 35, 43.	3,346,344	11/27/2007	Registered
	SEATTLE'S BEST COFFEE BOLD FLAVOR SMOOTH TASTE (Design), Class(es) 30, 42.	2,127,370	01/06/1998	Registered
	SEATTLE'S BEST COFFEE SMOOTH-ROASTED SINCE 1970 (Design w/color), Class(es) 30, 32, 35, 43.	78/725,264	10/03/2005	Pending
	SEATTLE'S BEST COFFEE, Class(es) 21, 29, 32.	78/725,363	10/03/2005	Pending

Design (if applicable)	Trademark	App./ Reg. No.	App./ Reg. Date	Status
	SEATTLE'S BEST COFFEE SMOOTH-ROASTED SINCE 1970(Design), Class(es) 21, 29, 32.	78/725,387	10/03/2005	Pending
	SBC (2010 Design) with white droplet and words in b/w	77/950,717	03/04/2010	Pending
	SEATTLE'S BEST COFFEE (silver design), Class(es) 05, 07, 09, 11, 16, 21, 29, 30, 32, 35, 43	85/030,945	05/05/2010	Pending

We have filed an affidavit of use, if required, for all federally registered marks.

There are no currently effective determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board, trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation involving the Proprietary Marks that are relevant to their use by you.

There are no agreements currently in effect that significantly limit our right to use or license the use of the Proprietary Marks listed in this section in any manner material to the license.

There are no infringing uses actually known to us that can materially affect your use of the Proprietary Marks.

You must promptly notify us of any suspected infringement of, or challenge, to our Proprietary Marks. We will control any administrative proceeding or litigation involving our Proprietary Marks and will decide whether to pursue any suspected infringer. If we defend or commence litigation relating to the Proprietary Marks, you must sign any documents and do what our counsel believes is necessary to carry out the defense or prosecution. Unless the litigation arises as a result of your use of the Proprietary Marks in a manner inconsistent with the Master Franchise Agreement, we will reimburse you for your out-of-pocket costs in doing these things (except that you will still bear the salary costs of your employees). Otherwise, we are not obligated by the Master Franchise Agreement, or otherwise, to defend the rights granted to you to use the Proprietary Marks or to defend you against claims of infringement or unfair competition. Nevertheless, it is ordinarily in our best interest to do so.

If we find it necessary to modify or discontinue the use of a particular trademark or service mark as a result of litigation, or otherwise substitute different Proprietary Marks for use in identifying the System and the SBC Unit operating under the System, you must immediately use the new marks in place of the old marks upon receipt of our notice to do so.

Your right to use the Proprietary Marks applies only to their use in connection with the operation of the SBC Unit at the location designated in the Master Franchise Agreement and

includes only the Proprietary Marks we designate (or may later designate) in the Manual or elsewhere in writing as part of the Seattle's Best Coffee System, and does not include any other mark, name, or indicia of origin of ours now in existence or that we may later adopt or acquire.

We have the right to use: the federally registered mark "Seattle's Best Coffee" for restaurant services, coffee and other related products; and the other Proprietary Marks of the Seattle's Best Coffee System. You may not represent in any way that you own our Proprietary Marks or have the right to use our Proprietary Marks, except as permitted in the Master Franchise Agreement. Your use of the Proprietary Marks will not give you any right, title, or interest in or to our Proprietary Marks.

Use of the Proprietary Marks outside the scope of the Master Franchise Agreement, without our prior written consent, is an infringement of our exclusive right to use the Proprietary Marks. During the term of the Master Franchise Agreement, you may not infringe, contest, help others contest the Proprietary Marks, or take any other action to disparage the Proprietary Marks. The same rules apply after the Master Franchise Agreement is terminated or expires.

Your right and license to use the Proprietary Marks is non-exclusive. We have the following rights under the Master Franchise Agreement: (1) to grant other licenses for the Proprietary Marks in addition to those licenses already granted to existing franchisees; (2) to develop and establish other franchise systems for the same, similar or different products or services utilizing Proprietary Marks not now or later designated as part of the Seattle's Best Coffee System, and to grant licenses to them, without providing you any right in them; and (3) to develop and establish other systems for the sale, at wholesale or retail, of similar or different products utilizing the same or similar Proprietary Marks, without providing you with any rights to those systems.

All goodwill associated with the Seattle's Best Coffee System and identified by the Proprietary Marks will inure directly and exclusively to our benefit and is our property. Upon the expiration or termination of the Master Franchise Agreement, no monetary amount will be assigned as attributable to any goodwill associated with any of your activities, the operation of the SBC Unit, or your use of the Proprietary Marks.

You may not use any of the Proprietary Marks as part of your corporate or other business name. Without prior written consent, you also may not use the Proprietary Marks to perform any activity or incur any obligation or debt in any way that might make us liable for your actions, debts, or obligations.

All of the details of the Seattle's Best Coffee System are important to you, us, and other Franchisees in order to develop and maintain high and uniform standards of quality and service, and to protect the reputation and goodwill of the SBC Units. You must operate your SBC Unit, and advertise, at your expense, only under the name "Seattle's Best Coffee" without prefix or suffix. You must adopt and use the Proprietary Marks only in the way we permit you to do. You must observe all reasonable requirements concerning trademark registration notices that we may periodically specify in the Manual or otherwise in writing.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights.

There are no patents or copyright registrations that are material to the license. We claim statutory copyright protection in our Manual and in certain marketing materials that we provide or make available to you.

Confidential and Proprietary Information.

We will provide you with certain proprietary information while you are a Franchisee, such as confidential recipes, food and beverage preparation methods, equipment standards, equipment layouts, product standards, operating procedures, management programs, and architectural standards for our SBC Units.

You may not, during or after the term of the Master Franchise Agreement, communicate, divulge or use for the benefit of any other person, persons, partnership, association or corporation any confidential information, knowledge, know-how concerning the construction and methods of operation of the SBC Unit which we may communicate to you or of which you may become aware because of your operation under the terms of the Master Franchise Agreement. You may divulge the confidential information only to your employees that need access to it in order to operate your SBC Unit. Any information, knowledge and know-how (including, for example, drawings, materials, equipment, recipes and other data) that we designate as confidential will be deemed confidential for purposes of the Master Franchise Agreement, except information which you can show came to your attention before the disclosure of that information by us; or which, at the time we disclose it to you, had become part of the public domain through publication or communication by others; or which, after our disclosure to you, becomes public domain through publication or communication by others.

To protect the reputation and goodwill of the System and to maintain uniform standards of operation under the Proprietary Marks, you must operate the SBC Unit in accordance with our Manual. For the duration of the Master Franchise Agreement, we will lend you a copy of the Manual or make it available to you electronically via diskette, CD ROM, electronic mail, the Internet or other electronic format.

You must, at all times, treat the Manual and any other manuals we create or approve for use in the operation of the SBC Unit granted under the Master Franchise Agreement, and the information contained in such manuals as confidential. You must use all reasonable efforts to ensure that your employees maintain the Manual as secret and confidential. You may not, at any time, without prior written consent, copy, duplicate, record or otherwise make the Manual available to any unauthorized persons or source.

The Manual will be our sole property. All of your employees, as a condition of their employment, must sign an employment or confidentiality agreement, as provided in the Manual

or otherwise in writing, prohibiting them during or after the term of their employment from communicating, divulging or using for the benefit of any person, persons, partnership, association or corporation, any confidential information, knowledge or know-how concerning the methods of operation of the SBC Unit which they may acquire during the term of their employment with you. Your employees also must sign personal confidentiality and non-competition agreements as described below in Items 15 and 17.

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

Your SBC Unit must at all times be under the direct on-premises supervision of you or another SBC Certified Manager whom you designate to have primary responsibility for its operation (the “Manager”). We do not require any personal participation of any specific person affiliated with you if you are a corporation, partnership or other entity. If you are an individual, we recommend, but do not require, that you be the Manager. The Manager must devote full time, energy and best efforts to the management and operation of the SBC Unit. The Manager is not required to have an equity interest in the SBC Unit.

You must maintain the required number of ACT program certified managers on your staff, as discussed in Item 11. If, at any time, you fall below this required number of certified managers, you must enroll a new candidate in the ACT program within thirty (30) days. If you operate more than four (4) SBC Units, you may be required to employ an Operations Manager for each four SBC Units who meets the reasonable standards that we set out in the Manual, or otherwise in writing, to supervise and coordinate the operation of SBC Units. Each Operations Manager must attend and successfully complete the ACT Program.

We may require the Manager, Operations Manager and your other employees to enter into an agreement not to compete with your SBC Unit or other SBC Units while you employ them and for two (2) years after their employment ends.

If you are a business entity, each of your owners must sign a personal guaranty in the form of Exhibit D to the Master Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

To maintain the characteristics of fine coffee flavors that the public associates with Seattle’s Best Coffee, you must offer SBC Coffee Products at all SBC Units. You may not offer any other coffee products at an SBC Unit. You may offer for sale only products and menu items that meet our standards and that have been approved in writing by us (see Item 8 for details). You also must offer for sale all menu items that we specify in the Manual or otherwise in writing. We have the right, without limitation, to change the types of goods and services that you are authorized to sell. We may, at any time and in our sole discretion, disapprove the sale of certain items and you must stop selling those items upon written notice from us to do so.

Except as described above, we do not impose any restrictions in the Master Franchise Agreement, or otherwise limit the goods or services that you may offer for sale or the customers to whom you may sell. However, you may only sell products and menu items from the SBC Unit and not from anywhere else without our prior written approval.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

The tables below list important provisions of the Master Franchise Agreement, and related agreements. You should read these provisions in the agreements attached to this disclosure document.

MASTER FRANCHISE AGREEMENT AND SBC CARD LICENSE AGREEMENT

THE FRANCHISE RELATIONSHIP		
Provision	Section(s) in Master Franchise Agreement and Card License Agreement	Summary
a. Length of the Franchise Term	§§3.1 and 3.2 of Master Franchise Agreement; §§1.1, 1.3, 1.4 of Multi-Unit Addendum §6.1 of Card License Agreement	For each SBC Unit, 10 years from the date of commencement of operation of the SBC Unit. Card License Agreement continues for the duration of the Master Franchise Agreement.
b. Renewal or Extension of the Term	§§3.2 and 3.3 of the Master Franchise Agreement	There are no renewal rights granted in the Master Franchise Agreement.
c. Requirements for You to Renew or Extend	§3.3 of the Master Franchise Agreement	There are no renewal rights granted under the Master Franchise Agreement; however, if SBC agrees to allow renewal or if renewal is required by law, then SBC will have the right to condition renewal upon Franchisee's: providing adequate notice of its desire to renew and promptly responding to related inquiries from SBC; being in full compliance with all agreement and operating requirements; having obtained and maintained all licenses and permits; being in compliance with all monetary obligations to SBC

THE FRANCHISE RELATIONSHIP

Provision	Section(s) in Master Franchise Agreement and Card License Agreement	Summary
		and applicable third parties; having made all required modifications and updates to the SBC Unit and Franchisee's products and services; having committed no more than 3 material defaults under the Master Franchise Agreement; having the right to remain in possession of the SBC Unit's premises for the full term of the renewal period; agreeing to execute a general release; meeting all requirements then applicable to new franchisees; agreeing to pay a fee equal to the then-current standard franchise fee for each SBC Unit renewed; agreeing to execute the then-current standard Master Franchise Agreement.
d. Termination by You	§16.1.2 §6.2 of Card License Agreement	May be terminated at any time upon mutual agreement of the parties. Either party may terminate the Card License Agreement due to a default by the other party.
e. Termination by Us Without Cause	§3.2 §6.3.2 of Card License Agreement	May be terminated at any time upon mutual agreement of the parties. The Card License Agreement may be terminated if we no longer make the SBC Card Program available to our Franchisees, or we terminate the SBC Card Program completely, or the administration of the SBC Card Program becomes impractical within the states where your SBC Units are located.

THE FRANCHISE RELATIONSHIP

Provision	Section(s) in Master Franchise Agreement and Card License Agreement	Summary
f. Termination by Us With Cause	<p>§16.1.1 of Master Franchise Agreement; §1.7 of Multi-Unit Addendum</p> <p>§§6.2.1, 6.2.2, 6.3.1, and 6.4 of Card License Agreement</p>	<p>We can terminate the Master Franchise Agreement if you default. We may terminate the Card Master Franchise Agreement if you fail to satisfy the requirements found in the SBC Card Manual. If you default under the Master Franchise Agreement, it is considered to be a default under the Card License Agreement. Likewise, if you default under the Card License Agreement, it is considered to be a default under the Master Franchise Agreement.</p>
g. “Cause” Defined (Curable Defaults)	<p>§§16.1.1 and 16.6 of Master Franchise Agreement; §1.7.3 of Multi-Unit Addendum</p> <p>§§6.2.1 and 6.3.1 of the Card License Agreement</p>	<p>Except for those non-curable defaults identified below, you will have 30 days after notice to cure any material default of your obligations under the Master Franchise Agreement; but only 5 days to cure monetary defaults. Under the cross-default provision, we also have the right to terminate the Master Franchise Agreement if you commit any act or omission that allows us to terminate any other agreement between you and SBC.</p>
h. “Cause” Defined (Non-Curable Defaults)	<p>§§16.1.2 and 16.6 of Master Franchise Agreement; §1.7.3 of Multi-Unit Addendum</p> <p>§§6.2.2, 6.2.3, 6.2.4 and 6.2.5 of Card License Agreement</p>	<p>Non-curable defaults include: general financial incapacity (<i>e.g.</i>, insolvency, receivership, bankruptcy (which may not be enforceable)); failure to open, abandonment or loss of right to operate; criminal convictions; threats to health and safety; condemnation of the SBC Unit; physical damage that cannot be repaired within 30 days; closing required by law (unless the result of a violation of the Franchise Agreement by SBC); offer of unapproved products; entry into a third-party agreement restricting sale</p>

THE FRANCHISE RELATIONSHIP

Provision	Section(s) in Master Franchise Agreement and Card License Agreement	Summary
		<p>of SBC products; violation of the transfer restrictions of the agreement; failure to comply with the covenants against competition; release of confidential information; keeping false books or records; making false or materially inaccurate reports to us; default(s) under certain other agreements; and repetition of earlier defaults.</p> <p>If you default 3 times in any 12-month period, we may terminate the Master Franchise Agreement at the time of the 3rd default. Under the cross-default provision, we also have the right to terminate the Master Franchise Agreement if you commit any act or omission that allows us to terminate any other agreement between you and SBC.</p>
<p>i. Your Obligations on Termination/Non-Renewal</p>	<p>§§16.2, 16.3, 16.3, and 16.4 of Master Franchise Agreement; §§1.7.4 and 1.7.6 of Multi-Unit Addendum</p> <p>§6.5 of the Card License Agreement</p>	<p>Your obligations upon termination and/or non-renewal include: payment of liquidated damages if terminated due to your default (as described in §§6.2.1 and 6.2.2 of the Franchising Agreement); complying with complete and permanent de-identification; returning manuals, records and files; paying amounts due; assigning/transferring lease and premises to us; offering equipment, inventory and materials for sale to us; paying all damages, costs and expenses to us; and complying with covenant, not to compete against us. Upon termination of the Card License Agreement, you will cease issuing, reloading, redeeming, promoting or otherwise marketing the SBC Card and you will destroy all promotional</p>

THE FRANCHISE RELATIONSHIP		
Provision	Section(s) in Master Franchise Agreement and Card License Agreement	Summary
		materials related to the SBC Card.
j. Assignment of Contract by Us	§14.6 of Master Franchise Agreement	There is no restriction on our right to transfer and you must sign a release of certain claims against us if we transfer.
k. “Transfer” by You (Defined)	§14.1 of Master Franchise Agreement §12.11 of the Card License Agreement	“Transfer” includes the transfer of any interest in you (including your owners), or in the Master Franchise Agreement, as well as the grant of a security interest and the sale of stock. You may not assign or delegate any of your rights and obligations under the Card License Agreement, except as may be allowed under the Master Franchise Agreement.
l. Our Approval of Transfer by You	§14.1 of Master Franchise Agreement	No transfers are permitted without our prior written approval.
m. Conditions of Our Approval of Transfer	§14.1 of Master Franchise Agreement	Conditions include: payment of money owed; re-affirmation of covenants not to compete; execution of a general release; a qualified transferee; execution of written assignment agreement; execution by transferee of new Master Franchise Agreement and Guaranty; remodeling of the SBC Unit; training of transferee personnel; proof of corporation/ partnership organizational documents requirements; and payment of

THE FRANCHISE RELATIONSHIP

Provision	Section(s) in Master Franchise Agreement and Card License Agreement	Summary
		transfer fee.
n. Franchisor's Right of First Refusal to Acquire Franchisee's Business	N/A	N/A
o. Franchisor's Option to Purchase Franchisee's Business	N/A	N/A
p. Death or Disability of Franchisee	N/A	N/A

THE FRANCHISE RELATIONSHIP

Provision	Section(s) in Master Franchise Agreement and Card License Agreement	Summary
q. Non-Competition Covenants During the Term of the Franchise	§§13.1 and 13.2 of Master Franchise Agreement	In-term non-competition covenants include a ban on owning or operating businesses that sell SBC Unit products or specialty coffees and also on employing our employees or those of other SBC Franchisees. Your employees and certain others must also agree to abide by these terms.
r. Non-Competition Covenants After the Franchise is Terminated or Expires	§§13.1 of Master Franchise Agreement	At the location of your SBC Unit and within a one-half mile radius, for one year after the termination or expiration of the Unit Term of the corresponding SBC Unit, you may not have any interest in the ownership or operation of a business engaged in the sale of services or products the same as or similar to, or in competition with those offered by SBC.
s. Modification of the Agreement	§18.3 of Master Franchise Agreement	All amendments must be mutually agreed upon and in writing; however, we can modify the Manual and you must comply with those modifications.
t. Integration/Merger Clause	§18.2 of Master Franchise Agreement	The Master Franchise Agreement and any amendments or addenda thereto constitute our full and complete agreement with you. You may not rely on any other statements, materials or things you may have been told about the franchise, except that you may continue to rely on the representations in this disclosure document.
u. Dispute Resolution by Arbitration or Mediation	N/A	

THE FRANCHISE RELATIONSHIP		
Provision	Section(s) in Master Franchise Agreement and Card License Agreement	Summary
v. Choice of Forum	§17.1 of Master Franchise Agreement	Subject to state law, if you sue us, you must do so in Washington State. Subject to state law, if we sue you, we may do so in Washington, as well as where you or your SBC Unit are located.
w. Choice of Law	§18.7 of Master Franchise Agreement	Subject to state law, Washington law applies.

See the state addenda to the Master Franchise Agreement and disclosure document for special state disclosures.

ITEM 18
PUBLIC FIGURES

We do not currently use public figures to promote the Seattle's Best Coffee System.

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 information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

FISCAL YEAR 2009 (ending 9/27/09)				
Company-Owned SBC Units				
	High	Average	Low	Number of Units meeting or exceeding average
Total Revenue	\$772,000	\$536,000	\$339,000	5 (out of 10 total company-owned Units)
Cost of Goods Sold (excludes occupancy)	35.9% of Revenue	31.7% of Revenue	28.4% of Revenue	5 (out of 10 total company-owned Units)

These data include the results from the company-owned SBC Unit in Bellevue Square Mall in Bellevue, Washington, which closed in the final week of the fiscal year. The Bellevue Square SBC Unit recorded the highest total revenue of company-owned locations in fiscal 2009. These data do not include the results from the company-owned SBC Unit at First Avenue and Pike Street in Seattle, Washington, which was open at the beginning of the fiscal year but closed in the month that followed.

These figures related only to SBC company-owned outlets, and do not include figures from any franchisee-owned operation. Most or all of SBC's outlets have been in operation for over five years, so those outlets are well-established and the selection of those locations typically was not affected by the presence of other competing SBC locations in the vicinity. SBC's company-owned outlets are in a limited geographic area, mostly in the Puget Sound region of Washington State, so it is uncertain whether there are local factors relating to geography, laws and regulations, the economy, demand, personnel, or other unique or unusual factors underlying these data that will not apply elsewhere or will have a different effect. The Puget Sound region is densely-populated and mostly urban, and its residents are well above national averages in per capita income and net worth, and may be above average in per capita coffee consumption. By having multiple locations in a relatively small area, SBC has likely benefited from economies of scale that may not apply to all franchisees.

SBC did not incur any initial franchise fee and does not pay any royalties relating to the operation of its outlets, which may be a significant advantage that would not be available to franchisees, although that would not directly affect total revenue or cost of goods sold.

The data presented above have not been audited or verified for their accuracy by any independent accounting professional. They represent only SBC's good faith compilation of this information using the customary skill and experience of a business owner, and may not apply all generally accepted accounting principles as defined in the United States.

The figures above do not reflect any of the expenses necessary to operate an SBC franchised business except cost of goods sold. Also, SBC is a manufacturer of many of the

products (or their ingredients) sold in SBC Units, so SBC may obtain those products at a lower cost than is available to its franchisees. For more information on startup costs, please see Item 7.

Your own income and expenses will depend on, among other things, forming your own relationships with customers and marketing in your local area. You should conduct an independent investigation of the costs and expenses you would incur in operating an SBC franchise. Franchisees or former franchisees listed in this disclosure document may be one source of information.

We do not claim or represent that you can expect to or would achieve the same results as the figures above. In fact, we cannot and do not estimate any likely results for any particular franchisee or area. Financial results will vary from business to business and will depend on many variables and factors, including general economic conditions, local or regional commodity prices, local disposable income, taxes and fees applicable in the jurisdiction, the cost of borrowing, seasonal fluctuations, local competition for the business, population density, geography, the availability of alternative products, the length of time your business has been in operation, the quality and experience of your employees, the size of your SBC Unit, and the efficiency with which you operate. In general, outlets have lower results in their early years of operation.

These statements relate to historical performance only. These are not guarantees of future performance. Your results may differ substantially from the figures above. There is no assurance that you will do as well.

We will make available substantiation of the data used in preparing this Item 19 upon your written request.

Except for the information provided above, we do not make or authorize any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any additional representations, either orally or in writing. If you receive any other financial performance information or projections of your future income, we request that you report it to us by contacting Adam Ekberg, Seattle's Best Coffee, LLC, 2401 Utah Avenue South, Suite 800, Mail Stop S-LA3, Seattle, Washington, 98134 or 206-318-6383.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION
SYSTEMWIDE OUTLET SUMMARY
FOR FISCAL YEARS 2007 to 2009

Outlet Type	Year	Outlets at the Start of the Fiscal Year	Outlets at the End of the Fiscal Year	Net Change
Franchised	2007	353	517	+164
	2008	517	553	+36
	2009	553	548	-5

Company-Owned	2007	11	11	0
	2008	11	11	0
	2009	11	9	-2
Total Outlets	2007	364	528	+164
	2008	528	564	+36
	2009	564	557	-7

**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR) FOR FISCAL YEARS 2007 to 2009**

There were no transfers of outlets during the fiscal years 2007 through 2009.

STATUS OF FRANCHISED OUTLETS FOR FISCAL YEARS 2007 to 2009

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations/ Other Reason	Outlets at End of Year
AK	2007	1	0	0	0	0	0	1
AK	2008	1	0	0	0	0	0	1
AK	2009	1	0	0	0	0	0	1
AR	2007	0	1	0	0	0	0	1
AR	2008	1	0	0	0	0	0	1
AR	2009	1	0	0	0	0	0	1
AZ	2007	11	1	0	0	0	0	12
AZ	2008	12	0	0	0	0	0	12
AZ	2009	12	1	1	0	0	0	12
CA	2007	74	8	0	0	0	0	82
CA	2008	82	7	2	0	0	0	87
CA	2009	87	1	3	0	3	0	82
CO	2007	13	3	0	0	0	0	16
CO	2008	16	1	1	0	0	0	16
CO	2009	16	0	0	0	0	0	16
CT	2007	8	2	0	0	0	0	10
CT	2008	10	1	0	0	0	0	11
CT	2009	11	0	0	0	0	0	11
DC	2007	2	2	0	0	0	0	4
DC	2008	4	0	1	0	0	0	3
DC	2009	3	0	0	0	0	0	3
DE	2007	1	1	0	0	0	0	2
DE	2008	2	3	0	0	0	0	5
DE	2009	5	0	0	0	0	0	5
FL	2007	2	19	0	0	0	0	21
FL	2008	21	3	1	0	0	0	23
FL	2009	23	0	1	0	0	0	22
GA	2007	15	6	0	0	0	0	21

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations/ Other Reason	Outlets at End of Year
GA	2008	21	1	0	0	0	0	22
GA	2009	22	0	1	0	0	0	21
HI	2007	9	1	0	0	0	0	10
HI	2008	10	1	0	0	0	0	11
HI	2009	11	4	1	0	0	0	14
IA	2007	0	4	0	0	0	0	4
IA	2008	4	0	0	0	0	0	4
IA	2009	4	0	0	0	0	0	4
ID	2007	0	2	0	0	0	0	2
ID	2008	2	0	0	0	0	0	2
ID	2009	2	0	0	0	0	0	2
IL	2007	33	3	0	0	0	0	36
IL	2008	36	0	0	0	0	0	36
IL	2009	36	1	0	0	0	0	37
IN	2007	8	2	0	0	0	0	10
IN	2008	10	2	0	0	0	0	12
IN	2009	12	0	0	0	0	0	12
KS	2007	0	6	0	0	0	0	6
KS	2008	6	0	0	0	0	0	6
KS	2009	6	0	0	0	0	0	6
KY	2007	3	0	0	0	0	0	3
KY	2008	3	0	0	0	0	0	3
KY	2009	3	0	0	0	0	0	3
LA	2007	0	1	0	0	0	0	1
LA	2008	1	1	0	0	0	0	2
LA	2009	2	1	0	0	0	0	3
MA	2007	10	5	1	0	0	0	14
MA	2008	14	3	0	0	0	0	17
MA	2009	17	0	1	0	0	0	16
MD	2007	6	5	0	0	0	0	11
MD	2008	11	0	0	0	0	0	11
MD	2009	11	0	0	0	0	0	11
ME	2007	1	2	0	0	0	0	3
ME	2008	3	0	0	0	0	0	3
ME	2009	3	0	0	0	0	0	3
MI	2007	13	5	0	0	0	0	18
MI	2008	18	2	0	0	0	0	20
MI	2009	20	0	0	0	0	0	20
MN	2007	0	6	0	0	0	0	6
MN	2008	6	0	0	0	0	0	6
MN	2009	6	0	0	0	0	0	6
MO	2007	2	9	0	0	0	0	11
MO	2008	11	0	0	0	0	0	11
MO	2009	11	1	0	0	0	0	12
MS	2007	0	1	0	0	0	0	1
MS	2008	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations/ Other Reason	Outlets at End of Year
MS	2009	1	0	0	0	0	0	1
MT	2007	3	0	0	0	0	0	3
MT	2008	3	0	0	0	0	0	3
MT	2009	3	0	0	0	0	0	3
NC	2007	1	9	0	0	0	0	10
NC	2008	10	0	0	0	0	0	10
NC	2009	10	1	0	0	0	0	11
NE	2007	0	3	0	0	0	0	3
NE	2008	3	0	0	0	0	0	3
NE	2009	3	0	0	0	0	0	3
NH	2007	4	0	0	0	0	0	4
NH	2008	4	0	0	0	0	0	4
NH	2009	4	0	0	0	0	0	4
NJ	2007	13	6	0	0	0	0	19
NJ	2008	19	5	0	0	0	0	24
NJ	2009	24	0	4	0	0	0	20
NM	2007	3	2	0	0	0	0	5
NM	2008	5	0	0	0	0	0	5
NM	2009	5	0	0	0	0	0	5
NV	2007	11	0	0	0	0	0	11
NV	2008	11	1	0	0	0	0	12
NV	2009	12	0	0	0	0	0	12
NY	2007	19	5	0	0	0	0	24
NY	2008	24	0	1	0	0	0	23
NY	2009	23	0	0	0	0	0	23
OH	2007	15	2	0	0	0	0	17
OH	2008	17	1	0	0	0	0	18
OH	2009	18	2	0	0	0	0	20
OK	2007	0	4	0	0	0	0	4
OK	2008	4	0	0	0	0	0	4
OK	2009	4	0	0	0	0	0	4
OR	2007	8	0	0	0	0	0	8
OR	2008	8	0	0	0	0	0	8
OR	2009	8	0	0	0	0	0	8
PA	2007	17	7	0	0	0	0	24
PA	2008	24	6	0	0	0	0	30
PA	2009	30	0	1	0	0	0	29
RI	2007	2	0	0	0	0	0	2
RI	2008	2	0	0	0	0	0	2
RI	2009	2	0	0	0	0	0	2
SD	2007	1	0	0	0	0	0	1
SD	2008	1	0	0	0	0	0	1
SD	2009	1	0	0	0	0	0	1
TN	2007	1	6	0	0	0	0	7
TN	2008	7	2	0	0	0	0	9
TN	2009	9	0	1	0	0	0	8

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations/ Other Reason	Outlets at End of Year
TX	2007	16	18	5	0	0	0	29
TX	2008	29	2	2	0	0	0	29
TX	2009	29	5	7	0	0	0	27
UT	2007	1	2	0	0	0	0	3
UT	2008	3	0	0	0	0	0	3
UT	2009	3	0	0	0	0	0	3
VA	2007	10	5	0	0	0	0	15
VA	2008	15	0	0	0	0	0	15
VA	2009	15	1	0	0	0	0	16
VT	2007	0	1	0	0	0	0	1
VT	2008	1	0	0	0	0	0	1
VT	2009	1	0	0	0	0	0	1
WA	2007	13	0	0	0	0	0	13
WA	2008	13	3	1	0	0	0	15
WA	2009	15	1	0	0	0	0	16
WI	2007	2	4	0	0	0	0	6
WI	2008	6	0	0	0	0	0	6
WI	2009	6	0	0	0	0	0	6
WV	2007	1	1	0	0	0	0	2
WV	2008	2	0	0	0	0	0	2
WV	2009	2	0	0	0	0	0	2
Total	2007	353	170	6	0	0	0	517
Total	2008	517	45	9	0	0	0	553
Total	2009	553	19	21	0	3	0	548

**STATUS OF COMPANY-OWNED OUTLETS
FOR FISCAL YEARS 2007 to 2009**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
OR	2007	2	0	0	0	0	2
	2008	2	0	0	0	0	2
	2009	2	0	0	0	0	2
WA	2007	9	0	0	0	0	9
	2008	9	0	0	0	0	9
	2009	9	0	0	2	0	7
Total	2007	11	0	0	0	0	11
	2008	11	0	0	0	0	11
	2009	11	0	0	2	0	9

PROJECTED OPENINGS AS OF SEPTEMBER 26, 2009

State	Master Franchise Agreements Signed But Outlet Not Opened¹	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
AZ	0	1	0
CA	2	11	0
CO	0	2	0
CT	0	2	0
DE	0	1	0
FL	0	3	0
GA	0	3	0
HI	0	2	0
IA	0	0	0
IL	1	5	0
IN	0	2	0
KS	0	1	0
LA	1	0	0
MA	0	2	0
MD	0	1	0
MI	0	2	0
MN	0	1	0
MO	0	1	0
MS	0	0	0
NC	0	1	0
NH	0	0	0
NJ	0	3	0
NM	0	1	0
NV	0	1	0
NY	0	3	0
OH	0	2	0
OK	0	0	0
OR	0	1	0
PA	0	5	0
TN	0	1	0
TX	1	4	0
VA	0	2	0
WA	0	3	0
WI	0	1	0
Total	5	68	0

Note: ¹ The Franchising Agreements allow for stores to be developed throughout the U.S. under one agreement. The numbers shown reflect the state in which the franchisees are headquartered, not necessarily where each of the stores will be located, which is undetermined at this time.

Exhibit E lists the names, addresses and telephone numbers of all franchisees with operational SBC Cafés and/or SBC Kiosks as of September 27, 2009. Exhibit E-1 lists, by state, the name, address and telephone number of each operational SBC Café and/or SBC/Kiosk as of September 27, 2009.

Exhibit F lists the names and last known addresses and telephone numbers of the franchisees who have had operational SBC Units terminated, canceled, or not renewed, or otherwise have voluntarily or involuntarily ceased doing business during fiscal year 2009, or have failed to communicate with us for ten (10) weeks before the date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the license system.

In some instances, during the last three years, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the SBC franchising system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

ITEM 21 **FINANCIAL STATEMENTS**

Attached as Exhibit B are the Audited Consolidated Financial Statements for SBC's corporate parent, Starbucks, included on Form 10-K for the fiscal year ended on September 27, 2009. Starbucks Corporation guarantees our performance absolutely and unconditionally. See Exhibit K for a copy of the Guarantee of Performance.

ITEM 22 **CONTRACTS**

Copies of the contracts offered (and required) by us are attached to this Disclosure Document in the following order:

1. Exhibit A: Master Franchise Agreement, Exhibits, and Standard Addenda
2. Exhibit D: State Addenda to Disclosure Document
3. Exhibit G: Compliance Questionnaire for New Franchisees
4. Exhibit H: Authorization Agreement for Prearranged Payments (Direct Debits);
5. Exhibit L: General Release
6. Exhibit M: Maryland Form of General Release
7. Exhibit N: Receipts

ITEM 23
RECEIPTS

Two (2) copies of an Acknowledgment of Receipt of Disclosure Document are attached as Exhibit N to this disclosure document. Please return one (1) copy to us (the one marked “Franchisor’s Copy”) and retain the other one (the one marked “Franchisee’s Copy”) for your records.

EXHIBIT A

MASTER FRANCHISE AGREEMENT AND RELATED MATERIALS

SEATTLE'S BEST COFFEE, LLC MASTER MASTER FRANCHISE AGREEMENT

THIS MASTER MASTER FRANCHISE AGREEMENT (the "Agreement") is by and between Seattle's Best Coffee, LLC, a Washington limited liability company ("SBC"), and _____, a [state] [entity type] ("Franchisee") and is effective as of this ___ day of _____, 20__ (the "Effective Date").

RECITALS

A. SBC operates and licenses the operation of specialty retail stores and other outlets engaged in the sale of coffee, tea, espresso and other beverages, whole bean coffee, related hardware items, food, and other retail merchandise.

B. Franchisee and SBC desire to enter into this Agreement requiring Franchisee to operate an SBC Unit at or within a location designated on Exhibit A (as amended from time to time, subject to Section 5.1) (each a "Licensed Site").

C. SBC is willing to grant to Franchisee such development and operating rights on the terms and subject to the conditions set forth in this Agreement in reliance on the written representations and warranties that Franchisee has made to SBC in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals, of the following terms and conditions, and of other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and in accordance with to the definitions in Article 19 for all capitalized terms, the parties hereby agree as follows:

ARTICLE 1 GRANT OF RIGHTS

1.1. Grant of Rights. Subject to the terms and conditions of this Agreement, SBC hereby grants to Franchisee a nonexclusive right to use the SBC System and Trademarks to develop, construct, open, and operate, in strict accordance with this Agreement, the number and type of SBC Unit(s) provided for by the Development Obligation at the Licensed Site(s) identified in Exhibit A (as amended from time to time pursuant to Section 5.1 of this Agreement). Franchisee shall be permitted and obligated to operate each SBC Unit for the corresponding Unit Term of each. This grant is contingent upon the contemporaneous execution of (i) the Seattle's Best Coffee Card License Agreement in the form attached hereto as Exhibit C, (ii) the Guaranty and Subordination Agreement in the form attached hereto as Exhibit E, (iii) the Owner Covenants Agreement in the form attached hereto as Exhibit F, and (iv) all other applicable addenda as determined by SBC.

1.2. Limitations on Grant.

1.2.1. Channels of Distribution. Except as otherwise expressly set forth herein, Franchisee shall have the right to sell SBC products only by retail sale through the SBC Unit operated in accordance with this Agreement. Franchisee shall have no right to sell SBC products through any trade or distribution channel other than the SBC Unit, and without limiting the foregoing, Franchisee shall not sell SBC products by wholesale, mail order, catalog, on-line or Internet computer sales or other computer sales methods, by specialty sales, or by any other means outside of an SBC Unit.

1.2.2. Product Sales. Franchisee shall sell products only retail consumption. Franchisee shall not sell any SBC branded or co-branded coffee products or other products supplied by SBC outside of the SBC Unit, and shall not sell such products to any customer for the purpose of resale by the customer. Franchisee shall not use, sell, display or promote any products or merchandise at the SBC Unit without prior written consent from SBC, which SBC may grant or withhold in SBC's sole and absolute discretion.

1.2.3. Sublicenses. Franchisee shall have no right to subfranchise, partially assign its rights, or grant licenses to third parties under this Agreement.

1.2.4. Location. Franchisee shall operate the SBC Unit only at the Licensed Site determined pursuant to this Agreement. Franchisee shall propose the location of the Licensed Site, but must obtain SBC's written consent prior to beginning construction or operation of an SBC Unit, and SBC retains the sole and absolute discretion to approve or reject any proposed site.

1.2.5. No Protected Territory. Franchisee may propose Licensed Sites located anywhere in the United States (excluding Alaska, Hawaii and the territories, protectorates and commonwealths of the United States), except that, pursuant to certain agreements to which SBC is currently a party or to which it may in the future become a party, SBC may be subject to contractual or other legal limitations on its right to grant licenses within specified geographic areas, and SBC's right to disapprove proposed sites includes circumstances in which such limitations apply. Franchisee acknowledges and agrees that: (i) Franchisee will receive no exclusivity with respect to radius, area or territory around any SBC Unit; (ii) SBC may, in its sole and absolute discretion, establish, own, operate, and license additional SBC locations in the immediate vicinity of a Licensed Site, and that Franchisee's operations pursuant to this Agreement will be in competition with those of other franchisees or operations of SBC or its affiliates; and (iii) SBC's grant of license rights in certain jurisdictions may be subject to or limited by laws and registration requirements relating to the offer and sale of franchises, and that SBC is entitled, in its sole discretion, to condition, limit, or deny its approval for any proposed Licensed Site in any jurisdiction that regulates the offer and sale of franchises.

1.2.6. Contrary Provisions Under Occupancy Agreement. Franchisee shall not assert and hereby agrees, upon request by SBC, to waive (solely to the extent it would otherwise restrict the operation of an SBC Unit) the benefits of any exclusivity or protection against similar or competing businesses to which it may be entitled as of the date hereof or become entitled after the date hereof under any Occupancy Agreement or otherwise during the Agreement Term. Franchisee shall grant such waivers in the form attached hereto as Exhibit D or SBC's then-current form. Furthermore, Franchisee shall not (a) request or negotiate, or otherwise seek to obtain in the future any exclusivity rights or other protection against similar or competing businesses; or (b) enter into any agreement with a third party by which Franchisee would be restricted, in any manner, from selling the full line of SBC products at the SBC Unit.

1.3. Manual. SBC shall lend a copy or copies (in paper or electronic form) of its proprietary Manual to Franchisee for its use during the Agreement Term. Franchisee agrees that at the termination or expiration of the Agreement Term, Franchisee shall return all copies of the Manual loaned to it by SBC. SBC may from time to time revise the contents of the Manual, including by imposing additional and revised requirements, specifications, and conditions on Franchisee's operation of the SBC Unit, and Franchisee expressly agrees to comply with each new or changed standard set forth therein.

ARTICLE 2 DEVELOPMENT OBLIGATION

2.1. Development Obligation. Franchisee hereby agrees to construct, develop, open, and operate, at its sole cost and expense, one (1) SBC Unit at the Licensed Site listed on Exhibit A, unless a different number is specified in an addendum to this Agreement (the "Development Obligation"). Franchisee shall construct, develop, and open the required SBC Unit no later than twelve (12) months after the Effective Date of this Agreement. Franchisee shall not construct, develop and operate more SBC Units than the total Development Obligation without the prior written consent of SBC, which may be granted or withheld in SBC's sole and absolute discretion.

2.2. Development of SBC Unit. If Franchisee fails to meet the Development Obligation, then SBC may, at its election, terminate Franchisee's right to construct, develop, or open the SBC Unit.

ARTICLE 3 TERM AND RENEWAL

3.1. Agreement Term. Subject to the termination rights of the parties as set forth in Article 16, the term of this Agreement (the "Agreement Term") shall begin on the Effective Date and expire on the final day of the Unit Term.

3.2. Unit Term. Unless earlier terminated, Franchisee shall have the right and obligation to operate the SBC Unit for the "Unit Term." The Unit Term shall begin on the day that the SBC Unit opens to the public and shall end on the ten (10) year anniversary of that date. SBC shall promptly update Exhibit A to reflect the opening date of the SBC Unit, which then shall be binding for purposes of defining the corresponding Unit Term.

3.3. Renewal. Except as stated in Section 3.2 above, there are no renewal rights under this Agreement, but nothing in this Agreement precludes SBC and Franchisee from entering into one or more separate master Master Franchise Agreements to govern additional SBC Units or the SBC Unit developed under this Agreement that has reached the end of its Unit Term. If SBC agrees to allow renewal of this Agreement, or to allow renewal of any Unit Term, or if any offer of renewal is required by law, then SBC shall have the right to condition its renewal upon the following non-exclusive requirements:

3.3.1. Franchisee provides adequate notice of its desire to renew, and promptly responds to any inquiry from SBC concerning Franchisee's intent and desire to renew;

3.3.2. Franchisee is in full compliance with this Agreement, any other agreement between Franchisee and SBC or its affiliates, and the Manual;

3.3.3. Franchisee has obtained, maintained, and is in good standing with all of its necessary and applicable licenses and permits;

3.3.4. Franchisee is in compliance with all monetary obligations to SBC, to SBC's affiliates, and to all vendors, suppliers, lessors, and governmental and taxing authorities;

3.3.5. Franchisee has made any modifications, repairs, refurbishment, updates, upgrades, and renovations required by SBC to the SBC Unit, to the goods and services offered by the Franchisee, to Franchisee's advertising, marketing and promotional programs, and to Franchisee's computer, financial, and accounting systems, and is current on all then-required training programs;

3.3.6. Franchisee has committed no more than three (3) material defaults of this Agreement for which SBC has issued written notice and demand for cure;

3.3.7. Franchisee has presented evidence satisfactory to SBC that Franchisee has or will have the right to remain in possession of the affected SBC Unit (and the Licensed Site for any SBC Unit located within a Licensed Site that is operated by Franchisee) for the full term of any renewal period;

3.3.8. Franchisee and its Owners have stated in writing their agreement to execute a general release of any and all claims against SBC and its officers, directors, employees, affiliates, and agents, to the extent that release is permitted by applicable law;

3.3.9. Franchisee meets all of SBC's general requirements then applicable to approval of new franchisees;

3.3.10. Franchisee has agreed in writing to pay a renewal fee, for the SBC Unit to be renewed, equal to the then-current standard unit license fee charged by SBC in the region; and

3.3.11. Franchisee, at SBC's option, has agreed in writing to execute any then-current form of SBC Master Franchise Agreement and all related ancillary agreements to govern the operation of any renewed SBC Unit.

ARTICLE 4 FEES, ROYALTIES, AND PAYMENTS

4.1. License Fee. In consideration of the rights and obligations granted herein, Franchisee will pay a fee for the SBC Unit (the "License Fee") in the amount of Thirty Thousand Dollars (\$30,000). The License Fee is due to SBC on the execution of this Agreement. Any License Fee paid hereunder is considered fully earned and nonrefundable upon payment.

4.2. Royalty to SBC. Franchisee shall pay SBC a royalty (the "Royalty") for each Fiscal Month equal to seven percent (7%) of the Gross Revenue from the SBC Unit.

4.3. Marketing Contribution. Unless the Advertising Program is suspended by SBC, Franchisee shall pay SBC a fee (the "Advertising Fee") for each Fiscal Month in an amount

equal to one percent (1%) of the Gross Revenue from the SBC Unit. If suspended, SBC is entitled to un-suspend the Advertising Program at any time by written notice, in which event Franchisee shall be required to resume payments of the Advertising Fee in the following Fiscal Month.

4.4. Payment of Monthly Fees.

4.4.1. The Royalty and the Advertising Fee are the “Monthly Fees” due under this Agreement, and Franchisee shall pay them in the same manner and at the same time (except for any period in which the Advertising Program is suspended, in which event this section applies only to payment of Royalties). For the Gross Revenue received by Franchisee in the preceding Fiscal Month, Franchisee shall pay the Monthly Fees to SBC in the manner required by SBC no later than twenty-five (25) days following the expiration of the Fiscal Month, together with a statement of Gross Revenue for the corresponding Fiscal Month in a form prescribed or approved by SBC.

4.4.2. If (i) Franchisee fails to pay the Monthly Fees when due; and (ii) SBC gives Franchisee written notice of such failure; and (iii) Franchisee fails to make payment within five (5) days after receiving that notice; then in addition to any other remedies available under this Agreement, Franchisee shall pay SBC a late fee in the amount of Twenty-Five Dollars (\$25) per day per SBC Unit, accruing beginning on the twenty-sixth (26th) day following the expiration of the Fiscal Month for which such Monthly Fees are due, and continuing until the Monthly Fees (and this late fee and the interest accruing on such Monthly Fees in accordance with Section 4.7) has been paid to SBC.

4.4.3. Without limiting the foregoing, in the event that Franchisee fails to pay the Monthly Fees when due, SBC shall have the right to estimate the amount of such Monthly Fees and invoice Franchisee for such Monthly Fees, which shall constitute notice to Franchisee of its failure to pay pursuant to Section 4.4.2, and SBC also shall have the right to draw Monthly Fees then due pursuant to any EFT Program. SBC’s estimate shall be in SBC’s sole and absolute discretion and may be based on prior reports of Gross Revenues delivered by Franchisee, the volume of coffee and other products previously purchased for Franchisee’s SBC Unit(s), the Monthly Fees paid by other franchisees of SBC, or other factors chosen by SBC in its discretion. Notwithstanding anything herein to the contrary, in no event shall any estimate by SBC in accordance with this paragraph relieve Franchisee of its obligation to timely pay any Monthly Fees, late fees, interest, or other penalties, or limit SBC’s exercise of any other rights or remedies.

4.5. Design Fee. Franchisee shall pay a fee for the schematic and design and development drawings and development assistance (the “Design Fee”) in the amount of Ten Thousand Dollars (\$10,000) for the SBC Unit opened by Franchisee under this Agreement. The Design Fee shall be due upon Franchisee’s receipt of the SBC Unit schematic and design and development drawings.

4.6. Taxes. Franchisee shall pay to SBC or the appropriate taxing authority the amount of all sales taxes, gross receipt taxes, use taxes, real estate taxes, business, occupation taxes, personal property taxes, customs, duties, excise taxes, GST and PST taxes and similar taxes imposed on, or paid on account of, any goods or services or licenses furnished by sale, lease, or otherwise by SBC, and all amounts that SBC may advance, pay, or become obligated to pay on Franchisee’s behalf for any reason whatsoever, except for income taxes or similar taxes

imposed on SBC's net income. If Franchisee is required by any applicable law to make any deduction or withholding on account of any withholding tax or other amount from any payments paid or payable to SBC under this Agreement, then Franchisee shall make the appropriate deduction or withholding from the payments to SBC and shall promptly pay the amount of the deduction or withholding over to the appropriate taxing authorities before the date on which a penalty attaches, and shall promptly pay the balance to SBC. Franchisee shall make the tax payment on behalf of and in the name of SBC (if the liability to pay is imposed by applicable law on SBC) or for Franchisee's account (if the liability to pay is imposed by applicable law on Franchisee). Franchisee shall indemnify and hold SBC harmless against any penalties, interest and expenses incurred by or assessed against Franchisee for its failure to deduct or withhold such taxes or to remit them in a timely manner to the appropriate taxing authority. Franchisee shall cooperate with SBC and promptly (and in any event no later than three (3) months after the date of payment) furnish to SBC certified receipts of payment and any other information and records that SBC requests respecting any such taxes, deduction, withholding, payment, tax credits, exemptions and/or refunds. Franchisee must provide SBC with valid and properly executed tax exemption certificates before any such exemption shall become effective.

4.7. Interest. Any sum owed to SBC by Franchisee or paid by SBC on Franchisee's behalf shall bear interest from the date due until paid by Franchisee at the rate of twelve percent (12%) per annum or, if lower, the maximum lawful rate.

4.8. EFT Program; Payment of Invoices. At SBC's request, and at Franchisee's sole cost and expense, Franchisee shall instruct its bank to make all payments due under this Agreement directly to SBC from Franchisee's account, by electronic funds transfer or such other automatic payment mechanism that SBC may designate ("EFT"). Promptly upon SBC's request, Franchisee shall execute or re-execute and deliver to SBC such pre-authorized check forms and other instruments or drafts required by SBC's bank to enable SBC to draw all sums payable under the terms of this Agreement. Franchisee shall maintain a minimum balance in such account as SBC may reasonably specify. Franchisee shall not alter or close any such account except upon SBC's prior written approval. All invoices for products, services, fees, and expenses issued by SBC are due and payable by Franchisee in the manner required by SBC within thirty (30) days from the date of issuance except as otherwise provided herein.

ARTICLE 5 LOCATIONS AND CONSTRUCTION

5.1. New SBC Unit. Prior to commencing any construction or development of the SBC Unit, Franchisee shall provide SBC with written notice of a proposed site in the form of a Site Approval Request ("SAR") in a form prescribed or approved by SBC, and Franchisee shall not commence construction until obtaining SBC's approval for the proposed site. The SAR shall contain, at a minimum: the date on which Franchisee desires to commence construction and development of the SBC Unit; any information then possessed or later acquired by Franchisee concerning demographics and market surveys; and any other or information requested by SBC for its determination of whether to grant site approval or its preparation of design plans. If directed by SBC, Franchisee shall engage a vendor identified by SBC to assist with Franchisee's site selection, completion of the SAR, and negotiation of the terms of an Occupancy Agreement for approved sites. SBC shall inform Franchisee whether it authorizes the development and location of such new SBC Unit within forty-five (45) days of receipt of the SAR and any additional information requested by SBC. SBC shall retain sole and absolute discretion to

approve or disapprove any proposed site to be a Licensed Site, and may elect not to authorize a site or café for any reason (or no reason).

5.2. Occupancy Agreement. Prior to executing any Occupancy Agreement for an SBC Unit, Franchisee shall submit the proposed Occupancy Agreement and all exhibits to SBC for review. If SBC does not disapprove the Occupancy Agreement within ten (10) days of receipt, then the Occupancy Agreement shall be deemed approved. SBC's approval of any Occupancy Agreement shall not be deemed any endorsement or warranty of the business or legal terms of the Occupancy Agreement by SBC, nor shall it constitute any verification that the Occupancy Agreement complies with any permitting, zoning, or other legal requirements applicable to the Licensed Site. SBC shall be entitled to disapprove an Occupancy Agreement for any reason, in which case Franchisee shall not locate the SBC Unit at the proposed site, or shall renegotiate the terms of the Occupancy Agreement as required by SBC. In conjunction with obtaining any Occupancy Agreement, Franchisee shall expend its best efforts to obtain the Lessor's agreement to lease rider, as an addendum to the Occupancy Agreement, substantially in the form attached as Exhibit G. Franchisee shall faithfully observe and timely perform all covenants to be observed and performed by it pursuant to any Occupancy Agreements entered into.

5.3. Design, Construction, and Set-up.

5.3.1. Design. SBC shall provide Franchisee with schematic and design and development drawings based on plans, specifications and criteria established by SBC in accordance with its trade dress and business practices specifications. The design plans and specifications shall not be used as construction plans or blueprints for any SBC Unit, but only as required design concept drawings, which shall be used and adhered to by Franchisee and its architect, engineer, and contractor in the preparation of construction documents. The design plans and specifications provided to Franchisee are proprietary and confidential information belonging to SBC, may not be copied or reproduced except to the extent necessary by Franchisee's architect, engineer, or contractor in the performance of their duties, and must be returned to SBC upon the closure of the SBC Unit.

5.3.2. Code Compliance; Construction Plans. Franchisee shall hire an architect or engineer to engage in local code review and shall be responsible for all permitting and code compliance, including the completion and the submission of stamped construction documents acceptable for permit filings. Franchisee shall submit to SBC the construction documents and plans for SBC's review and approval, and shall design and incorporate the SBC Unit in accordance with SBC's placement and design criteria. Such plans are approved by SBC at SBC's sole discretion. Franchisee shall ensure that the completed SBC Unit conforms to the plans as approved by SBC.

5.3.3. Construction and Renovation. Franchisee shall commence construction and renovation promptly following receipt of SBC's approval of Franchisee's construction plans. Franchisee shall build the SBC Unit using a contractor of quality, acting reasonably, and diligently completing the construction related thereto in a good and workmanlike manner, at Franchisee's expense.

5.3.4. Fixtures, Furnishings, Equipments, and Signs. Franchisee shall purchase all furniture, fixtures, equipment, and signage, including replacements, in accordance

with SBC's specifications, and from suppliers approved by SBC. Franchisee shall hire an SBC authorized supplier to install the furniture, fixtures, equipment, and signs. Franchisee shall, at all times, maintain and display signs that reflect the current image of the SBC System, which shall be the color, size, design, and materials specified by SBC, in its sole and absolute discretion, and subject to the approval of any applicable governing entity and Lessor (if required by any applicable Occupancy Agreement). Franchisee shall place all signs in the locations specified by SBC, in its sole and absolute discretion. Without limitation, Franchisee shall not use any handwritten signs unless expressly permitted by SBC. On receipt of notice by SBC of a requirement to alter any existing sign on its premises, Franchisee will, at its cost and expense, make the required changes within forty-five (45) days, subject to any mandatory approval of the Lessor for the Licensed Site. Franchisee shall not place or allow to be placed any additional signs or posters on its premises without the prior written consent of SBC, which may be granted or withheld in SBC's sole and absolute discretion.

5.3.5. Costs and Expenses. Franchisee shall be responsible for all other development expenses associated with the SBC Unit, including, without limitation, expenses necessary to prepare a Licensed Site for installation and construction of an SBC Unit, costs of architectural and engineering services, costs of any required site survey, expenses for acquiring all furniture, fixtures, signage, equipment and improvements for an SBC Unit, and all other expenses associated with the development and opening of an SBC Unit.

5.3.6. Opening. Subject to SBC's final consent, Franchisee shall open the SBC Unit promptly after completing construction and during the timeframe required by the Development Obligation.

5.4. Refurbishment. From time to time, at SBC's request, Franchisee, at its expense, shall refurbish the SBC Unit as needed to maintain the building design, trade dress, color schemes, and presentation as directed by SBC. Refurbishment may include, without limitation, structural changes, remodeling, redecoration, and modifications to existing improvements. Design fees and all other expenses related to refurbishment shall be paid for by the Franchisee. Without limitation to the foregoing, Franchisee shall perform any refurbishment costing less than fifty thousand dollars (\$50,000) at any time directed by SBC. Franchisee shall not be required to perform any refurbishment costing more than fifty thousand dollars (\$50,000) any sooner than five (5) years after the more recent of: (i) the SBC Unit's opening date; or (ii) the prior major refurbishment of fifty thousand dollars (\$50,000) or more; unless SBC requires such refurbishment as a condition of transfer of the SBC Unit.

5.5. Maintenance, Repair, and Replacement. Franchisee shall maintain the SBC Unit in the highest degree of repair, and shall maintain the interior and exterior of the SBC Unit in a sound, clean, and attractive condition, including in any manner required by the standards prescribed by SBC. Franchisee shall promptly make such repairs and replacements thereto as SBC may require, including, without limitation, repainting, repairs to equipment, and replacement of obsolete signs. Franchisee shall replace items of equipment that are obsolete or otherwise mechanically impaired to the extent they require replacement, or as SBC may require.

5.6. Inspection and Surveys. Franchisee shall permit representatives of SBC to inspect the SBC Unit and Licensed Site during normal business hours to determine the condition of the SBC Unit and Franchisee's compliance with this Agreement and the Manual. SBC shall have the right to remove samples of items or other products sold at the SBC Unit. Franchisee

shall present to its customers all evaluation forms periodically prescribed by SBC, and participate and request Franchisee's customers to participate in any surveys performed or designed by SBC or its designee.

ARTICLE 6 TRAINING AND ASSISTANCE

6.1. Initial Training. Franchisee acknowledges that quality control and adherence to the SBC System are required to preserve and enhance the value of the SBC System and the SBC Unit, and that Franchisee's Employees must at all times meet the training requirements prescribed by SBC. As a condition precedent to Franchisee's right hereunder to open the SBC Unit to the public, Franchisee shall adhere to the following training requirements:

6.1.1. Management Employees. All newly hired and replacement managers of Franchisee's SBC Unit ("Management Employees") shall successfully complete, to SBC's satisfaction and at Franchisee's expense, the Initial Cafe Training program and the Advanced Cafe Training program. All Management Employees shall have a skill level, training and experience commensurate with the demands of the position, and in keeping with SBC's high standards for quality products, courteous service, and cleanliness of operations. SBC may, at its option and subject to certain terms and conditions, offer a program under which Franchisee may apply for an SBC Unit to qualify as an SBC Certified Training Cafe, from which Franchisee would be permitted to conduct certain training activities.

6.1.2. Regular Employees. All of Franchisee's Employees who will work in the SBC Unit who are not Management Employees ("Regular Employees") shall complete the training programs required by SBC prior to working unsupervised at the SBC Unit. Each Regular Employee who will work at the SBC Unit when that SBC Unit originally opens for business shall, prior to, and as a condition precedent to the opening of the SBC Unit, complete SBC's Initial Cafe Training program. For Regular Employees hired after the opening of the SBC Unit, Franchisee's Management Employees may provide the required training, provided it is the equivalent of the Initial Cafe Training program and includes any specific modules, programs, and elements required by SBC.

6.1.3. Initial Training Process. SBC shall provide Initial Cafe Training and Advanced Cafe Training at the new SBC Unit, or at SBC's option, at another SBC Unit operated by Franchisee (if any), SBC, or another SBC franchisee in the vicinity. Franchisee and SBC shall determine training dates for Management Employees and Regular Employees (collectively, "Employees") prior to Franchisee's opening an SBC Unit, including no fewer than one (1) Management Employee and six (6) Regular Employees, unless, in SBC's judgment, the location or size of the SBC Unit requires additional Employees be trained prior to opening. The determination of training dates shall be based on the projected opening date for the SBC Unit, the training requirements, and the availability of trainers and Employees. Franchisee acknowledges that once training dates have been established, the failure of Franchisee to make its Employees available for training, or its failure to sufficiently complete the construction or remodeling of its SBC Unit prior to training, may result in delays in opening, additional training costs and expenses, or other adverse consequences for which Franchisee shall be solely responsible.

6.2. Opening Assistance. SBC shall furnish to Franchisee one (1) person experienced in the SBC System to assist Franchisee at the SBC Unit for a minimum of ten (10) days in conjunction with the opening of that SBC Unit.

6.3. Additional Training. SBC reserves the right to offer and require additional, ongoing and supplemental training programs at such times and locations as SBC may designate. SBC reserves the right to make certain of these training programs mandatory for Franchisee and Franchisee's Employees, including any training SBC deems necessary on account of: (i) turnover of Franchisee's Employees; (ii) noncompliance by Franchisee with the SBC System or SBC operational standards; or (iii) Franchisee's failure to adequately staff the SBC Unit in accordance with the terms and conditions of this Agreement. If SBC conducts an annual conference, convention, or training session, then, at SBC's option, Franchisee, Franchisee's Management Employees, and Franchisee's Operations Managers shall attend at Franchisee's expense, including a reasonable fee to cover SBC's administrative and other costs of conducting the event.

6.4. Training Fees and Costs. There shall be no fee for the Initial Cafe Training or Advanced Cafe Training programs prescribed by SBC. For any additional training, SBC reserves the rights to require Franchisee to reimburse SBC for the reasonable costs, fees and expenses associated with that training, including without limitation travel, room and board, and a training fee of Six Hundred Dollars (\$600) per day for the time of each SBC trainer used in the training. Franchisee shall be solely responsible for paying the salaries and expenses (including without limitation travel, room and board expenses and any other out-of-pocket expenses) of Employees attending any training programs. SBC reserves the right to increase training fees upon written notice to Franchisee.

6.5. Training Not Warranty. Notwithstanding any training provided by SBC, Franchisee is solely responsible for the quality and content of any products provided by Franchisee to its customers.

ARTICLE 7 PRODUCTS AND SUPPLIES

7.1. Purchase of Products.

7.1.1. Coffee and Tea. Franchisee shall purchase from SBC (or an approved supplier designated in writing by SBC) all coffee and tea sold in the SBC Unit. SBC will sell to Franchisee each type and size of the various blends and roasts of coffee to be used in the preparation of on-site beverages for resale and required to be sold in the SBC Unit, on the purchase order form required by SBC and at the prices set forth on Exhibit B. SBC shall revise Exhibit B in its discretion to reflect changes in SBC commodity and processing costs and other factors, and each amended version of Exhibit B shall supersede the version originally attached to this Agreement.

7.1.2. Smallwares and Promotional Materials. Franchisee shall purchase for the SBC Unit an initial supply of smallwares and promotional materials (including customer brochures and counter cards) from SBC, and shall purchase additional smallwares and promotional materials from SBC or a vendor approved by SBC to maintain a reasonable supply. SBC shall supply the smallwares and promotional materials to Franchisee at the prices set by

SBC, and shall be set forth in the Manual or a supplemental price sheet made available to Franchisee.

7.1.3. Cups and Distinctive Materials. Franchisee shall obtain and use materials distinctive to the operations of the SBC Unit, as determined by SBC, only of the kind now or hereafter marketed or licensed by SBC in accordance with its specifications. Without limiting the foregoing, Franchisee specifically acknowledges and agrees that the cup used to serve SBC coffee is an integral and valuable part of the SBC system. Franchisee therefore agrees to use in the operation of its SBC Unit only cups that comply with SBC specifications, which are subject to change by SBC from time to time.

7.1.4. Third-Party Products. Franchisee shall purchase all other products, services, and merchandise required or otherwise approved by SBC for sale at the SBC Unit from either SBC or other vendors that meet SBC's specifications and that have been approved in writing by SBC. Items purchased from SBC shall be purchased on the purchase order form required by SBC. If Franchisee desires that SBC approve a specific vendor, then Franchisee may submit samples of that vendor's products for testing and approval. SBC shall notify Franchisee of the grant or denial of such approval, or of SBC's need for additional information or samples within thirty (30) days of the submission of specifications or samples, and if SBC does not notify Franchisee within such thirty (30) day period, then SBC shall be deemed to have disapproved such goods, products or supplies, as the case may be. Franchisee acknowledges and agrees that SBC shall have the right to receive from third parties (including but not limited to third parties from whom Franchisee is required to purchase goods, products, and/or supplies) any payments, rebates, license fees, and other compensation, which amounts may be based upon the amount of Franchisee's purchases from such third parties and which amounts may be retained by SBC and used for any purposes SBC deems appropriate.

7.1.5. Purchase Price of Products. SBC may change the prices, delivery terms, payment terms, and other terms relating to its sale of goods, products and supplies to Franchisee, other than coffee prices, without prior notice, and may change coffee prices as set forth on Exhibit B and in Section 7.1.1. SBC, in its sole and absolute discretion, may discontinue the sale of any product at any time if in SBC's sole judgment its continued sale becomes unfeasible, unprofitable, or otherwise undesirable. SBC shall be entitled to a profit on any products it sells to Franchisee.

7.1.6. Supply Shortages or Delays. SBC shall not be liable to Franchisee for unavailability of, or delay in shipment or receipt of, merchandise because of temporary product shortages, order backlogs, production difficulties, delays, unavailability of transportation, fire, strikes, work stoppages, or other causes beyond the control of SBC.

7.1.7. Pending Orders Upon Expiration or Termination. On the termination or expiration of the Agreement Term, SBC shall not be obliged to fill or ship any orders then pending or made any time thereafter by Franchisee.

7.1.8. Shipment. SBC shall deliver all products purchased from SBC to the SBC Unit or to another agreed upon location. Policies with respect to products, returns, and product quality are contained in the Manual. The cost of freight for coffee and product shipments is set forth in Exhibit B and as may be set forth in the product guides and price lists periodically provided to Franchisee. If Franchisee requests or SBC otherwise determines it necessary to ship coffee or other products to Franchisee's SBC Unit on an expedited basis for any reason, including

without limitation as a result of improper, inaccurate or insufficient ordering by Franchisee, then Franchisee shall reimburse SBC for the increased cost of freight resulting from such expedited coffee or product shipments.

7.2. Warranties.

7.2.1. Warranties for Supplier Equipment and Products. SBC shall not warrant or service any equipment or other products not manufactured by SBC, including any such equipment or products that SBC sells or otherwise provides to Franchisee for sale or use in the SBC Unit. However, SBC shall cooperate reasonably with Franchisee to make available to Franchisee and Franchisee's customers any transferable warranty issued by the manufacturer or supplier of any such equipment or products. THE WARRANTIES, IF ANY, OF THE MANUFACTURER OR SUPPLIER OF SUCH EQUIPMENT OR PRODUCTS TO FRANCHISEE OR ITS CUSTOMER ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY, QUALITY, PERFORMANCE AND FITNESS FOR A PARTICULAR PURPOSE.

7.2.2. Product Defects. If Franchisee becomes aware that any products purchased by Franchisee hereunder, or any ingredient or component thereof, is or may become harmful to persons or property, or that the same is mislabeled, then Franchisee shall immediately give notice of such problem or defect to SBC and shall provide to SBC all information in its possession with respect to such problem or defect. Franchisee shall take such steps as may be required by applicable law to protect the health, safety, and interests of the public, and such additional steps as SBC may specify, and comply diligently with all product recall procedures established by SBC and any applicable government agency. If Franchisee fails or refuses to comply with any such steps or recall procedures, SBC may (but is not required to) take such action as it deems necessary to suspend the sale of such products at Franchisee's SBC Unit to consumers, and Franchisee shall reimburse SBC for any costs and expenses it incurs.

ARTICLE 8 USE OF TRADEMARKS

8.1. Operation of SBC Unit.

8.1.1. Use of Trademarks and System. Franchisee shall operate the SBC Unit solely as an SBC Unit and for no other purpose. Franchisee shall not alter, add to, or delete from any portion of the SBC Unit, SBC System, Trademarks, or SBC products as licensed hereunder without SBC's prior written consent, which SBC may grant or withhold in its sole and absolute discretion. Franchisee shall have no right to allow any other business to be conducted by Franchisee or any other person within the SBC Unit.

8.1.2. Operation Under Name. Franchisee shall operate the SBC Unit as a retail business only under the name "SBC Coffee" without any additional or accompanying words or symbols unless otherwise directed or approved by SBC in writing, in SBC's sole and absolute discretion; provided, however, Franchisee shall identify itself as an independent licensed owner of the business in conjunction with any use of the Trademarks, which shall include, but not be limited to, uses on invoices, order forms and contracts, and Franchisee shall display a conspicuously placed notice of its independent franchisee status at the SBC Unit.

8.2. Trademarks.

8.2.1. Use of Trademarks. Franchisee agrees that all references in this Agreement regarding rights of ownership and all benefits of ownership and the use of the Trademarks are understood to run, and it is agreed that such rights and benefits shall run and inure, to SBC, or its successors in interest, as owner of the Trademarks. Franchisee agrees that it shall use only the Trademarks in the operation of the SBC Unit and no other trade name or trademark, and shall use the Trademarks only for the time periods permitted under this Agreement. Franchisee shall not license or permit any person to use any Trademark. Franchisee shall not imprint or authorize any person to imprint any Trademark on any product without the express prior written consent of SBC. Franchisee shall not use the Trademarks in connection with any offering of securities or any request for credit without the prior written consent of SBC. SBC may withhold or condition any approval related to the Trademarks, including those described in this Section, in its sole and absolute discretion.

8.2.2. Revisions to Trademarks. SBC reserves the right to change the Trademarks or substitute any other trade name, trademark, service name, or service mark at any time. If SBC makes such a change, each new mark or name shall be a “Trademark” for purposes of this Agreement and shall replace any discontinued mark or name used pursuant to this Agreement. If SBC changes any Trademark, then Franchisee shall comply with the change within forty-five (45) days after receipt of written notice, at Franchisee’s expense.

8.2.3. Display of Trademarks. Franchisee shall not use or display any Trademark or any variation thereof other than in strict conformity with SBC’s specifications and the provisions of this Agreement. Franchisee shall not use any Trademark or any phonetically or visually similar name or mark or any combination or variation thereof in any legal name of any corporation, partnership, or other organization or business without SBC’s prior written consent. Franchisee shall not take, permit or participate in any action that may adversely affect the goodwill associated with any Trademark, either during or after the Agreement Term. Franchisee shall not use any Trademark in any computer or other media network and shall not establish a website or “home page” or other advertising or reference source relating to any Trademark in any computer or other media network, except with SBC’s prior written consent, which SBC may grant or withhold in its sole discretion.

8.2.4. Notice of Infringement. If Franchisee learns of the use of the name “SBC”, any other Trademark, or any phonetically or visually similar name or mark by another, Franchisee shall promptly inform SBC and provide any additional information requested by SBC. If another person claims that Franchisee’s use of a Trademark infringes upon the rights of such other person, Franchisee shall promptly notify SBC. SBC, at its option, shall wholly control any litigation or other proceeding with respect to any Trademark, shall be solely responsible for all of its attorneys’ fees associated with such litigation or other proceeding, and shall be entitled to all damages awarded based on infringement of any Trademark.

8.2.5. No Ownership Rights. Franchisee acknowledges and agrees that SBC holds exclusive ownership of the Trademarks, and agrees that all use of the Trademarks inures to the benefit of SBC. Franchisee shall not contest or assist anyone in contesting at any time during or after the Agreement Term, in any manner, the validity of any Trademark or its registration, and Franchisee further agrees to maintain the integrity of the Trademarks and to prevent their dilution. Franchisee acknowledges and agrees that nothing in this Agreement shall grant Franchisee any

right, title, or interest in the Trademarks, other than the limited license to use them in conjunction with operation of the SBC Unit as specified in this Agreement.

ARTICLE 9 GENERAL OPERATIONAL REQUIREMENTS

9.1. Standards of Performance and Quality. Franchisee acknowledges and agrees that SBC (i) maintains high and consistent standards for beverage and food quality and customer service; (ii) has established a favorable public reputation; and (iii) has acquired and created substantial goodwill for specialty retail stores operated under the SBC System. Franchisee shall operate the SBC Unit in accordance with SBC's high and consistent standards for merchandise quality and customer service and shall maintain such reputation and goodwill. Franchisee acknowledges and agrees that it is mutually important to SBC and Franchisee to maintain high and uniform operating standards, to increase the demand for SBC products and services, and to protect the reputation and goodwill of SBC and the SBC System. Without limiting any other provisions herein or the standards of performance set forth in the Manual, Franchisee covenants and agrees to follow and adhere to the operational requirements of this Article.

9.2. Methods of Operation. Franchisee shall use at all times the methods, materials, and equipment designated by SBC to serve customers, including the standards of service, advertising, product assortment, promotion, environmental protection, management, and cleanliness prescribed by SBC, and shall comply with all business policies, practices, and procedures required by SBC.

9.3. Inventory. Franchisee shall maintain at all times an inventory of goods and supplies sufficient to satisfy customer demand and shall adhere to SBC's standards concerning beverage preparation and product shelf life.

9.4. Prices. SBC shall give Franchisee, upon execution of this Agreement and from time to time thereafter, a list of prices charged by SBC at its company-owned cafes in the metropolitan area closest to the SBC Unit. Franchisee shall determine the prices charged by it to its customers at the SBC Unit and shall provide pricing information to SBC upon request; provided, however, that if SBC determines in its sole discretion that it may lawfully direct Franchisee to charge certain prices for goods or services or otherwise to restrict pricing, then Franchisee shall charge prices as established by SBC in the Manual or otherwise in writing.

9.5. Computers and Point-of-Sale Systems. If directed by SBC, Franchisee shall purchase, maintain, and service a computerized point-of-sale system designated by SBC for operation of the SBC Unit, including any accompanying computers, modems, credit/debit card readers, cash drawers, receipt printers, and other associated equipment. Franchisee shall purchase and pay for upgrades or new software as required by SBC from time to time in SBC's sole discretion. If directed by SBC, Franchisee shall obtain and maintain sufficient and operable computer hardware, software, and internet access: (i) to provide for continuous access to any proprietary intranet system designated by SBC for communications between SBC and Franchisee and to any web-based software designated by SBC; (ii) to allow SBC to access Franchisee's computerized data related to sales made at the SBC Unit; and (iii) to perform all other operations required by the Manual. Franchisee shall not allow any unauthorized person to access any proprietary intranet or other computerized systems controlled or operated by SBC.

9.6. Hours of Operation. Franchisee shall keep open and operate continuously the SBC Unit for no fewer than twelve (12) hours every day, except with SBC's prior written consent.

9.7. In-Store Services and Amenities. Franchisee shall obtain, maintain, use and offer any services and amenities prescribed by SBC at or within the SBC Unit, including without limitation music systems and wireless Internet access, and at SBC's option, Franchisee shall obtain those systems and services from a vendor designated by SBC.

9.8. Staffing and Employees.

9.8.1. Minimum Number of Employees Onsite. Franchisee shall hire such Employees for the SBC Unit as may be necessary and appropriate to staff the SBC Unit and to provide for the continuous operation the SBC Unit in compliance with all SBC operational requirements. In addition, at all times when open for business, Franchisee shall ensure that there are no fewer than two (2) Employees on site in the SBC Unit and dedicated solely to that SBC Unit and not to any other activities at the Licensed Site. Each Employee shall have completed all required training prior to working in the SBC Unit.

9.8.2. Management of SBC Unit. Franchisee shall ensure that a Management Employee is supervising the SBC Unit during all hours of operation.

9.8.3. Employee Appearance and Service. Franchisee shall cause all of its Employees working in the SBC Unit to follow the dress code designated by SBC (including the wearing of certain apparel and conforming their personal appearance) and to render competent and courteous service to customers. Franchisee's Employees shall not work at any other business while wearing the apparel designated by SBC's dress code or while wearing items containing SBC Trademarks, trade names, service marks or logos.

9.8.4. Taxes and Responsibility. Franchisee shall hire, control, and be exclusively responsible for the terms of employment and the compensation and training of all Employees in the SBC Unit, except for the training provided by SBC. Franchisee shall have sole responsibility to collect and promptly pay when due all federal tax, state tax, provincial tax, FICA, FUTA, withholding tax, and other applicable payroll taxes, workers' compensation contributions, employment insurance premiums, and all similar taxes, fees, and charges.

9.9. Licenses and Permits; Compliance with Laws. Franchisee shall secure, maintain in force, and give evidence to SBC on request of all business licenses, permits, registrations, and certificates legally required to operate the SBC Unit, and shall comply with all applicable laws, ordinances, and regulations.

9.10. Third Party Payments. Franchisee shall promptly pay when due all trade and supplier accounts, federal, state, and local taxes (including, but not limited to, income, business and occupation, gross receipts, sales, goods and services, use, property, customs, duties and excise taxes), lease payments, and indebtedness of any kind incurred by Franchisee in the operation of the SBC Unit.

ARTICLE 10 ADVERTISING AND PROMOTIONS

10.1. SBC Advertising Program.

10.1.1. Advertising Program. At SBC's option, SBC may operate a program for the purpose of advertising and promoting the SBC brand to the general public (the "Advertising Program"). If SBC elects to operate an Advertising Program, then SBC shall use the Advertising Fee payments made by Franchisee for the Advertising Program, along with payments from other franchisees, which payments may vary from those made by Franchisee. SBC shall use the Advertising Program for, at SBC's option, media placement, commissions, market research, creative and production costs, artwork, printing, and any other costs, expenses, or compensation reasonably related to advertising, marketing, or promotions, and SBC shall have sole control over the use of Advertising Fees for such purposes. SBC is permitted to perform any Advertising Program functions itself through its employees, representatives, agents, or affiliates, in which case SBC is permitted to compensate itself or its affiliate from Advertising Fee payments for the reasonable cost of performing those functions, including reasonable allocations of overhead and administrative expenses.

10.1.2. No Specific Advertising Program Allocation Required. Franchisee acknowledges and agrees that the purpose of the Advertising Program is to maximize general public recognition and patronage of the goods and services offered by franchisees and to build the value of the Trademarks. SBC has no obligation to ensure that Franchisee benefits directly or on a pro rata basis from the placement or conduct of advertising, marketing, or promotional activities, and Franchisee's own benefits will vary depending on its proximity to other franchisees, the competition from other industry operators in Franchisee's area or region, the types of media reasonably available and the costs of those media, and other factors.

10.1.3. Advertising Program Accounting. In connection with the Advertising Program: (i) SBC shall account for the Advertising Program separately from other SBC accounts or assets, but is not required to maintain any separate fund or account; (ii) if requested by Franchisee, SBC shall make available an unaudited annual statement of operations for the Advertising Program, with any cost of preparing that statement to be paid from Advertising Fee payments; and (iii) SBC is permitted to establish a separate entity to receive payments and administer the Advertising Program with comparable rights and restrictions as established in this Agreement, in which case SBC is permitted to require Franchisee to submit Advertising Fee payments directly to that separate entity.

10.1.4. Operation of Advertising Program. SBC shall use commercially reasonable efforts to operate effectively all advertising, marketing, and promotional activities, including the Advertising Program, but SBC shall have no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the Advertising Program. Franchisee is not a third party beneficiary of any other Master Franchise Agreement and shall have no right to require or enforce any contributions from other franchisees to, or with respect to the administration of, the Advertising Program. SBC's obligations with respect to the Advertising Program are contractual in nature. Franchisee has no proprietary right in the Advertising Program or the media created for it, and Advertising Fee funds are not held in trust and do not create any trust or fiduciary duties on behalf of SBC.

10.2. Franchisee Advertising and Promotions.

10.2.1. Advertising Content. Franchisee shall ensure that all advertising and promotions conducted by Franchisee, including any use of any Trademark, are dignified and conform to the highest ethical advertising standards and to all policies prescribed by SBC. All advertising, promotional, or marketing plans and materials that Franchisee uses shall be developed by SBC, or shall be developed by Franchisee and approved in writing by SBC before Franchisee's use, except that any pricing advertised by Franchisee shall be governed by Section 9.4. SBC may grant or withhold its approval of any proposed advertising, promotion, or marketing submission in SBC's sole and absolute discretion. SBC shall approve or reject such advertising, promotion, or marketing submission within thirty (30) days of request for approval by Franchisee. If SBC does not approve the request within such thirty (30) day period, then the submission shall be deemed disapproved.

10.2.2. Local Marketing Expenditures. Franchisee shall independently expend on a quarterly basis an amount not less than one percent (1%) of the Gross Revenue of the SBC Unit for local or regional advertising, and shall submit to SBC a written accounting of such advertising expenditures by the thirtieth (30th) day following the end of each quarter. If SBC establishes or authorizes one or more LAM Co-ops (defined below) in which Franchisee participates, then any fees or contributions Franchisee makes to the LAM Co-op(s) shall be considered expenditures on local or regional advertising as required by this Section.

10.2.3. In-Store Displays. Franchisee shall keep visible to customers at the SBC Unit at all times a display, a counter card, a supply of catalogs, and such other items promoting SBC's mail order, e-commerce or other online sales business as SBC may designate, provided that SBC gives any such materials to Franchisee without charge.

10.2.4. Grand Opening. During the first thirty (30) days after the SBC Unit opens to the public, Franchisee shall conduct a grand opening program prescribed or approved by SBC to create awareness of the SBC Unit and the products offered for sale (the "Grand Opening"). Franchisee shall spend between five thousand dollars (\$5,000) and ten thousand dollars (\$10,000), as directed by SBC, on the Grand Opening.

10.3. Local Area Marketing Cooperative. SBC may establish or authorize any number of Local Area Marketing Cooperative programs (each a "LAM Co-op") to coordinate advertising, marketing, and promotions among franchisees within a certain region, among certain common types of franchisees, or for other designated purposes, and SBC may establish any or all rules of procedure and standards of operation to govern a LAM Co-op. Franchisee shall participate fully and in good faith in any LAM Co-ops required by SBC. SBC may delegate to any LAM Co-op the full or limited right to direct its own operations, and Franchisee shall follow all rules and procedures prescribed by the LAM Co-op; except that no LAM Co-op created or managed by SBC shall be permitted, without SBC's consent: (i) to impose any fee or mandatory contribution to the members on an unequal basis; or (ii) to allocate votes among members on any basis other than one vote per SBC Unit. SBC may, but is not obligated to, resolve any disputes between Franchisee and any other franchisee concerning any LAM Co-op matter, and Franchisee shall honor and adhere to any decision or direction issued by SBC concerning that dispute. For the sake of clarity, any contributions or fees paid by Franchisee for an LAM Co-op do not constitute fees for local marketing required by this Agreement.

10.4. Other Promotional Programs. Franchisee acknowledges and agrees that the best interests of the SBC System and of the SBC Unit are served by a cooperative and consistent approach on a system-wide basis to SBC promotional, marketing and merchandising campaigns. Franchisee shall participate, at Franchisee's expense, in all local, regional, and national promotional programs as directed by SBC, including without limitation obtaining all required promotional displays, materials, and merchandise from SBC or a designated vendor. Franchisee authorizes SBC to designate promotional or seasonal materials and merchandise, and to ship those materials and merchandise directly to Franchisee for purchase by Franchisee without prior order, for display and retail resale by Franchisee.

10.5. Gift Certificates, Coupons, and Discounts. Franchisee shall honor all programs relating to Gift Certificates, Coupons, Discounts, and similar promotions prescribed by SBC. For the purposes hereof: (i) "Gift Certificates" shall mean certificates, tokens or other instruments sold for their face value, or a portion thereof, and entitling each holder or bearer to a credit in the amount of such face value for goods or services at the participating SBC Unit(s) operated by Franchisee or other operators in the SBC System; (ii) "Coupons" shall mean certificates, tokens or other instruments distributed without consideration for promotional purposes and entitling each holder or bearer to a credit or discount with respect to goods or services generally or with respect to designated goods or services at the participating SBC Unit(s) operated by Franchisee or other operators in the SBC System; and (iii) "Discounts" shall mean advertised credits or discounts with respect to goods or services generally or with respect to designated goods or services not represented by certificates, tokens or other instruments and generally available to any customer complying with the conditions thereof at the participating SBC Unit(s) operated by Franchisee or other operators in the SBC System. SBC shall reimburse Franchisee for any direct costs incurred by Franchisee with respect to any redeemed Gift Certificates presented under any such program, but SBC shall have no obligation to reimburse Franchisee for Coupons, Discounts, and other similar promotions.

10.6. Customer Lists. SBC may, from time to time, provide Franchisee with cards designated to collect personal information and comments voluntarily submitted by customers to SBC or its designee. Franchisee agrees that all rights in any such customer information shall belong solely to SBC, and Franchisee shall not have any right to use, sell, or disclose this information to any third party without the express written permission of SBC.

ARTICLE 11 RECORDS AND REPORTS

11.1. Reports. Each week, Franchisee shall submit to SBC reports of Gross Revenue from the SBC Unit for the preceding week, shall submit monthly reports (per Fiscal Month) as required by Section 4.4.1, and shall submit other reports at other intervals as SBC may require. Franchisee shall submit its reports in a form prescribed by SBC, which shall include sales breakdowns by category or item. Franchisee shall also submit information deemed necessary by SBC to determine the success of the SBC Unit or marketing efforts, such as (without limitation) total customers or transaction counts for the SBC Unit or for a Licensed Site in which the SBC Unit is located. SBC may require Franchisee to submit annual reports of Gross Revenue for the SBC Unit, which Franchisee shall prepare at its own expense and which shall be reviewed and approved by Franchisee's internal audit staff.

11.2. Electronic Reporting. SBC may require that Franchisee connect the SBC Unit to an SBC point-of-sale system or systems at Franchisee's cost, or otherwise to give daily reports of sales to SBC by electronic means or other means prescribed by SBC.

11.3. Audit. SBC shall have the right to conduct an audit or review of the books and records of Franchisee's SBC Unit at any time, with or without advance notice, and Franchisee shall cooperate fully in such audit or review. If an audit or review reveals that Gross Revenue for the SBC Unit has been understated in any report to SBC, then Franchisee shall immediately pay SBC all underpaid fees arising out of or based on Gross Revenue, together with interest as provided by this Agreement. In addition, if an audit or review reveals that Gross Revenue for any period of one Fiscal Month or greater of the SBC Unit was understated by two percent (2%) or more during the period audited, then Franchisee shall reimburse SBC for all costs and expenses incurred in connection with the audit or review. The foregoing remedies shall be in addition to and not exclusive of any other remedies available to SBC under this Agreement, at law, or in equity.

11.4. Use of Data. SBC shall keep confidential the financial reports submitted by Franchisee; except that SBC shall be permitted to use those reports and the data therein in any franchise disclosure document and related regulatory filing, in any disclosure to prospective investors or franchisees (including any current franchisees considering additional investment or expansion), in any financial reporting in SBC's or any SBC affiliate's normal course of business, and in any other manner or use required of SBC by law, court order, subpoena, or made necessary to comply with any applicable law or regulation.

11.5. Records. Franchisee shall prepare, and keep for a period of not less than three (3) years following the end of each of its fiscal years, adequate books and records with respect to the SBC Unit, which shall be segregated from the general books and records of Franchisee's operations, showing inventories and receipts of all inventory, daily receipts in, at, or from the SBC Unit, sales of goods and services, tax returns (if any), all pertinent original serially numbered sales slips and cash register records, and such other sales records as may be required by SBC, in a form suitable for an audit or review of its records by an authorized auditor or agent of SBC. Franchisee also shall prepare and keep any additional records required by applicable law.

ARTICLE 12 CONFIDENTIAL INFORMATION

12.1. SBC Confidential Information. Franchisee has or may obtain knowledge concerning the SBC System and other confidential matters necessary or useful to the successful development and operation of the SBC Unit, such as SBC's plans, strategy, costing, prospects, potential locations and all information in the Manual and any and all information pertaining to the SBC System (collectively, the "Confidential Information"). Confidential Information does not include information that is or has become a part of the public domain through publication or communication by others, or that Franchisee can show was already legally in Franchisee's possession before receipt from SBC. Franchisee acknowledges that the Confidential Information is confidential, proprietary information, and a trade secret of SBC.

12.2. Protection of Confidential Information. Franchisee hereby covenants to treat as confidential at all times the Confidential Information and to use all reasonable efforts to keep

such information confidential. Franchisee acknowledges that the unauthorized use or publication or disclosure of any Confidential Information would cause irreparable injury to SBC for which monetary damages may be insufficient. Franchisee accordingly agrees that it shall not at any time during or after the term of this Agreement publish, disclose, use or permit the use of (except as may be required by applicable law or authorized by this Agreement) the Confidential Information, in whole or in part, or otherwise make the same available to any unauthorized person or source without SBC's prior written consent, which SBC may grant or withhold in its sole and absolute discretion. In view of the importance of the Trademarks and the Confidential Information and the incalculable and irreparable harm that would result to SBC if Franchisee were to breach its covenants and agreements in connection with these matters, Franchisee agrees that SBC may seek specific performance and/or injunctive relief without being required to post any bond or other security to enforce the covenants and obligations in this Agreement, in addition to any other relief to which SBC may be entitled at law or in equity.

12.3. Confidentiality of Manual. Without limitation to any other provision in this Article, Franchisee shall keep the copy or copies of the proprietary SBC Manual loaned to it by SBC current and in a secure location, and shall keep confidential and secure any password or data that allows Franchisee access to any electronic version of the Manual made available by SBC. If a dispute occurs relating to the accurate or current contents of the Manual, then the copies maintained by SBC at its principal place of business (whether in electronic or paper form) shall be controlling. Franchisee shall not at any time copy, duplicate, record, publish, distribute, or otherwise reproduce or disclose any part of the Manual or use the Manual for any purpose other than the operation of the SBC Unit. SBC reserves the right to impose a fee for any replacement Manual requested by Franchisee, if the replacement is necessitated by Franchisee's failure to maintain or update the Manual as provided above, or by Franchisee's loss of the Manual.

12.4. Limited Access to Confidential Information. Franchisee shall limit access to the Confidential Information to its employees on a need-to-know basis, and shall ensure that its Management Employees do not, during the term of their employment or thereafter, communicate, divulge, or use for the benefit of anyone, any Confidential Information that they may acquire during their employment with Franchisee.

12.5. Notification of Infringement. If Franchisee has any reason to believe that any Management Employee has violated the confidentiality provisions of this Agreement, Franchisee shall promptly notify SBC and shall cooperate with SBC to protect SBC against infringement or other unlawful use including, but not limited to, the prosecution of any lawsuits if, in the judgment of SBC, such action is necessary or advisable.

12.6. Confidentiality of Agreement. Franchisee shall not disclose the substance of this Agreement to any third party. If Franchisee needs to disclose the substance of this Agreement in conjunction with seeking Occupancy Agreements, or as necessary to obtain any governmental permits, licenses, approvals, etc., or to the extent required by the lawful order of any court of competent jurisdiction or federal, state, or local agency having jurisdiction over Franchisee, then Franchisee shall obtain SBC's prior written consent, which SBC shall not unreasonably withhold.

12.7. Public Statements. SBC and Franchisee shall cooperate with one another and shall mutually agree upon any press release or other public announcement by Franchisee or SBC regarding or relating to the existence or substance of this Agreement.

ARTICLE 13 FRANCHISEE COVENANTS

13.1. Non-Competition. During the Agreement Term, Franchisee shall not, except as authorized under any additional or successor Master Franchise Agreement granted by SBC, or as consented to by SBC in writing in its sole and absolute discretion, have any interest, direct or indirect, in the ownership or operation of: (i) any retailer at a Licensed Site selling espresso drinks or premium branded coffee by the cup other than SBC; (ii) any entity whose primary product is premium branded coffee; or (iii) any coffee mail-order or Internet business. During the Agreement Term, Franchisee also shall not grant any right of operation at the Licensed Site to any retailer selling espresso drinks or premium branded coffee by the cup other than SBC. For one year following the Agreement's assignment, transfer, termination, or expiration, with respect to the Licensed Site and within a one-half mile radius of such Licensed Site, Franchisee shall not have any interest, direct or indirect, in the ownership or operation of any business engaged in the sale of services or products the same as, similar to, or competitive with those offered by SBC.

13.2. Non-Solicitation. During the Agreement Term and for a period of three (3) years following the Agreement's assignment, transfer, termination or expiration, Franchisee shall not solicit or contact personnel of SBC or its affiliates in an attempt to hire or employ those personnel; except that this shall not restrict Franchisee from using general advertising with respect to employment opportunities and, in connection therewith, from responding to unsolicited inquiries by any employee of SBC or its affiliates.

13.3. Owner Covenants. At SBC's option, Franchisee shall ensure that each of its Owners execute an agreement or acknowledgment, in the form attached as Exhibit F, by which the Owner personally assumes the covenants under this Article and the confidentiality protections provided for in this Agreement co-extensively with Franchisee.

13.4. Enforcement. The parties agree that: (i) if any provision of this Article is held to be invalid or unenforceable, the remaining provisions shall continue to be valid and enforceable as though the invalid or unenforceable part had not been included; (ii) if any geographical area or term or period of this Article is held to be invalid or unenforceable, such geographical area or term or period shall be valid and enforceable over the maximum legally enforceable geographical area and period of time; and (iii) SBC is entitled to reduce the geographic scope and time of any covenants in this Article at any time.

ARTICLE 14 TRANSFER

14.1. Transfer and Assignment. Franchisee may not sell, assign, or transfer its interest in this Agreement or the SBC Unit without SBC's prior written approval, which SBC may withhold or condition in its sole and absolute discretion. Any attempted or purported assignment or transfer by Franchisee shall constitute a breach of this Agreement and be void and shall be cause for termination. SBC has the right to disapprove, in its sole and absolute discretion, of any person or entity or any transaction that would change the actual, legal, or

effective control of this Agreement or the SBC Unit, whether by sale, transfer, or change of ownership of Franchisee, the Licensed Site, this Agreement, or the SBC Unit. Without limiting the foregoing, and at a minimum, SBC may condition its approval of any proposed assignment, sale, or transfer of this Agreement or the SBC Unit upon the following:

14.1.1. The assignment or transfer complies with all applicable laws and regulations, all obligations of Franchisee created by this Agreement, and any other agreement between SBC and Franchisee, and the relationships created hereunder are assumed by the transferee (or, at SBC's option, in the event SBC is then offering any comparable franchise programs, the transferee shall execute SBC's then-current forms of agreements), provided however, that no such assignment or assumption shall relieve Franchisee of any obligations that explicitly or by their nature survive the expiration, termination, or assignment of this Agreement;

14.1.2. All debts of Franchisee to SBC and SBC's affiliates are paid;

14.1.3. Franchisee is not in default under this Agreement or any other related agreement;

14.1.4. The transferee and its employees have satisfactorily completed the training required of new franchisees on SBC's then-current terms before the transfer;

14.1.5. Franchisee reasonably satisfies SBC that the transferee meets all requirements of SBC for new franchisees under any comparable franchise program of SBC then in effect or, if no such program exists, such requirements as SBC may then determine to be applicable to provide reasonable assurance to SBC of the transferee's good prospects for successfully operating the SBC Unit including, but not limited to, experience, skill, qualification for franchise exemption, aptitude, good reputation and character, business acumen, financial strength, and other business conditions;

14.1.6. Franchisee pays to SBC, prior to transfer: (i) a License Fee for the SBC Unit to be transferred in an amount equal to the then-current standard unit license fee charged by SBC; and (ii) SBC's internal and out-of-pocket costs associated with reviewing, evaluating, and acting on the transfer request, including without limitation all of SBC's costs and attorneys' fees associated with the transfer;

14.1.7. Franchisee provides to SBC in writing the terms of the proposed transfer, and SBC determines, in its sole discretion, that the terms of the proposed transfer are reasonable and will not unduly hinder the transferee's ability to operate the SBC Unit successfully;

14.1.8. Transferee agrees, at its sole cost and expense, to reimagine, renovate, refurbish and modernize the SBC Unit, within the time frame required by SBC, including the building design, parking lot, landscaping, equipment, signs, interior and exterior decor items, fixtures, furnishings, trade dress, color scheme, presentation of Trademarks, supplies and other products and materials to meet SBC's then-current standards, specifications and design criteria for SBC Units. Franchisee acknowledges and agrees that these changes may require, without limitation, structural changes, remodeling, redecoration, and other modifications to existing improvements; and

14.1.9. There shall not be any suit, action, or proceeding pending, or to the knowledge of Franchisee any suit, action, or proceeding threatened, against Franchisee or SBC with respect to the SBC Unit.

14.2. Assignment Agreement. Franchisee shall ensure that no agreement between Franchisee and a transferee includes any provision that grants Franchisee any continuing security interest in this Agreement or the SBC Unit, except with SBC's prior written consent. Franchisee acknowledges and agrees that SBC shall have no obligation to enforce, and shall not be bound, directly or indirectly, by any terms of any agreement between Franchisee and a transferee.

14.3. No Limitation of Remedies. Any consent to assignment or transfer shall be without prejudice to SBC's rights against Franchisee hereunder or to any right (including right of indemnity), remedy, or relief vested in or to which SBC may be entitled by reason of the default, breach, or nonobservance of any covenant, term, provision or condition that occurred before the sale or assignment or transfer. Without limiting the foregoing, it is expressly understood and agreed that SBC's consent to an assignment or transfer of this Agreement or the SBC Unit shall not waive: (i) any payment or other duty owed by Franchisee to SBC under this Agreement before such assignment or transfer; or (ii) Franchisee's duty of indemnification and defense, whether before or after such assignment or transfer; or (iii) Franchisee's obligation to obtain SBC's consent to any subsequent assignment or transfer.

14.4. Security Interests. Without limiting SBC's discretion to approve any assignment for security of this Agreement or the SBC Unit, Franchisee shall grant no security interest in this Agreement, the SBC Unit, or any assets at the SBC Unit unless the secured party agrees that it shall give SBC prior notice of any attempt to foreclose on its security interest, that SBC shall have the right and option to be substituted as obligee to such secured party, and that SBC shall have the right to cure any default of Franchisee. This Section shall not limit Franchisee's right to pledge the tangible assets and receivables of the SBC Unit to any lender directly providing financing for the construction, remodeling, or refurbishment of that SBC Unit.

14.5. Franchisee Parents. Franchisee acknowledges and agrees that SBC's grant of rights under this Agreement may be due in part to the qualifications of the persons or companies that directly or indirectly own a majority interest in or control Franchisee (each a "Parent Company") and the relationship between Franchisee and the Parent Companies. Accordingly, Franchisee shall give ninety (90) days' prior written notice to SBC of any Change of Control, and any Change of Control shall be considered a transfer and shall be subject to SBC's rights under Section 14.1 above. Without limitation to any other rights or remedies, if SBC does not approve a Change of Control, then SBC shall have the right to terminate this Agreement effective upon delivery of SBC's written notice to Franchisee.

14.6. Transfer and Delegation by SBC. This Agreement shall inure to the benefit of the successors and assigns of SBC. SBC shall have the right, without Franchisee's consent, to transfer or assign its interest in this Agreement to any person, persons, partnership, association, corporation, or other entity, and Franchisee shall promptly execute any documents in connection therewith. If SBC's assignee assumes all the obligations of SBC hereunder and sends Franchisee written notice of the assignment so attesting, then Franchisee shall promptly execute a general release of SBC, and any affiliates of SBC (unless a transferee), from claims or liabilities of SBC under this Agreement. SBC reserves the right to delegate to one or more of its affiliates at any time, any and all of its rights, obligations or requirements under this Agreement, and may

require that Franchisee submit any materials and documents otherwise requiring approval by SBC under this Agreement to such affiliate, in which case approval by that affiliate shall be deemed approval by SBC. Any act or direction by an authorized SBC affiliate with respect to this Agreement shall be deemed the act or direction of SBC. SBC may revoke any delegation or designation at any time. Franchisee acknowledges and agrees that delegation may result in one or more affiliates of SBC that operate, license, or otherwise support brands other than the SBC brand exercising or performing on behalf of SBC any or all rights, obligations or requirements under this Agreement or performing shared services on behalf of SBC.

ARTICLE 15 INSURANCE AND INDEMNIFICATION

15.1. Insurance.

15.1.1. Minimum Insurance Coverage. At all times during the term of this Agreement, Franchisee shall keep in effect the following types of insurance: (i) such insurance as may be required by any Occupancy Agreements covering the SBC Unit's premises, including but not limited to course of construction insurance, all-risk commercial property insurance and business interruption insurance in an amount that is at least equal to the replacement cost of the building and its contents; (ii) workers' compensation or qualified self-insurance; (iii) commercial general liability insurance, including products liability, completed operations hazard, insured contracts liability, premises liability, contractual liability, advertising injury liability and personal injury liability insurance at a minimum limit of liability of One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate; (iv) such other insurance as may be required by law; and (v) such other policies or increased coverage limits as SBC may require from time to time.

15.1.2. SBC as Additional Insured. Franchisee's commercial general liability insurance policy shall name SBC as an additional insured, shall be endorsed such that it is primary and non-contributing with any similar insurance maintained by SBC, and shall provide that SBC shall receive thirty (30) days prior written notice of termination, expiration, lapse, cancellation, or material change or amendment of any such policy.

15.1.3. Insurer Ratings. All policies shall be written with insurers with a rating of A-VII or better in Best's insurance guide, and each insurer shall be licensed to do business in the jurisdiction in which the SBC Unit insured by that insurer is located. All such policies of insurance shall contain a waiver of the insurer's right of subrogation in respect of any claim against SBC. If reasonably available, Franchisee's policies shall not contain any exclusion clause for the claims of one insured versus another insured or for the acts of one insured affecting another insured, but instead shall contain a severability of interests clause and a cross liability clause whereby each such policy shall be treated as though a separate policy had been issued to each insured. Franchisee may also obtain such other or additional insurance as it deems proper in connection with the operation of the SBC Unit.

15.1.4. Procurement by SBC. Franchisee shall notify SBC of the effective date of each insurance policy and shall submit to SBC annually a current certificate of insurance that provides evidence that the required coverage is in effect. The certificate of insurance shall specifically note that SBC is an additional insured on Franchisee's commercial general liability insurance policy. If Franchisee at any time fails to maintain in effect any insurance coverage

required by SBC or to furnish satisfactory evidence thereof, SBC may, but need not, obtain such insurance coverage on behalf of Franchisee, and Franchisee shall promptly execute any applications or other forms or instruments required to obtain any such insurance and shall pay to SBC on demand any premiums and any expenses of procurement incurred by SBC.

15.1.5. Claims Discussions. SBC or its insurer shall have the right to participate in discussions with Franchisee's insurance carrier and shall have the right to participate with Franchisee's insurance carrier in discussions with any claimant regarding any action relating to Franchisee's SBC Unit in which SBC or its insurer is named as a codefendant, and Franchisee agrees to adopt SBC's reasonable recommendations to Franchisee's insurance carrier regarding the defense or settlement of any such claims.

15.1.6. No Warranties. Nothing herein shall be construed as a representation or warranty by SBC that any insurance required or suggested by SBC will insure Franchisee against all insurable risks or amounts of loss that may or can arise out of or in connection with this Agreement or the operation of the SBC Unit. Maintenance of any such insurance or compliance by Franchisee with its rights under this Section shall not relieve Franchisee of its liability under any indemnification provisions of this Agreement.

15.2. Indemnification.

15.2.1. Franchisee hereby agrees to indemnify, defend, protect and hold harmless SBC, its officers, directors, shareholders, employees, agents, and attorneys, and each of them, in their corporate and individual capacities, from any expense, liability or damage any of them may incur, including reasonable attorneys' fees, as a result of claims, demands, lawsuits, actions, costs, awards or judgments of any kind or nature, by anyone whomsoever, arising out of or otherwise connected with: this Agreement (including without limitation any claim that Franchisee's execution and performance of this Agreement is in violation of contractual rights or obligations owed by Franchisee to any third party); Franchisee's use of the Trademarks or the Confidential Information; the design, construction, and outfitting of the SBC Unit (including any structural flaws in the construction of the premises); Franchisee's ownership, maintenance, or operation of the SBC Unit; or any other act of omission or commission by Franchisee or its officers, directors, shareholders, partners, employees, or agents, except to the extent such liability or damage is solely due to the negligence or fault of SBC (it being acknowledged and agreed that any claims related to the temperature of beverages sold at the SBC Unit shall not be attributable to the negligence or fault of SBC). Without limitation to any other Section, Franchisee's obligations to defend and indemnify, and the rights of SBC and its officers, directors, shareholders, employees, agents, and attorneys to be defended and indemnified under this Section, shall survive assignment, transfer, termination or expiration of this Agreement.

15.2.2. For any claims, demands, lawsuits, and actions falling within Franchisee's defense and indemnity obligations, Franchisee shall immediately undertake the defense and shall retain reputable, competent and experienced counsel to represent the interests of SBC and the other indemnitees. Franchisee shall notify SBC of the identity of such counsel not less than forty-eight (48) hours prior to retaining them, and SBC shall have the right during this period to approve or disapprove any such counsel. SBC shall have the right to obtain separate counsel and to participate in the defense, compromise or settlement of the action. SBC shall not be required to seek recovery from third parties or otherwise mitigate its losses to recover the full amount of its indemnified losses and expenses from Franchisee. Franchisee shall not settle or compromise any

legal action without the prior written consent of SBC, which SBC may grant or withhold in its sole and absolute discretion.

ARTICLE 16 DEFAULT AND TERMINATION

16.1. Termination of Agreement.

16.1.1. Termination After Notice and Opportunity to Cure. SBC shall be entitled to terminate this Agreement if Franchisee commits any material breach or default of any provision of this Agreement and fails to cure that breach or default within thirty (30) days after receiving written notice and demand for cure from SBC; except that SBC may limit Franchisee's cure period for any breach of any monetary obligation to five (5) days after Franchisee's receipt of written notice and demand for cure. Franchisee acknowledges and agrees that its failure to pay when due any amount owed to SBC under this Agreement shall constitute a material breach or default.

16.1.2. Termination Immediately Upon Notice. Notwithstanding the foregoing Section, SBC shall be entitled to terminate this Agreement immediately upon written notice in the event of any of the following occurrences or breaches or defaults by Franchisee:

16.1.2.1. Franchisee's filing of a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, or dissolution under any law, or Franchisee's admission or failure to contest the material allegations of any such pleading filed against it; the entry of an order for relief against Franchisee as a debtor under U.S. Bankruptcy Code or any corresponding laws or any foreign jurisdiction; the adjudication of Franchisee as insolvent; the appointment of a receiver for a substantial part of the assets of Franchisee or for the SBC Unit; the abatement of the claims of creditors of Franchisee or the SBC Unit under any law; or Franchisee's making of an assignment for the benefit of creditors or similar disposition of the assets of the SBC Unit.

16.1.2.2. Franchisee's abandonment or cessation of operations of the SBC Unit without SBC's prior written consent.

16.1.2.3. Franchisee's unauthorized assignment, transfer, surrender, or attempt to assign or transfer its ownership interest in this Agreement or the SBC Unit.

16.1.2.4. Franchisee's participation in any fraudulent or criminal conduct relating to operation of the SBC Unit, or the conviction or plea of guilty or nolo contendere by Franchisee or any of its Owners, officers, directors, or Management Employees to a charge of any felony, or of any law the violation of which will adversely affect the SBC Unit, any Trademark, any Confidential Information, or the reputation of SBC or Franchisee.

16.1.2.5. Franchisee's unauthorized use, disclosure, or duplication of the Confidential Information.

16.1.2.6. Franchisee's submission to SBC on three (3) or more separate occasions at any time during the Agreement Term of any periodic report, financial statement, tax return or schedule, or other information, that understates the Gross Revenue of the SBC Unit for any period of one Fiscal Month or longer by more than two percent (2%).

16.1.2.7. SBC's discovery that Franchisee made a material misrepresentation or omitted a material fact in the information that was furnished to SBC in connection with SBC's decision to enter into this Agreement; or Franchisee's knowing falsification of any report required to be furnished to SBC, making any material misrepresentation in its dealings with SBC, or failing to disclose any material facts to SBC during the term of this Agreement.

16.1.2.8. Franchisee's third material breach or default of this Agreement within any twelve (12) month period, provided that SBC has given Franchisee written notice and an opportunity to cure the first two (2) defaults, regardless of whether those previous defaults were cured.

16.2. Liquidated Damages. If, pursuant to this Article, SBC terminates this Agreement, then, within thirty (30) days after the effective date of termination, Franchisee shall pay SBC liquidated damages as follows:

16.2.1. If the termination date is on or after the first anniversary of the Unit Term, liquidated damages shall be an amount equal to:

- (i) the average monthly sum of Royalties and Advertising Fees due and payable under this Agreement during the last twelve (12) full Fiscal Months of the SBC Unit's operation, multiplied by lesser of twelve (12) or the number of calendar months actually remaining in the Unit Term ; plus
- (ii) the average monthly sum of products purchased by Franchisee from SBC during the last twelve (12) full Fiscal Months of the SBC Unit's operation, multiplied by the lesser of twelve (12) or the number of calendar months actually left in the Unit Term.

16.2.2. If the termination date is prior to the first anniversary of the Unit Term, liquidated damages shall be an amount equal to:

- (i) the Royalties and Advertising Fees due and payable from the SBC Unit over the last full Fiscal Month of the SBC Unit's operation multiplied by twelve (12); plus
- (ii) the sum of products purchased by Franchisee from SBC during the last full Fiscal Month of the SBC Unit's operation multiplied by twelve (12).

16.2.3. In either case, Franchisee shall pay all applicable taxes on such payments. The parties acknowledge and agree that Franchisee's payment of liquidated damages is not a penalty, and is intended by the parties to represent just compensation for lost future revenues resulting from Franchisee's breach of this Agreement, which otherwise would be difficult to estimate accurately because of that breach. If any court of competent jurisdiction holds that this liquidated damages Section is not enforceable, then SBC instead shall be entitled to collect consequential damages resulting from Franchisee's breach.

16.3. No Prejudice to Other SBC Remedies. SBC's termination of this Agreement shall be without prejudice to any other rights or remedies that SBC shall have under this Agreement or at law or in equity.

16.4. Franchisee's Obligations upon Termination or Expiration. On termination or expiration of this Agreement for any reason, Franchisee agrees as follows:

16.4.1. Franchisee shall immediately pay all sums due and owing to SBC with respect to the SBC Unit, including any expenses incurred by SBC in obtaining injunctive relief for the enforcement of this Agreement.

16.4.2. Franchisee shall immediately cease to operate the SBC Unit, and shall not thereafter, directly or indirectly, hold out any such location as an SBC Unit.

16.4.3. Franchisee shall immediately cease using all of the Confidential Information, the Trademarks, and any confusingly similar names, marks, systems, insignia, symbols, or other rights, procedures, and methods. Franchisee shall, subject to the provisions of Section 16.5, deliver all goods and materials from the SBC Unit containing the Trademarks to SBC, and SBC shall have the sole and exclusive use of any items containing the Trademarks. Franchisee shall immediately make any specified changes to the SBC Unit as SBC may reasonably require for this purpose, which shall include, but not be limited to, removal of the signs, trade dress, custom decorations, and promotional materials. Franchisee shall de-identify the SBC Unit to the standard set forth in the Manual, or, if no standard is included in the Manual, to such standards as SBC may then prescribe. If SBC is required to incur any expense in connection with de-identification of the SBC Unit, then Franchisee shall reimburse SBC immediately upon demand for all reasonable expenses.

16.4.4. Franchisee shall immediately cease representing itself as then or formerly a franchisee or other affiliate of SBC.

16.4.5. Franchisee shall immediately return to SBC all copies of the Manual and all written materials incorporating Confidential Information from the SBC Unit, and any copies thereof.

16.4.6. Franchisee shall immediately cancel all assumed name or equivalent registrations relating to its use of any Trademark, notify the telephone company and all listing agencies and directory publishers including Internet domain name granting authorities, Internet service providers and web search engines of the termination or expiration of Franchisee's right to use any telephone number and any classified or other telephone directory listings, Internet domain names, uniform resource locators, website names, electronic mail addresses and search engine metatags and keywords associated with the SBC Unit, and authorize their transfer to SBC.

16.4.7. If SBC so elects, at its sole option, upon any termination or expiration of this Agreement, Franchisee shall sell to SBC such equipment and furnishings as SBC may designate that are associated with the SBC Unit (other than the products and inventory governed by Section 16.5) at net book value, using a five (5) year straight-line amortization period.

16.5. Product, Inventory, and De-identification. Upon termination or expiration of this Agreement, Franchisee shall not receive any compensation for any remaining product and

supplies inventory at the terminated SBC Unit. Upon SBC's request and at Franchisee's expense, Franchisee shall return any remaining product and supplies inventory to a location designated by SBC. Franchisee shall ensure that all proprietary espresso equipment (including but not limited to, the Verismo 801 and Mastrena) is sent by Franchisee to an approved recycling center within ten (10) days of termination. Franchisee acknowledges and agrees that it shall not use espresso equipment previously used in the SBC Unit for any purpose after the termination of this Agreement, and that such use would cause SBC immediate and irreparable harm. SBC shall have the right to enter the premises of the terminated SBC Unit to recover and take possession of such inventory, at Franchisee's expense and without being guilty of trespass or incurring any liability for such entry.

16.6. Cross-Default. If any act or omission would give rise to SBC's right to terminate any other agreement between SBC and Franchisee, then SBC shall be entitled to terminate this Agreement in the same manner and upon the same notice (if any) required by such other agreement.

16.7. Remedies Other Than Termination. If Franchisee commits any act or omission that would give rise to SBC's right to terminate, then SBC is permitted to, instead of or in addition to terminating, withhold, postpone, or forgo any services, payments, access to any electronic systems or other materials, or any other obligations imposed on SBC by this Agreement or the Manual, until Franchisee has cured its violation or has otherwise remedied the default to SBC's satisfaction.

ARTICLE 17 DISPUTE RESOLUTION

17.1. Venue. Franchisee shall initiate and maintain any action against SBC relating to or arising out of this Agreement in the state or federal courts located in Seattle, Washington, and Franchisee consents to personal jurisdiction in those courts. SBC shall initiate and maintain any action against Franchisee relating to or arising out of this Agreement in, at SBC's option, the state or federal courts located in Seattle, Washington, in any jurisdiction where Franchisee resides or does business, or where the Licensed Site is or was located or where the claim arose.

17.2. Limitation of Remedy. If SBC breaches this Agreement or any related agreement, then Franchisee may pursue whatever remedies may be available at law or in equity, except that in no event shall Franchisee be entitled to withhold, delay, limit, or condition any payment due to SBC under this Agreement.

17.3. Attorneys' Fees and Costs. If either party is required to employ legal counsel or to incur other expenses relating to any dispute arising out of this Agreement, then the substantially prevailing party shall be entitled to recover from the nonprevailing party the amount of all reasonable fees of counsel and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding.

ARTICLE 18 MISCELLANEOUS

18.1. Relationship of Parties. Franchisee is an independent contractor and is not, and shall not hold itself out as, a partner, joint-venturer, affiliate, associate, agent, employee, or legal representative of SBC, and is not otherwise authorized to act for or on behalf of SBC, and cannot act for or legally bind SBC. Franchisee is not authorized to make any agreement, warranty, covenant, or other representation, or to create any obligation, express or implied, on behalf of SBC, nor shall Franchisee represent that it has any right or power to do so.

18.2. Entire Agreement. This Agreement and all documents, schedules, exhibits, and information specifically incorporated into this Agreement by reference, collectively constitute the entire agreement between SBC and Franchisee in respect to the subject matter hereof, and supersede all prior agreements between SBC and Franchisee in connection with its subject matter. No officer, employee, or other servant or agent of SBC or Franchisee is authorized to make any representation, warranty, or other promise not contained in this Agreement. No change, notice of termination, or attempted waiver or cancellation of any provision of this Agreement shall bind SBC or Franchisee unless in writing and signed by SBC and Franchisee. Notwithstanding the foregoing, nothing in this Agreement or in any related agreement is intended to disclaim the representations made by SBC in a franchise disclosure document provided to Franchisee, or by Franchisee in any materials submitted to SBC in connection with Franchisee's application to enter into this Agreement.

18.3. Modification. To be effective, any modification of or addendum to this Agreement must be in writing and signed by authorized representatives of Franchisee and SBC, except for modifications made by SBC to the Manual, or other matters as to which express provision is made herein for unilateral action by a party.

18.4. Execution by Counterparts. This Agreement may be executed in duplicate originals, each of which shall be deemed an original.

18.5. Severability and Construction. If any provision or portion of this Agreement or the application of any provision or portion to any person or to any circumstance is determined to be invalid or unenforceable, then such determination shall not affect any other provision or portion of this Agreement or the application of such provision or portion to any other person or circumstance, all of which other provisions or portions shall remain in full force and effect. SBC and Franchisee intend that if any provision or portion of this Agreement is susceptible to two or more constructions, one of which would render the provision or portion enforceable and the other or others of which would render the provision or portion unenforceable, then the provision or portion shall be given the meaning that renders it enforceable. No rule of construction shall be applied that would construe any provision against the party who drafted that provision, as the parties agree that this Agreement is the product of negotiations between them.

18.6. Notification of Suit. Franchisee shall notify SBC in writing within ten (10) days after the commencement of any action, suit, or proceeding, or the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality that pertains to the SBC Unit or that may adversely affect Franchisee's operation of the SBC Unit or ability to meet its obligations hereunder.

18.7. Governing Law. This Agreement shall be interpreted and construed under the laws of the State of Washington (without regard to its conflicts of laws rules). For the sake of clarity, the parties intend this Section to provide that no Washington statute or regulation shall

apply to this Agreement or the relationship between the parties unless that statute or regulation would have applied on its own terms in the absence of any choice of law provision. If any provision of this Agreement is inconsistent with any other law whose application is unwaivable, then that provision shall be deemed amended to the minimum extent required to conform to that other law. Notwithstanding the foregoing, any infringement or misuse of any trademark rights relating to this Agreement shall be governed by the U. S. Trademark Act of 1946, 15 U.S.C. 1051, *et seq.* (the Lanham Act) as amended.

18.8. Waiver and Consent. No waiver by either party of any covenant or condition or the breach of any covenant or condition of this Agreement shall be construed as a waiver of any subsequent breach of such covenant or condition or shall authorize the breach or nonobservance on any other occasion of the same or any other covenant or condition of this Agreement. Acceptance by SBC of any payments due it hereunder shall not be deemed to be a waiver of any preceding breach by Franchisee of any terms, provisions, covenants, or conditions of this Agreement.

18.9. Notices. Notices under this Agreement shall be in writing, and shall be delivered in person or by overnight, registered or certified mail, return-receipt requested, prepaid, addressed as follows:

If to SBC: Seattle’s Best Coffee, LLC
2401 Utah Avenue South
Suite 800, S-LA3
Seattle, Washington 98134
Attn: Department of Law and Corp. Affairs

If to Franchisee: _____

Attn: _____

or such other address any party shall have specified in a written notice to the other.

18.10. Successors and Assigns. The terms and provisions of this Agreement shall inure to the benefit of and be binding upon the successors and authorized assigns of the parties.

18.11. Acknowledgments.

18.11.1. SBC expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guaranty, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement, except as may have been included in a franchise disclosure document provided by SBC to Franchisee.

18.11.2. Franchisee represents and acknowledges that it knows of no representation by Franchisee, or its officers, directors, shareholders, employees, agents, or servants, about the Franchisee that is contrary to the terms of this Agreement or the documents incorporated herein, and further represents to SBC as an inducement to its entry into this Agreement, that it has made no misrepresentations in obtaining this Agreement.

18.12. General Release. With the exception of any claims related to indemnity or royalties and other fees due to SBC under this Agreement, or claims related to any representations made by SBC in the franchise disclosure document, the parties hereby release and forever discharge each other (as well as their respective officers, directors, partners, members, employees, agents, independent contractors, assigns, representatives, and attorneys), and their respective corporate parents, subsidiaries and affiliates, predecessors and successors (and their respective officers, directors, partners, members, employees, agents, independent contractors, assigns, representatives, and attorneys), of and from any and all claims, liabilities, demands, causes of action, costs, expenses, attorneys' fees, damages, restitution, indemnities and obligations of every kind and nature, at law, in equity, or otherwise, known and unknown, suspected and unsuspected, disclosed and undisclosed, rising out of or relating in any manner to this Agreement prior to the execution of this Agreement.

ARTICLE 19 DEFINITIONS

The following terms used herein shall have the following definitions:

19.1. Advanced Café Training. “Advanced Cafe Training” shall mean the program developed by and presented by SBC that trains managers in the product knowledge and operational aspects and managerial aspects of the SBC System and the SBC Unit, and that trains participants in how to train Regular Employees to do their jobs within the SBC Unit to the level of training as presented in the Initial Cafe Training Program.

19.2. Advertising Fee. “Advertising Fee” shall have the meaning set forth in Section 4.3.

19.3. Advertising Program. “Advertising Program” shall have the meaning set forth in Section 10.1.

19.4. Agreement. “Agreement” shall have the meaning set forth in the preamble.

19.5. Agreement Term. “Agreement Term” shall have the meaning set forth in Section 3.1.

19.6. Change of Control. “Change of Control” shall mean any transaction or series of related transactions that result in a change of ten percent (10%) or more of the ownership or voting interests in the Franchisee or any Parent Company.

19.7. Confidential Information. “Confidential Information” shall have the meaning set forth in Section 12.1.

19.8. Coupons. “Coupons” shall have the meaning set forth in Section 10.5.

19.9. Design Fee. “Design Fee” shall have the meaning set forth in Section 4.5.

19.10. Development Obligation. “Development Obligation” shall have the meaning set forth in Section 2.1.

19.11. Discounts. “Discounts” shall have the meaning set forth in Section 10.5.

19.12. Effective Date. “Effective Date” shall have the meaning set forth in the preamble to this Agreement.

19.13. EFT. “EFT” (Electronic Funds Transfer) shall have the meaning set forth in Section 4.8.

19.14. Employee(s). “Employee(s)” shall have the meaning set forth in Section 6.1.3.

19.15. Fiscal Month. “Fiscal Month” shall mean certain periods of four (4) or five (5) weeks each, which SBC shall prescribe in writing from time to time. In general, each fiscal year shall have twelve (12) Fiscal Months, and each thirteen (13) week quarter shall have three (3) Fiscal Months.

19.16. Grand Opening. “Grand Opening” shall have the meaning set forth in Section 10.2.4.

19.17. Gift Certificates. “Gift Certificates” shall have the meaning set forth in Section 10.5.

19.18. Gross Revenue. “Gross Revenue” shall mean the total of all revenues derived from a given SBC Unit, whether such revenues are evidenced by cash, services, property, or other means of exchange, and whether SBC offers such services or products in its other locations, and shall include without limitation, the following: (i) sales, monies, property, or receipts from sales, of any nature or kind whatsoever, derived by Franchisee or by any other person or entity (including without limitation persons controlling, controlled by, or under common control with Franchisee); (ii) sales of SBC products in contravention of this Agreement at locations other than an SBC Unit; (iii) the proceeds of any business interruption insurance allocable to the SBC Unit; (iv) sales from vending devices allocable to the SBC Unit; (v) mail, Internet, and telephone orders received at or filled from an SBC Unit (whether or not in contravention of this Agreement); (vi) all deposits not refunded to purchasers; (vii) orders taken related to an SBC Unit although filled elsewhere (unless part of the Gross Revenue of another SBC Unit); and (viii) any other fees, commissions, or rental or license receipts, or other revenues received by Franchisee related to an SBC Unit. There shall be no reduction from Gross Revenue for the costs or expenses of operating an SBC Unit, for bad debt, or for Franchisee’s federal, state, or local income taxes or business and occupation taxes related to an SBC Unit. “Gross Revenue” shall exclude: (a) the amount of any state or local sales or use tax collected from customers and paid by Franchisee to a taxing authority attributable to the operations of an SBC Unit; (b) proceeds of the authorized sales of fixtures or other capital items sold by Franchisee after use thereof in the operation of an SBC Unit; and (c) the difference between Franchisee’s full price and any discounted price offered by Franchisee in conjunction with any promotional or special program authorized or directed by SBC.

19.19. Guaranty and Subordination Agreement. “Guaranty and Subordination Agreement” shall mean the agreement attached hereto as Exhibit E.

19.20. Initial Cafe Training. “Initial Cafe Training” shall mean the program developed by and presented by SBC that trains Employees concerning coffee and its preparation and in the operational aspects of the SBC Unit.

19.21. LAM Co-op. “LAM Co-op” shall have the meaning set forth in Section 10.3.

19.22. Lessor. “Lessor” shall mean the party with whom Franchisee has an Occupancy Agreement that allows Franchisee to operate a concession, lease space, sublet or license or engage in other business ventures on property controlled by such Lessor. For definitional purposes, a party granting an Occupancy Agreement to Franchisee shall be referred to as a Lessor, even if Franchisee and such party do not have a landlord-tenant relationship.

19.23. License Fee. “License Fee” shall have the meaning set forth in Section 4.1.

19.24. Franchisee. “Franchisee” shall mean the party with whom SBC enters into this Agreement, as defined in the preamble hereto.

19.25. Licensed Site(s). “Licensed Site” shall have the meaning set forth in Recital B.

19.26. Management Employee. “Management Employee” shall have the meaning set forth in Section 6.1.1.

19.27. Manual. The “Manual” shall mean the series of documents, publications, and bulletins, as amended from time to time by SBC, that supplement this Agreement and are designated as such by SBC as the mandatory guide (except where such Manual expressly indicates that any portion thereof is advisory or may be adopted by Franchisee in its discretion) for the development and operation of the SBC Unit.

19.28. Monthly Fees. “Monthly Fees” shall have the meaning set forth in Section 4.4.

19.29. Occupancy Agreements. “Occupancy Agreements” shall mean those agreements, however denominated, that allow Franchisee to lease, manage and/or operate concessions and stores at property owned by third parties. Without limiting the foregoing, Occupancy Agreements include all leases, subleases, concession agreements, licenses, and similar arrangements between Franchisee and third parties.

19.30. Owner. “Owner” shall mean any person or entity holding ten percent (10%) or more (directly or indirectly), in the aggregate, of the beneficial interest or voting rights in Franchisee. For purposes of this definition, holdings of spouses shall be aggregated to determine whether the 10% threshold has been satisfied.

19.31. Parent Company. “Parent Company” shall have the meaning set forth in Section 14.5.

19.32. Regular Employee. “Regular Employee” shall have the meaning set forth in Section 6.1.2.

19.33. Royalty. “Royalty” shall have the meaning set forth in Section 4.2.

19.34. SAR. “SAR” (Site Approval Request) shall have the meaning set forth in Section 5.1.

19.35. SBC. “SBC” shall mean Seattle’s Best Coffee, LLC, a Washington limited liability company, as defined in the preamble hereto.

19.36. SBC System. “SBC System” shall mean the business system designed by SBC for the operation of SBC Units, including specifications for interior and exterior store design; other items of trade dress; specifications for equipment, fixtures, and dress code; defined product and service offerings and preparation methods; standard operating and administrative procedures; and management and technical training programs, all as the same may exist today or as they may change from time to time, as specified in the Manual or as otherwise reasonably directed by SBC. The SBC System has been developed by SBC and is owned by SBC.

19.37. SBC Unit. “SBC Unit” shall mean a retail coffee store, bar, kiosk, stand, cart, or other outlet operating under and identified to the public by the primary trademark “Seattle’s Best Coffee” or other name or mark designated by SBC, and operated by Franchisee pursuant to this Agreement.

19.38. Seattle’s Best Coffee Card License Agreement. “Seattle’s Best Coffee Card License Agreement” shall mean the agreement attached hereto as Exhibit C.

19.39. Trademarks. “Trademarks” means the trade name and service mark “SBC” and certain other designated trademarks, service marks, logos, designs, emblems, trade dress and other indicia of origin of SBC, and any variation thereof that SBC may approve in writing and any translation of any of the above.

19.40. Unit Term. “Unit Term” shall have the meaning set forth in Section 3.2.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties here hereunto set their hands as of the day and year indicated below.

EXECUTED by Franchisee this ____ day of _____, 20__.

By: _____

Its: _____

EXECUTED by SBC this ____ day of _____, 20__.

SEATTLE'S BEST COFFEE, LLC

By: _____

Its: _____

**EXHIBIT A
LICENSED SITES**

Name of Location

City, State

Opening Date

EXHIBIT B
COFFEE PRICE ADJUSTMENT CALCULATION

Coffee Price Adjustment Calculation

Adjustments to Coffee Prices shall be made pursuant to the following formula:

$$\text{New Coffee Price} = \text{Coffee Price} + (\text{Coffee Index divided by Shrink Factor}) + (\text{Coffee Price} \times 50\% \times \text{CPI Change Rate}).$$

All coffee shall be delivered FOB destination and therefore the Delivered Coffee Price Adjustment Formula shall be as follows:

$$\text{Delivered Coffee Price} = \text{New Coffee Price} + \text{Freight}.$$

A new Delivered Coffee Price for each group of coffees shall take effect on each Price Adjustment Date.

In order to discourage stockpiling and to allow SBC to meet production demands, orders placed during the two (2) week period prior to any Price Adjustment Date shall be limited to no more than 110% of an account's average order for the two (2) weeks following the Price Adjustment Date. Larger orders may be permitted upon request with the prior authorization of SBC.

Definitions. The following definitions shall apply to this Exhibit B:

“Average Green Coffee Price” means, for the relevant period, the arithmetic average of the daily settlement price of futures contracts for “green” coffee on the New York Coffee, Sugar & Cocoa Exchange (CSCE), as published under “Futures Prices” in the *Wall Street Journal*. The relevant futures contracts are for the next delivery month, until the first notice day for that delivery month, at which time the following delivery month will become the relevant futures contracts.

“Coffee Index” means the Current Green Coffee Price minus the Prior Green Coffee Price. The Coffee Index is represented in U.S. dollars/pound (\$/lb).

“Coffee Price” means the per pound price excluding Freight for each group of coffees that is in effect on the relevant Semi-Annual Calculation Date. SBC may increase or decrease the number of coffee groups as well as add or delete individual coffees from any group.

“CPI” means the consumer price index series, seasonally adjusted, as reported by the United States Bureau of Labor Statistics, for the category “All Urban Consumers, U.S. City Average, All Items, 1982-1984 = 100.”

“CPI Change Rate” means the percentage by which the Current CPI increased or decreased as compared to the Prior CPI.

“Current Calculation Period” means the six-month period immediately preceding the relevant Semi-Annual Calculation Date.

“Current CPI” means the monthly average of the CPI for the Current Calculation Period.

“Current Green Coffee Price” means the Average Green Coffee Price for the Current Calculation Period.

“Delivered Coffee Price” means New Coffee Price plus Freight.

“Price Adjustment Date” means January 15 and July 15 of each calendar year.

“Freight” means \$.21 per pound represented in U.S. dollars/pound (\$/lb). Freight may be revised in SBC sole and absolute discretion on any Price Adjustment Date.

“Initial Delivered Coffee Prices” means, until the first Price Adjustment Date, the prices for SBC coffees set forth on the Addendum attached hereto.

“New Coffee Price” means, for each group of coffees, the Coffee Price excluding Freight as adjusted in accordance with this Exhibit B.

“Prior Calculation Period” means the six-month period immediately preceding the Current Calculation Period.

“Prior CPI” means the monthly average of the CPI for the Prior Calculation Period.

“Prior Green Coffee Price” means the Average Green Coffee Price for the Prior Calculation Period.

“Semi-Annual Calculation Date” means June 1 and December 1 of each calendar year.

“Shrink Factor” means the average ratio of roasted coffee to green coffee weight which is set at 0.79 for the purposes of this Exhibit B.

Example of Price Adjustment Formula Application

Determination of New Coffee Price:

- (a) If the Prior Green Coffee Price was \$1.15 and the Current Green Coffee Price is \$1.10, the Coffee Index that will be used to determine the New Coffee Price is \$-0.05 per pound (\$1.10 - \$1.15).
- (b) If the Prior CPI was 174.3 and the Current CPI is 177.0, the CPI Change Rate that will be used to determine the New Coffee Price is 1.5 percent ($(177.0-174.3)/174.3 = 0.015$).
- (c) If the Coffee Price in a particular group was \$7.10 per pound, the New Coffee Price will be:

$$\begin{aligned} & \$7.10 + (-0.05/0.79) + (7.10 \times 0.5 \times 0.015) \\ = & \$7.10 - \$0.06 + \$0.05 = \$7.09/lb \end{aligned}$$

ADDENDUM TO EXHIBIT B

<u>Coffee Product Description</u>	<u>Initial Delivered Coffee Price</u>
Group 1 coffees	\$
Group 2 coffees	\$
Group 3 coffees	\$
Group 4 coffees	\$

EXHIBIT C
SEATTLE'S BEST COFFEE CARD LICENSE AGREEMENT
(ATTACHED)

SEATTLE'S BEST COFFEE, LLC

SEATTLE'S BEST COFFEE CARD LICENSE AGREEMENT

This Seattle's Best Card License Agreement (the "**Agreement**") is made as of _____ (the "**Effective Date**") by and between Seattle's Best Coffee, LLC, a Washington limited liability company ("**SBC**") and _____, a _____ corporation ("**Franchisee**"). "Party" or "Parties" shall refer to SBC, Franchisee, or both, as the context dictates.

RECITALS

A. SBC and Franchisee are parties to a certain Seattle's Best Coffee, LLC Master Franchise Agreement executed concurrently herewith (the "**Franchise Agreement**") under which Franchisee is authorized to operate SBC Units and sell SBC-branded merchandise.

B. SBC sells and administers a stored value card program consisting of (a) a standard stored value card in association with a third party payment processor, ValueLink, Inc. ("**ValueLink**"), and (b) the DUETTO dual function VISA/stored value card (the "**Program**"). Under the Program, customers may purchase an SBC branded, declining balance, reloadable stored value card or apply for and, upon approval of credit, obtain the DUETTO dual function card (collectively the "**SBC Card**"). The SBC Cards carry balances that are only redeemable for purchases of goods and services of SBC.

C. SBC and Franchisee desire to enter into this Agreement to permit Franchisee to activate, reload and redeem the SBC Card at Franchisee's authorized SBC Units as such term is used in the Franchise Agreement.

NOW, THEREFORE, in consideration of the agreements, conditions and covenants set forth in the Recitals and below, the parties agree as follows:

AGREEMENT

1. Definitions.

1.1 General. Capitalized terms used herein and not otherwise defined shall have the same meanings given to such terms in the Franchise Agreement. The following terms shall have the following meanings, unless the context otherwise requires. Certain other terms are defined elsewhere in this Agreement.

"**Activate**" or "**Activation**" means the process of loading monetary value on an SBC Card for the first time as prescribed by this Agreement and the SBC Card Manual.

"**Customer**" and "**Consumer**" are used interchangeably to refer to SBC Unit customers.

"**Licensed Site**" means each location operated by Franchisee and authorized by SBC under the Franchise Agreement.

"Net Settlement Process" means the process through which debits and credits associated with the Activation, Reloading and Redemption of the SBC Cards are reconciled between SBC and Franchisee pursuant to the SBC Card Manual.

"Program Materials" mean SBC Cards, card sleeves and any other items related to the SBC Cards and any other items required to activate SBC Cards.

"Program Vendor" means the third-party service provider that provides certain software and back-office processing capabilities that support the Program, including, but not limited to, requirements for the Activation, Reloading and Redemption of the SBC Cards.

"Redeem" or **"Redemption"** means the method of accepting the SBC Card as payment for the purchase of SBC Merchandise as prescribed by this Agreement and the SBC Card Manual.

"Reload" or **"Reloading"** means the process of loading additional monetary value on an existing SBC Card as prescribed by this Agreement and the SBC Card Manual.

"SBC Card" means SBC branded stored value card, which can be used to purchase SBC Merchandise from SBC, as further described in the SBC Card Manual attached as Exhibit 1.

"SBC Card Manual" means the series of documents, publications, and bulletins, as amended from time to time, that outline the policies and procedures for participation in the Program. A current version of the SBC Card Manual is attached as Exhibit 1. Terms used in this Agreement that are also stated in the Manual shall have the same meaning. SBC reserves the right to update, modify and amend the SBC Card Manual at any time in its sole discretion and any such changes shall become a part of the SBC Card Manual.

"SBC Merchandise" means SBC products purchased by Franchisee that are sold through the Licensed Site and are subject to a royalty under the Franchise Agreement. SBC Merchandise may include additional products as specified in the Product Restrictions section of the SBC Card Manual and other products approved in writing by SBC.

"SBC Unit" shall have the same meaning set forth in the Franchise Agreement; provided that, for purposes of clarification for this Agreement, the SBC Unit refers to the retail coffee bar or whole bean coffee store operated within a Licensed Site. Pursuant to the Franchise Agreement, more than one SBC Unit may be operated in each Licensed Site.

"Technical Requirements" means the functional requirements for computer hardware, operating system, software, network connectivity and parameters, equipment, point of sale terminals and other relevant elements that are necessary for the Activation, Reloading and Redemption of the SBC Card at the SBC Unit.

"Third-Party Materials" shall have the meaning set forth in Section 3.5.2.

"Trademarks" shall have the meaning given it in the Franchise Agreement.

2. License.

2.1 Grant of License. Subject to the terms and conditions of this Agreement, SBC hereby grants to Franchisee a non-exclusive license (the "**License**") to (a) Activate, Reload, and Redeem the SBC Card in accordance with the SBC Card Manual and (b) use the Trademarks in connection with Activation, Reloading, Redemption and promotion of the SBC Card in accordance with guidelines established by SBC.

2.2 Restrictions. Unless expressly authorized in this Agreement or the SBC Card Manual, Franchisee shall not act in contravention of the following provisions:

2.2.1 Channel Distribution. Franchisee shall have the right to Activate, Reload, and Redeem the SBC Card only at the SBC Unit(s) at the Licensed Site(s) in accordance with this Agreement and the SBC Card Manual. Without limiting the foregoing, Franchisee shall have no right to Activate, Reload or Redeem the SBC Card through any other location, trade or distribution channel, including, but not limited to, wholesale, mail order, on-line computer sales or sales outside of the Licensed Site.

2.2.2 SBC Merchandise. Franchisee may only Redeem the SBC Card for the purchase of SBC Merchandise. Without limiting the foregoing, Franchisee shall have no right to Redeem the SBC Card for the purchase of other merchandise sold or distributed by Franchisee in the ordinary course of business.

2.2.3 Point of Sale. Franchisee may only Activate, Reload or Redeem the SBC Card at point of sale terminals located at the SBC Unit(s) at the Licensed Site(s).

2.2.4 No Cash Redemption. Franchisee acknowledges that the SBC Cards are Activated as pre-paid cards. Except as expressly provided in the SBC Card Manual, the SBC Cards may not be Redeemed for cash.

2.2.5 Sublicenses. Franchisee shall have no right to subfranchise or grant licenses of any kind to third parties under this Agreement.

3. Implementation; Requirements.

3.1 Participation Requirement. During the term of this Agreement, Franchisee shall implement and actively participate in the Program in all SBC Units in accordance with terms of this Agreement and the SBC Card Manual. As a participant in the Program, Franchisee shall permit the Reloading and Redemption, and may permit the Activation, of the SBC Card at each SBC Unit. If Franchisee opts to Activate the SBC Card, Franchisee shall notify SBC in writing of such election and implement necessary operational requirements as set forth in the SBC Card Manual or as otherwise specified by SBC. Franchisee shall bear all risk of financial loss, and is solely responsible for taking adequate precautionary measures, associated with its Activation and Reloading of SBC Cards, including but not limited to, losses arising from bad checks, counterfeit tender, chargebacks, reversals, and fraudulent credit card charges.

3.2 Schedule. Franchisee and SBC shall cooperate to develop a mutually acceptable schedule for initial implementation of the Program for the participating SBC Units. The parties shall use commercially reasonable efforts to meet such schedule in accordance with this

Agreement. Notwithstanding the foregoing, both parties recognize that meeting the schedule is dependent on development, resource availability, assistance, and other factors that may cause delay or interfere with completion.

3.3 Program Vendor.

3.3.1 Changes. Franchisee acknowledges that SBC has retained a Program Vendor to support and administer the Program. The current Program Vendor is ValueLink. SBC reserves the right to select a different Program Vendor at any time or administer the Program in house. In the event of such migration, SBC shall provide Franchisee (a) prior notice of the migration, (b) an implementation schedule for the migration, and (c) a list of technical requirements associated with migration as provided in the Program Change section of the SBC Card Manual.

3.3.2 Migration Costs. If SBC changes the Program Vendor or elects to administer the Program itself and such change requires a migration to different systems, hardware or software, Franchisee is responsible for all costs associated with such migration, including any changes in the Technical Requirements, at Franchisee's Licensed Site(s).

3.4 Program Materials. Franchisee shall purchase Program Materials from SBC, the Program Vendor or other vendor approved by SBC. Program materials include the SBC Cards, card sleeves and display units for the SBC Cards. Minimum order quantities may apply. SBC Card materials that serve as disclosures to the customer, registration forms and similar information regarding the SBC Card shall be provided to Franchisee at no cost.

3.5 Technical Requirements.

3.5.1 General. Franchisee acknowledges that participation in the Program requires Franchisee to acquire, integrate and implement certain equipment, software, telecommunications and transmission facilities and connectivity, and accessories, including the Technical Requirements, as may be required to enable Franchisee to electronically transmit SBC Card transaction information, in a form and format acceptable to SBC and its Program Vendor, from each Licensed Site to SBC or its Program Vendor (collectively, "**Card Authorization Equipment**"). At Franchisee's sole expense, Franchisee shall provide, operate and maintain the proper operating environment necessary to participate in the Program and provide all necessary personnel to operate and maintain the Card Authorization Equipment. Franchisee shall ensure that all personnel resources are qualified for the tasks assigned to them and that the Card Authorization Equipment is of good quality, and is in good operating condition. Franchisee shall be solely responsible for the adequacy and accuracy of the Card Authorization Equipment. For so long as Franchisee participates in the Program, Franchisee shall be responsible for ensuring that its Card Authorization Equipment is compatible with all SBC Cards used in the Program. In addition, SBC shall not be responsible for troubleshooting, repairing, or configuring the Card Authorization Equipment, except as provided in this Agreement. Franchisee shall also be responsible for any systems modifications and/or programming to the Card Authorization Equipment that may be necessary from time to time to enable Franchisee to utilize any upgrades to the Program Vendor's software or services which may be released by the Program Vendor from time to time.

3.5.2 Third-Party Materials. Franchisee acknowledges that the proper operation and implementation of the Program requires certain equipment, software, applications or other code, including, but not limited to, the Card Authorization Equipment, provided by third party suppliers or licensors, including the Program Vendor necessary to support and participate in the Program ("**Third-Party Materials**"). Franchisee is responsible for securing the necessary license agreements and authorizations to use such Third-Party Materials.

3.6 Certification. Franchisee must be certified by SBC or its designee prior to participation in the Program. Certification is required for each platform (e.g., fully integrated or stand-alone). SBC may require Franchisee to be recertified in the event that Franchisee makes any changes to its point of sale system that impacts Franchisee's ability to Activate, Reload or Redeem the SBC Card. Franchisee shall bear all costs associated with its certification.

3.7 Program Management. Franchisee acknowledges that SBC has sole discretion as to the operation and administration of the Program and may change or discontinue the Program at any time. In the event of a change, SBC shall follow the process set forth in the Program Change section of the SBC Card Manual. SBC shall bear no liability for any losses claimed as a result of or in connection with such a change.

3.8 Reporting. Each party or its designee shall provide reports concerning total billings, Net Settlement Processing, transaction reconciliation, and such other matter as specified in the SBC Card Manual. All reports shall be in a form and format determined by SBC; provided, however, that if SBC changes requirements following initial implementation, Franchisee shall have a commercially reasonable time within which to make necessary changes.

3.9 Audit Rights. SBC reserves the right to audit Franchisee for compliance, performance, or quality standards specified in this Agreement and the SBC Card Manual. Such audit may include the evaluation of the Franchisee's ability to accurately process SBC Card transactions through Franchisee's systems, satisfaction of the applicable Technical Requirements, and proper processing of Activations, Reloads and Redemptions of the SBC Card with the Program Vendor. Issues identified during the audit will be documented and change requests submitted by SBC to the Franchisee to resolve those issues in a commercially reasonable time.

4. Marketing.

4.1 Promotion of the SBC Card.

4.1.1 Promotional Programs. Franchisee's promotional activities involving the SBC Card are subject to SBC prior approval. Consistent with and subject to the Franchise Agreement, Franchisee shall participate in all marketing programs related to the SBC Card. SBC shall have sole and exclusive approval over any marketing or promotional activities involving the SBC Card or the Trademarks.

4.1.2 Promotional Materials. From time to time, Franchisee shall purchase promotional materials from SBC or a vendor approved by SBC. Promotional materials are materials such as posters, banners and counter cards. SBC shall apprise Franchisee on a regular basis of marketing and promotional plans as they relate to the SBC Cards licensed pursuant to

this Agreement. Franchisee is responsible for the cost of these materials plus handling and shipping costs.

5. Payment Terms and Costs.

5.1 Franchisee Costs.

5.1.1 Integration/Installation Costs. Franchisee is responsible for all costs associated with the Technical Requirements and training costs required to participate in the Program.

5.1.2 Promotional Materials. Marketing collateral shall be automatically shipped and invoiced per current processes for similar materials purchased under the Franchise Agreement, subject to Section 4.1 hereof.

5.1.3 Transaction Fees. Franchisee will be charged a "Transaction Fee" equal to \$.07 U.S. (\$.10 CAD) for each attempted Redemption. No Transaction Fee will be charged for voids and timeout reversals of Redemptions or Redemptions that occur outside of the Licensed Site (ex: Sales Reconciliation and Consumer Dispute Resolution). Transaction Fees will be paid via the daily Net Settlement Process described in the SBC Card Manual. SBC reserves the right to make fair and reasonable changes to the Transaction Fee on October 1st of each calendar year. Upon request SBC will provide Franchisee with back-up documentation sufficient to demonstrate that the changes to Transaction Fee are based on estimated costs of operating the Program. SBC reserves the right to modify the billing process over time after sixty (60) days' prior notice to Franchisee. Transaction Fee adjustments shall be made prospectively, and SBC shall not process catch-up billings or refunds at year-end (9/30).

5.2 Consumer Dispute Adjustments. Adjustments made to a consumer's SBC Card as a result of a dispute shall be allocated between the parties as set forth in the Customer Service section of the SBC Card Manual.

5.3 Settlement. SBC and Franchisee agree to use the Net Settlement Process specified in the SBC Card Manual to reconcile and settle payments between the parties. Net Settlement shall include SBC Card transactions only and shall not include payments due under the Franchise Agreement. All credits or other payments to Franchisee's account are provisional and are subject to SBC final audit. SBC will debit or credit Franchisee's account for any deficiencies and overages or deduct such amounts from settlement funds due to Franchisee and issue reports to Franchisee of any such adjustments. SBC is not liable for any delays in receipt of funds or errors in debit and credit entries caused by entities other than SBC, including but not limited to any financial institution that is used to receive settlement funds. Franchisee authorizes SBC and its bank to collect all adjustments, fees and other amounts due pursuant to this Agreement by deducting such amounts from the settlement amounts due from SBC or by debiting Franchisee's bank account. If there are insufficient funds available to be withheld or debited to pay amounts owed, Franchisee must immediately reimburse SBC upon demand. If Franchisee believes adjustments are needed with respect to any debits or credits effected by SBC, or if Franchisee has any other questions or concerns regarding net settlement, Franchisee shall notify SBC in writing within ten (10) business days after such debit or credit is effected. If Franchisee notifies SBC after such time period, SBC shall not have any liability to effect any

related adjustment absent gross negligence or willful misconduct by SBC. Any voluntary efforts by SBC to investigate such matter shall not create any obligation to continue such investigation or to investigate any future notice of a question, concern or possible adjustment that is not timely submitted. SBC reserves the right to finally resolve any disputes that are not resolved via the Net Settlement Process.

5.4 Sales Reconciliation. SBC and Franchisee agree to use the Sales Reconciliation process outlined in the SBC Card Manual to reconcile discrepancies. Any disputes that remain after following the process set forth in the SBC Card Manual will be audited and finally resolved in accordance with Section 5.7.

5.5 Relationship to Franchise Agreement. The fees and payments specified in this Agreement are independent of and have no effect on the amounts payable under the Franchise Agreement. Without limiting the foregoing, (a) any amounts owed due to Redemption shall not be interpreted as a credit against any royalties or fees due under the Franchise Agreement; (b) all Redemptions should be treated as "like cash" transactions under the Franchise Agreement for purposes of calculating Gross Sales therein; and (c) Activations and Reloads of the SBC Cards shall not be considered for purposes of calculating Gross Sales under the Franchise Agreement.

5.6 Own Costs. Except as expressly provided in this Agreement, each party shall be responsible for all costs, expenses, or losses incurred by it in connection with the negotiation.

5.7 Auditing. SBC has the right at its sole discretion to conduct or cause to be conducted, upon reasonable written notice to Franchisee, an inspection and audit of point of sale, financial records and data relating to SBC Card transactions (including Activation, Redemption, or Reloading of SBC Cards) that arise in connection with this Agreement. Any such audit will be conducted during the Franchisee's regular business hours and in its offices. All information and data subject to review shall be treated as the confidential and proprietary property of Franchisee. Such audit shall be at SBC expense unless such audit discloses Franchisee has under or over reported the billing or payments for any three month period by more than five percent (5%), in which event such audit expenses shall be paid by Franchisee, and any underpayments or overpayments shall immediately be corrected resulting in full credit for any adjustments. Upon completion of the audit, Franchisee may, within ten (10) days, dispute such determination. If such determination is disputed, the parties shall agree upon an independent accounting firm, shall instruct such accounting firm to audit such records, such determination to be made within forty-five (45) days of appointment of such independent accounting firm and such determination to be final, conclusive, and binding on all parties to this Agreement. In the event that the independent audit does not vary from the results of the SBC audit by more than ten percent (10%), Franchisee shall pay for the costs of the independent audit; otherwise SBC shall pay for such audit. This Section 5.7 shall survive for a period of one (1) year after the termination or expiration of this Agreement.

6. Term and Termination

6.1 Program Term. This Agreement shall continue in full force and effect for the duration of the Franchise Agreement, unless earlier terminated pursuant to this Section 6.

6.2 Termination for Default. Either party may terminate this Agreement due to default by the other party (the "**Defaulting Party**") by providing written notice to the Defaulting Party at any time prior to expiration of the Agreement as follows:

6.2.1 Material Breach. In the case of a material breach, this Agreement may be terminated by giving the Defaulting Party not less than thirty (30) days' prior written notice of termination (or such longer notice as may be required by applicable law) based on the failure of the Defaulting Party to comply with any terms required to be observed by the Defaulting Party under this Agreement or any other agreement between the Defaulting Party and the terminating party, or on any grounds that provide a basis for termination of this Agreement under applicable law and, in the case of any default capable of being cured, failure to cure such default within thirty (30) days after receipt of written notice of default.

6.2.2 Successive Defaults. In the event of successive defaults, this Agreement may be terminated on the fourth default by the Defaulting Party within any 12-month period, after three such defaults of which the Defaulting Party was given notice and an opportunity to cure, regardless of whether previous defaults were cured, and without affording the Defaulting Party any additional time to cure such default.

6.2.3 Insolvency. The Defaulting Party's filing of a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, or dissolution under any law, or the Defaulting Party's admission or failure to contest the material allegations of any such pleading filed against it, the entry of an order for relief against the Defaulting Party under the Bankruptcy Code, the adjudication of the Defaulting Party as insolvent, the appointment of a receiver for a substantial part of the assets of the Defaulting Party, the abatement of the claims of creditors of the Defaulting Party under any law, or the making of an assignment for the benefit of creditors or similar disposition of assets shall be grounds to terminate this Agreement.

6.2.4 Wrongful Conduct. This Agreement may be terminated (i) due to the Defaulting Party's participation in fraud or criminal misconduct, or (ii) if the Defaulting Party or any of its officers, directors, or key employees is convicted of or pleads guilty or nolo contendere to a charge of any felony, or violation of any law, the violation of which will adversely affect the other party's trademarks, reputation or customer loyalty.

6.2.5 Breach of Confidentiality. The Defaulting Party's unauthorized use, disclosure or duplication of the Confidential Information of the terminating party shall be grounds for termination of the Agreement.

6.3 Termination by SBC.

6.3.1 Termination of Program. SBC may terminate this Agreement or participation of one or more of Franchisee's Licensed Sites in select states with thirty (30) days' prior written notice if (a) SBC ceases to make the Program generally available to its franchisees by business segment; (b) SBC elects to terminate the Program completely, or (c) the imposition of legal or regulatory burdens after the Effective Date make the administration of the Program unduly burdensome or commercially impractical in the state(s) in which the Licensed Site(s) is located.

6.3.2 Suspension. SBC may suspend Franchisee's participation in the Program under this Agreement if, in SBC reasonable discretion, Franchisee fails to meet any material obligation under this Agreement, including, but not limited to, satisfying the requirements set forth in the SBC Card Manual. In the event of such a suspension, SBC shall provide written notice to Franchisee and Franchisee shall have ten (10) days to correct the basis for the suspension. If Franchisee does not correct the basis of the suspension within such ten-day period, SBC may terminate this Agreement pursuant to Section 6.2.1 (notwithstanding the cure period therein).

6.4 Relationship to Franchise Agreement. Any default under the Franchise Agreement shall constitute a default for the like provision under this Agreement, and if no such similar provision exists, for purposes of Section 6.2.1. Likewise, a default under this Agreement shall be considered a default or breach of the Franchise Agreement.

6.5 Effect of Termination. Upon the expiration or termination of this Agreement or termination with respect to select Licensed Sites, all license grants herein shall terminate for the applicable Licensed Sites and Franchisee shall for each applicable Licensed Site (a) immediately cease issuing, reloading, redeeming, promoting or otherwise marketing the SBC Card, and (b) return or destroy all promotional materials related to the SBC Card. Notwithstanding the termination or expiration of this Agreement, in addition to any fees or other amounts outstanding arising prior to the effective date of termination, the following Sections shall survive in accordance with their terms: Sections 1, 2, 3.9, 5.3, 5.4, 5.5, 5.6, 5.7, 6.5, 7, 8, 9, 10, 11 and 12.

7. Customer Information; Confidentiality.

7.1 Non-Disclosure Agreement. The parties have previously executed a Confidentiality and Non-Disclosure Agreement, the terms of which are hereby incorporated by reference into this Agreement. This paragraph and all other provisions of this Agreement referencing Confidential Information augment and do not supersede any written Confidentiality Agreement or Non-Disclosure Agreement existing between the parties.

7.2 Consumer Data. Franchisee shall not take, nor authorize any third party to take, any action to (a) associate the Activation, Reloading or Redemption of an SBC Card to any identifiable individual other than for purposes of issuing a sales receipt to such person, or (b) track the sales or usage of any specific SBC Card. All consumer information is property of SBC. Both Parties shall adhere to all applicable consumer privacy laws as they relate to the SBC Card.

8. Acknowledgement Regarding Banking Laws.

To the best of SBC knowledge, the Activation, Reloading, and Redemption of stored value cards for the goods and services of SBC as administered under the Program are not currently subject to federal and state banking, money transmission, sale of checks or similar finance or banking laws (collectively, "**Banking Laws**"). The parties acknowledge that such Banking Laws, implementing regulations, and current interpretations by regulatory authorities are subject to change. In the response to such changes, SBC may change the Program and amend the SBC Card Manual or terminate this Agreement or participation of Licensed Sites pursuant to Section 6.3.1. SBC does not represent or warrant that the Program and Activation,

Reloading, or Redemption of the SBC Card are compliant with Banking Laws. Franchisee assumes all risk of loss or regulation associated with its participation in the Program.

9. Representations and Warranties; Disclaimers.

9.1 Franchisee's Representations and Warranties. Franchisee represents and warrants to SBC that: (a) Franchisee has full power and authority to enter into and perform this Agreement; (b) the execution and delivery of this Agreement has been duly authorized; (c) this Agreement does not violate any law or breach any other agreement to which Franchisee is a party or is bound; (d) Franchisee's participation in the Program, including, but not limited to, the Activation, Reloading, and Redemption of the SBC Card, will be for lawful purposes and will not violate any applicable law, ordinance or regulation (including, but not limited to, privacy laws); (e) Franchisee will not make any representation or warranty for or on behalf of SBC contrary to the information provided by or statements made and approved by SBC; and (f) Franchisee will comply at all times with the terms and conditions of this Agreement and the SBC Card Manual.

9.2 SBC Representations and Warranties. SBC hereby represents and warrants to Franchisee that: (a) SBC has full power and authority to enter into and perform this Agreement; (b) the execution and delivery of this Agreement has been duly authorized; and (c) subject to Section 8 and to the best of SBC knowledge, this Agreement does not violate any law or breach any other Agreement to which SBC is a party or is bound.

9.3 Third-Party Materials. Third-Party Materials or parts thereof, are not manufactured or developed by SBC, but may be supplied or sublicensed by SBC under this Agreement. Franchisee hereby releases SBC and its suppliers from any and all claims, causes of action, damages, losses and expenses incurred by Franchisee with respect to Franchisee's use or inability to participate in the Program arising out of or related to such Third-Party Materials. Third-Party Materials or parts thereof that are not manufactured by SBC are warranted only to the extent, and subject to the terms of the original warrant given by the manufacturer. SBC shall have no responsibility or liability with respect to such Third-Party Materials.

9.4 Disclaimer. SBC does not make any representation, warranty, covenant or guarantee as to the availability or performance of the Program, any SBC Card, or the quality or timeliness of performance of the Program Vendor. Franchisee acknowledges that it assumes all financial risk associated with its participation in the Program and any Activation, Reloading or unauthorized Redemption of an SBC Card, except as specifically provided in this Agreement.

EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, THERE ARE NO WARRANTIES, CONDITIONS, CLAIMS OR REPRESENTATIONS MADE BY SBC, EITHER EXPRESS, IMPLIED, OR STATUTORY, WITH RESPECT TO THE PROGRAM, THE PROGRAM VENDOR, THE SBC CARD, THE PROMOTIONAL MATERIALS OR ANY OTHER ITEM OR SERVICE PROVIDED BY SBC UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, IMPLIED CONDITIONS OR WARRANTIES OF QUALITY, PERFORMANCE, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, NOR ARE THERE ANY WARRANTIES CREATED BY COURSE OF DEALING, COURSE OF PERFORMANCE, OR TRADE USAGE. SBC FURTHER DOES NOT REPRESENT OR WARRANT, AND SHALL HAVE NO LIABILITY, THAT THE

PROGRAM OR THE SBC CARDS WILL MEET ALL OF FRANCHISEE'S OR ITS CUSTOMERS' REQUIREMENTS, OR WILL ALWAYS BE AVAILABLE, ACCESSIBLE, UNINTERRUPTED, TIMELY, SECURE, ACCURATE, COMPLETE, ERROR-FREE, OR VIRUS-FREE.

10. Limitation of Liability.

SBC WILL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO LOST PROFITS, LOST REVENUE, LOST DATA, REPLACEMENT GOODS, OR INTERRUPTION OF USE OF THE PROGRAM, WHETHER IN CONTRACT, TORT, NEGLIGENCE OR OTHERWISE, EVEN IF SBC HAD BEEN ADVISED OF THE POSSIBILITY THEREOF. IN THE EVENT SBC BECOMES LIABLE FOR ANY DAMAGES TO FRANCHISEE, SBC AGGREGATE LIABILITY TO FRANCHISEE UNDER THIS AGREEMENT WILL NOT EXCEED THE AMOUNTS PAID BY FRANCHISEE UNDER THIS AGREEMENT DURING THE TWELVE (12) MONTH PERIOD PRECEDING THE DATE ON WHICH FRANCHISEE BRINGS ITS CLAIM.

11. Indemnification.

11.1 General. Franchisee hereby agrees to indemnify and hold harmless SBC, its officers, directors, shareholders, employees, agents, and attorneys, and each of them, in their corporate and individual capacities, from any liability or damage any of them may incur, including reasonable attorneys' fees, as a result of claims, demands, costs, or judgments of any kind or nature, by anyone whomsoever, arising out of or otherwise connected with (a) any act of omission or commission by Franchisee or its officers, directors, shareholders, partners, employees, or agents, except to the extent such liability or damage is due to the negligence or fault of SBC, (b) the License, (c) the Trademarks (other than as a result of Franchisee's use thereof in the manner expressly authorized herein), and (d) any financial loss by SBC for monetary value debited or credited to an SBC Card due to Franchisee's Activation, Reloading or Redemption of an SBC Card. The obligation of Franchisee to provide such indemnification to SBC and its officers, directors, shareholders, employees, agents, and attorneys shall survive termination or expiration of this Agreement. SBC agrees to indemnify and hold harmless Franchisee for any claim based on SBC negligence or intentional acts of SBC committed or omitted in administering the SBC Card. In addition, SBC will indemnify and hold Franchisee harmless from any third party claim or loss based on SBC wrongful failure to honor an SBC Card provided that indemnification shall be limited to replacement of such SBC Card(s).

11.2 Terms of Defense. Each party shall immediately undertake the defense of any legal action against or involving the other party (and as to which the first named party shall, in accordance with the proviso set forth hereunder, be presumptively required to provide such indemnification) and shall retain reputable, competent and experienced counsel to represent the interests of the party being indemnified ("the Indemnitee"). The indemnifying party (the "Indemnitor") shall notify the Indemnitee of the identity of such counsel not less than forty eight (48) hours prior to retaining them, and Indemnitee shall have the right during this period to approve or disapprove any such counsel; such approval shall not be unreasonably withheld. Franchisee shall not settle any legal action involving SBC without the specific prior written consent of SBC, such consent not to be unreasonably withheld. SBC shall have the right to

obtain separate counsel and to participate in the defense, compromise or settlement of the action. Neither party shall be required to seek recovery from third parties or otherwise mitigate its losses to recover the full amount of its indemnified losses and expenses from the indemnifying party.

12. General Provisions.

12.1 Governing Law; Forum. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. Any lawsuit, arbitration or other proceeding arising out of or with respect to this Agreement shall be conducted in King County, Washington.

12.2 Relationship of Parties; Limited Agent. Franchisee is an independent contractor and is not, and shall not hold itself out as, a partner, joint-venturer, agent, employee, or legal representative of SBC, and is not otherwise authorized to act for or on behalf of SBC as a result of this Agreement or any other agreement and cannot act for nor legally bind SBC. Franchisee is not authorized to make any agreement, warranty, covenant, or other representation or to create any obligation, express or implied, on behalf of SBC, nor shall Franchisee represent that it has any right or power to do so.

12.3 Limitation of Remedy. If SBC should breach this Agreement or any related agreement, Franchisee may pursue whatever remedies may be available at law or in equity (except as specifically and expressly waived hereunder), provided, that in no event shall Franchisee have a general offset remedy of withholding any undisputed payment due SBC under this Agreement. If Franchisee breaches this Agreement or any related agreement, SBC may pursue any remedies that may be available at law or in equity.

12.4 Severability. If any provision of this Agreement or the application of any provision to any person or to any circumstance is determined to be invalid or unenforceable, then such determination shall not affect any other provision of this Agreement or the application of such provision to any other person or circumstance, all of which other provisions shall remain in full force and effect. SBC and Franchisee intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

12.5 Waiver and Consent. No waiver by either party of any covenant or condition or the breach of any covenant of this Agreement to be kept or performed by the other party shall be construed as a waiver by the waiving party of any subsequent breach of such covenant or condition or authorize the breach or nonobservance on any other occasion of the same or any other covenant or condition of this Agreement. Acceptance by SBC of any payments due it hereunder shall not be deemed to be a waiver of any preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

12.6 Modification. To be effective, any modification of this Agreement must be in writing and signed by Franchisee and SBC, except for modifications to the SBC Card Manual from time to time or other matters as to which express provision is made herein for unilateral action by a party hereto.

12.7 Section Headings; Pronouns. This Agreement may be executed in duplicate originals, each of which shall be deemed an original. The Section headings are for convenience of reference only and shall not be deemed to alter or affect any provision thereof. Each pronoun used herein shall be deemed to include the other number and gender.

12.8 Dispute Resolution; Attorneys' Fees and Costs. Any controversy or claim arising out of or in any way connected with this Agreement or the alleged breach hereof shall be resolved by the parties as follows: Any dispute that cannot be resolved informally will be escalated to the corporate counsel, vice president or above level of the respective parties for resolution. If it remains unresolved, the parties may agree to mediate the dispute or to pursue legal remedies. If either party is required to employ legal counsel or to incur other expenses to enforce any provision of this Agreement (including enforcing any obligations surviving termination or expiration), then the prevailing party will be entitled to recover from the nonprevailing party the amount of all reasonable fees of counsel and all other expenses reasonably incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding.

12.9 Interest. Any sum owed to SBC by Franchisee, or paid by SBC on Franchisee's behalf as expressly authorized in this Agreement or permitted under law or equity, shall bear interest from the date due until paid by Franchisee at the rate of twelve percent (12%) per annum or, if lower, the maximum lawful rate. Any sum owed by SBC to Franchisee shall bear interest from the date due until paid by SBC at the rate of twelve percent (12%) per annum or, if lower, the maximum lawful rate.

12.10 Notices. Notices under this Agreement shall be in writing, and shall be delivered in person or by certified mail, return-receipt requested, prepaid, to the notice address of each party as set forth in the Franchise Agreement or to such other address any party shall have specified in a written notice to the other.

12.11 Successors and Assigns. Franchisee may not assign or delegate its rights and obligations under this Agreement except as provided in the Franchise Agreement. The terms and provisions of this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

12.12 Incorporation. The terms of the SBC Card Manual, as the same may change from time to time, are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full herein; provided that to the extent any term or condition of the SBC Card Manual conflicts or is inconsistent with a term or condition of this Agreement, this Agreement shall control.

12.13 Acknowledgments. Franchisee acknowledges that:

12.13.1 SBC expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guaranty, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

12.13.2 It knows of no representation by SBC, or its officers, directors, shareholders, employees, agents, or servants, about Franchisee that is contrary to the terms of

this Agreement or the documents incorporated herein, and further represents to SBC as an inducement to its entry into this Agreement, that it has made and makes no representations to SBC except as expressly set forth in this Agreement in obtaining this Agreement.

12.14 Force Majeure. Nonperformance of either party, except nonperformance of payment obligations, will be excused to the extent that performance is rendered impossible by any act of God or circumstances beyond the control of a party and without its fault or negligence, including without limitation, fire, war, riots, flood, earthquake, failure of third party hardware or software, governmental acts or orders or restrictions, or power or communications failure (a "**Force Majeure Event**"), provided that the non-performing party gives prompt notice of such Force Majeure Event to the other party and makes all commercially reasonable efforts to remove such causes of nonperformance promptly and perform whenever such Force Majeure Event has ceased. In the event that the Force Majeure Event continues for greater than thirty (30) days, either party may terminate this Agreement upon written notice to the other party, and upon such termination, neither party shall have any further obligation or liability to the other except as set forth in Section 6.5.

12.15 Advice of Counsel. Each party agrees that it has had adequate time to review this Agreement and consult with counsel and has entered into this Agreement with a full understanding of its rights and obligations herein.

12.16 Entire Agreement. This Agreement, and all documents, schedules, exhibits, and information specifically incorporated into this Agreement by reference, collectively constitute the entire agreement between SBC and Franchisee in respect of the subject matter hereof, and supersedes all prior agreements between SBC and Franchisee in connection with its subject matter. No officer, employee, or other servant or agent of SBC or Franchisee is authorized to make any representation, warranty, or other promise not contained in this Agreement. No change, termination, or attempted waiver of any provision of this Agreement shall bind SBC or Franchisee unless in writing and signed by SBC and Franchisee. Notwithstanding the foregoing, nothing in this Agreement or in any related agreement is intended to disclaim the representations made by SBC in the franchise disclosure document.

IN WITNESS WHEREOF, the parties have hereunto set their hands as of the day and year indicated below.

EXECUTED by Franchisee, this ___ day of _____, 20__.

Franchisee:

By: _____

Its: _____

EXECUTED by SBC at Seattle, Washington, this ___ day of _____, 20__.

Seattle's Best Coffee, LLC

By: _____

Its: _____

EXHIBIT 1 TO SEATTLE'S BEST COFFEE CARD LICENSE AGREEMENT

SBC CARD MANUAL

[Attach Current Manual]

EXHIBIT D
REQUEST FOR WAIVER OF LEASE EXCLUSIVITIES OR PROTECTIONS

This request is made pursuant to Section _____ of the Master Franchise Agreement between Seattle’s Best Coffee, LLC (“SBC”) and _____ (“Franchisee”) dated _____ (the “Franchise Agreement”). Any capitalized terms not defined in this form shall have the meanings given to them in the Franchise Agreement.

SBC requests that Franchisee not assert and hereby waive (solely to the extent it would otherwise restrict the operation of an SBC specialty retail store, kiosk, cart or other retail store owned or licensed by SBC) the benefits of any exclusivity or protection against similar or competing businesses to which it may be entitled under the Occupancy Agreement covering the subject proposed store listed below. Franchisee shall provide SBC with a copy of this waiver following execution.

Store	
Site Name	
Address	
City, State, Zip	
Occupancy	

AGREED:

[Franchisee]

SUBMITTED BY:

Seattle’s Best Coffee, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

EXHIBIT E
GUARANTY AND SUBORDINATION AGREEMENT

The Undersigned, for and in consideration of, and as an inducement to, the grant by **Seattle's Best Coffee LLC, d/b/a Seattle's Best Coffee** ("SBC") of certain rights to _____ ("Franchisee") for the operation of a Seattle's Best Coffee cafe at the location(s) described in the Master Franchise Agreement establishing said rights, and other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, hereby guarantees payment of any and all indebtedness and performance of any and all obligations for which the Franchisee is now or may hereafter become responsible. The Undersigned agrees to be personally bound by, and personally liable for the breach of, each and every provision (both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities) under and pursuant to a certain Master Franchise Agreement by and between SBC and Franchisee dated _____ (the "Franchise Agreement").

The Undersigned hereby agrees to be bound jointly and severally with the Franchisee for any such indebtedness and obligations to SBC arising under the Franchise Agreement; and the Undersigned hereby waives (a) acceptance and notice of the acceptance of this Guaranty and Subordination; (b) notice of any and all indebtedness or obligations of the Franchisee to SBC, now existing or which may hereafter exist; (c) notice of default of payment, demand and diligence, and all other notices of any kind whatsoever; and (d) all legal and equitable defenses to which the Undersigned or the Franchisee might be entitled under the Franchise Agreement.

The Undersigned also agrees that the written acknowledgment of the Franchisee or the judgment of any court establishing the amount due from the Franchisee shall be conclusive and binding on the Undersigned and the Undersigned's successors and assigns, and that any extension of time for payment shall not affect the Undersigned's liability hereunder.

The Undersigned agrees to pay reasonable attorney's fees and all costs incurred by SBC in attempting to collect, or in collecting, any sums owed by the Franchisee, as described in the Franchise Agreement (unless attorney's fees and costs are included in the indebtedness of Franchisee for which the Undersigned are liable thereunder), or owed by the Undersigned as a result of or in connection with this Guaranty and Subordination.

The Undersigned understands that this Guaranty and Subordination is irrevocable and is independent of any and all other guarantees that may be made by any other parties with respect to the indebtedness or obligations covered hereby.

The Undersigned hereby subordinates to the rights of SBC any and all rights to repayment of loans, or any claims associated therewith, made by the Undersigned to the Franchisee, whether now existing or hereafter arising while this Guaranty and Subordination is in effect.

This Guaranty and Subordination is for the benefit of SBC, which may, without any notice whatsoever to anyone, sell, assign or transfer any part of the indebtedness guaranteed herein, and in that event, each and every successive assignee, transferee or holder of all or any part of the indebtedness shall have the right to enforce this Guaranty and Subordination, by suit

or otherwise, for the benefit of such assignee, transferee or holder, as fully as though such assignee, transferee or holder were herein by name given such rights, powers and benefits; but SBC shall have an unimpaired right, prior and superior to that of any such assignee, transferee or holder, to enforce this Guaranty and Subordination for its benefit as to so much of said indebtedness that it has not sold, assigned or transferred.

The Undersigned acknowledges that, during the effective period of this Guaranty and Subordination, SBC may look first to the Undersigned for all such unperformed obligations, without being required to first seek recourse or exhaust all remedies against the Franchisee.

The foregoing is the entire agreement affecting the Undersigned's liability for the obligations described herein. This Guaranty and Subordination, and any dispute arising between the Undersigned and SBC, will be governed by and construed under the laws of Washington State, except (i) the provisions of the Washington State Franchise Investment Protection Act (RCW 19.100) shall not apply unless that statute, by its terms, would otherwise govern the offer or sale of this Agreement or apply to the relationship between the parties; and (ii) Washington State law will not pre-empt the application of federal trademark, copyright, or other intellectual property law if such law would otherwise apply to the dispute. The parties further waive rights to a jury trial and all defenses of personal jurisdiction and/or venue and agree that any litigation or other legal proceeding pertaining to or arising from the execution of this Guaranty and Subordination shall be brought in a court of competent jurisdiction within the State of Washington.

EXECUTED in multiple originals this _____ day of _____, 20__.

WITNESS:

GUARANTOR:

By: _____

EXHIBIT F
OWNER COVENANTS AGREEMENT

This Owner Covenants Agreement (the “Owner Agreement”) is made and entered into as of this _____ day of _____, 20____, by and among _____ (“Franchisee”), _____ (whether one or multiple persons, “Owner”), and Seattle’s Best Coffee, LLC (“SBC”).

1. Recitals. SBC has executed or intends to execute a Master Franchise Agreement with Franchisee under which SBC grants to Franchisee certain rights (the “Franchise Agreement”) to operate a business under the Trademarks (as defined in the Franchise Agreement). Before or in conjunction with allowing Owner to have access to the Confidential Information (as defined in the Franchise Agreement) and as a material term of the Franchise Agreement necessary to protect SBC’s Confidential Information, and SBC’s proprietary rights in and Franchisee’s right to use the Confidential Information, SBC and Franchisee require that Owner enter into this Owner Agreement. Owner acknowledges and agrees that any use or disclosure of the Confidential Information other than in accordance with this Owner Agreement and the Franchise Agreement would cause SBC and Franchisee substantial harm.

2. Protection of Confidential Information. Owner agrees to use the Confidential Information only to the extent reasonably necessary to perform his or her duties on behalf of Franchisee. Owner is permitted to use or disclose the Confidential Information only as agent for Franchisee and only when and where Franchisee is permitted to use or disclose. Owner acknowledges and agrees that Owner has no individual interest in or right to use the Confidential Information under this Owner Agreement and that the unauthorized use or duplication of the Confidential Information in connection with any other business or any other way would be detrimental to SBC and Franchisee. Unauthorized use or duplication would constitute a breach of Owner’s obligations of confidentiality and an unfair method of competition with SBC, Franchisee, and any other businesses owned or operated by SBC or other SBC franchisees. Owner acknowledges and agrees that the Confidential Information is confidential to and a valuable asset of SBC. Owner agrees that during the term of the Franchise Agreement and thereafter, he or she: (i) shall not use the Confidential Information in any other business or capacity; (ii) shall maintain the absolute confidentiality of the Confidential Information; (iii) shall not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form; and (iv) shall adopt and implement all reasonable procedures prescribed from time to time by SBC or Franchisee to prevent unauthorized use or disclosure of or access to the Confidential Information.

3. Restrictive Covenants. Owner acknowledges and agrees that SBC and Franchisee would be unable to protect the Confidential Information against unauthorized use or disclosure and SBC would be unable to achieve a free exchange of ideas and information among Franchisees if persons authorized to use the Confidential Information were permitted to engage in, have ownership interests in, or perform services for competitive businesses. Owner therefore agrees that:

(a) During the Agreement Term, Owner shall not, except as authorized under any additional or successor franchise agreement granted by SBC, or as consented to by SBC in writing in its sole and absolute discretion, have any interest, direct or indirect, in the ownership

or operation of: (i) any retailer at a Licensed Site selling espresso drinks or premium branded coffee by the cup other than SBC; (ii) any entity whose primary product is premium branded coffee; or (iii) any coffee mail-order or Internet business. During the Agreement Term, Owner also shall not grant any right of operation at a Licensed Site to any retailer selling espresso drinks or premium branded coffee by the cup other than SBC.

(b) For one year following the Agreement's assignment, transfer, termination, or expiration, with respect to each Licensed Site (as they existed as of the date of assignment, transfer, termination, or expiration) and within a one-half mile radius of each such Licensed Site, Owner shall not have any interest, direct or indirect, in the ownership or operation of any business engaged in the sale of services or products the same as, similar to, or competitive with those offered by SBC.

(c) During the Agreement Term and for a period of three (3) years following the Agreement's assignment, transfer, termination or expiration, Owner shall not solicit or contact personnel of SBC or its affiliates in an attempt to hire or employ those personnel; except that this shall not restrict Owner from using general advertising with respect to employment opportunities and, in connection therewith, from responding to unsolicited inquiries by any employee of SBC or its affiliates.

4. Covenants Reasonable. Owner recognizes the broad scope of the restrictive covenants set forth in this Owner Agreement, and agrees that they are reasonable. If any court or tribunal of competent jurisdiction refuses to enforce any covenant because it is more extensive than is deemed reasonable, it is expressly understood and agreed that such covenants are not void, but that the restrictions contained therein shall be reduced to the extent necessary to permit the enforcement of such covenants. Owner expressly acknowledges and agrees that Owner possesses skills and abilities of a general nature and has opportunities for exploiting such skills. As a result, any required enforcement of these restrictive covenants shall not deprive Owner of the ability to earn a living.

5. Surrender of Documents. Owner agrees that as of the effective date of the expiration, termination, assignment, or transfer of the Franchise Agreement, Owner shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Owner and shall return to SBC all copies of the Confidential Information loaned or made available to Owner.

6. Costs and Attorneys' Fees. In the event that SBC or Franchisee is required to enforce this Owner Agreement in an action against Owner, the prevailing party shall be entitled to recover its reasonable costs and attorneys' fees incurred in seeking such enforcement, including in any administrative proceeding and on appeal.

7. Waiver. Any party's failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or remedy hereunder at any one time be deemed a waiver or relinquishment of such right or remedy at any other time.

8. Severability. Each provision of this Owner Agreement shall be considered severable, and if for any reason any provision is held to be invalid or contrary to or in conflict

with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which SBC is a party, that ruling shall not impair the operation of or have any other effect upon such other portions of this Owner Agreement as may remain otherwise intelligible, and those other portions shall continue to be given full force and effect and bind the parties hereto. Any portion held to be invalid shall be deemed not to be a part of this Owner Agreement from the date the time for appeal expires if Owner is a party thereto or upon Owner's receipt of a notice from SBC that it shall not enforce the provision in question.

9. Rights of Parties Are Cumulative. The rights of the parties hereunder are cumulative, and no exercise or enforcement by a party hereto of any right or remedy granted hereunder shall preclude the exercise or enforcement by them of any other right or remedy hereunder or that they are entitled by law to enforce.

10. Benefit. This Owner Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. In the event SBC does not execute this Owner Agreement (regardless of the reason), SBC shall be deemed a third party beneficiary of this Owner Agreement and shall have the right to enforce this Owner Agreement directly.

11. Effectiveness. This Owner Agreement shall be enforceable and effective when signed by Owner regardless of whether and when SBC or Franchisee signs this Owner Agreement.

12. Governing Law; Consent to Jurisdiction. This Owner Agreement shall be construed and interpreted in accordance with the internal laws of the Washington, without regard to its conflict of laws principles. Owner and Franchisee agree that they exclusively shall bring and that SBC is permitted to bring any action arising out of this Owner Agreement against any of the parties hereto in the state or federal courts located in King County, Washington. Owner and Franchisee irrevocably submit to the jurisdiction of such courts and waive any objections to either the jurisdiction or venue of those courts. This choice of forum notwithstanding, SBC also is permitted to bring any action to enforce the terms of this Owner Agreement in any court with personal jurisdiction over Franchisee or Owner.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Owner Agreement in multiple counterparts as of the day and year first above written.

FRANCHISEE

By: _____

Print Name: _____

Title: _____

Date: _____

SBC

By: _____

Print Name: _____

Title: _____

Date: _____

OWNER

By: _____

Date: _____

OWNER

By: _____

Date: _____

EXHIBIT G
FORM OF RIDER TO LEASE

This Rider to Lease (“Rider”) is entered into as of this ____ day of _____, 20____, by and between _____ (“Landlord”), _____ (“Franchisee”), and Seattle’s Best Coffee, LLC (“SBC”).

RECITALS

A. SBC and Franchisee are parties to a Master Franchise Agreement dated _____, 20____ (the “Franchise Agreement”), under which Franchisee operates a retail unit, as a franchisee of SBC.

B. Landlord and Franchisee have entered into or will enter into a lease agreement (the “Lease”) for the premises located at _____ (the “Premises”), to be leased by Landlord to Franchisee for use as the retail unit.

C. Landlord and Franchisee desire to make this Rider an addendum to the Lease in order to grant SBC certain rights to assume and assign the Lease or to assert other rights relating to the Lease or the Premises under certain circumstances.

NOW, THEREFORE, the parties covenant and agree as follows:

AGREEMENT

1. Assignment of Lease. Notwithstanding anything in the Lease to the contrary, Franchisee shall be permitted to assign its interest in the Lease to SBC, or to a parent, subsidiary or affiliate of SBC, at any time during the term of the Lease for any reason whatsoever with no consent of Landlord required. Landlord hereby waives any requirement under the Lease that Franchisee or the proposed assignee (including, without limitation, SBC) pay a fee in connection with the assignment contemplated by this Rider.

2. Notice of Default or Termination. Landlord will simultaneously furnish SBC with a copy of any notice of default or notice of termination arising out of the Lease that Landlord sends to Franchisee. SBC’s address for notices is: Seattle’s Best Coffee, LLC, 2401 Utah Avenue South, Suite 800, Mailstop S-LA3, Seattle, Washington 98134, Attn: Department of Law and Corporate Affairs, or such other address as SBC subsequently provides in writing to Landlord.

3. Cure of Franchisee Defaults. Landlord acknowledges that SBC shall be permitted to cure any default of Franchisee under the Lease, but further acknowledges that SBC is not obligated to cure any such default unless SBC has assumed (and not re-assigned as permitted herein) Franchisee’s rights and obligations under the Lease. Landlord shall provide SBC (or its agent) full access to the Premises so as to give SBC the opportunity to cure any default under the Lease, in the event that SBC elects to cure the default in question. Landlord further acknowledges and agrees that SBC shall have the right (but not the obligation) to cure any default of Franchisee under the Lease within fifteen (15) days after the expiration of the period specified in the Lease for the cure of the default in question.

4. Assumption of Lease. Upon any termination of the Lease prior to the expiration of the term of the Lease, or upon the expiration of the term of the Lease, or in the event of the termination or expiration of the Franchise Agreement, SBC or any of its parents, subsidiaries or affiliates shall have the option to assume the Lease or to enter into a new lease with Landlord upon the same terms and conditions as the Lease, except that the term of such new lease will be for the remainder of the original Lease term and, upon SBC's exercise thereof, for any option terms. If SBC exercises its option to assume the Lease, and provided that SBC does not later default on any of its obligations under the Lease, then SBC shall have the right, upon written notice to Landlord, to assign its rights as Franchisee under the Lease to a duly authorized franchisee of SBC (or its affiliate) without the consent of Landlord; provided, however, that any such assignment will only become effective upon SBC's providing to Landlord all of the following:

(a) the name, address and contact person of the new franchisee (the "Assignee");

(b) a duly executed copy of a franchise agreement between the Assignee and SBC (or its affiliate);

(c) a duly executed assignment agreement under which the Assignee agrees to assume the Lease unconditionally; and

(d) a duly executed new Rider (on SBC's then-current form) addressing all of the issues addressed in this Rider, to be entered into between SBC, the Assignee and Landlord, which Landlord will execute in a timely manner.

5. Release of Obligations. Upon the date of delivery to Landlord of all of the documents listed in Section 4 of this Rider, the assignment to the Assignee will become effective and SBC will be released from performance of any obligations under the Lease, including, without limitation, any payment obligation thereunder.

6. Outstanding Debts of Franchisee. An outstanding debt of Franchisee to Landlord will not prevent SBC's exercise of its right to assume Franchisee's rights under the Lease or to enter into a new lease upon the same terms and conditions as the Lease, and will not prevent SBC's taking possession of the Premises. Landlord agrees that it will seek recovery of any debt incurred by Franchisee from Franchisee, and will not seek repayment from SBC or seek to condition any transfer of the Lease or SBC's (or its assignee's) use of or access to the Premises upon payment of any Franchisee debt.

7. Amendments to the Lease. Landlord and Franchisee will not alter or amend any material terms or conditions of the Lease without the prior written consent of SBC, which consent SBC will not unreasonably withhold. Any unapproved amendment or alteration will be null and void as to SBC and will not affect or limit SBC's rights hereunder.

8. Removal of Trademarks. If, upon the expiration or earlier termination of the Lease, Franchisee fails to remove from the Premises or its surroundings any of SBC's trademarks or trade dress, and SBC does not assume the Lease or otherwise take possession of the Premises, and notwithstanding anything in the Lease to the contrary, Landlord will provide

SBC full access to the Premises to de-identify the Premises, and to remove from the Premises any trademarked property, and trade dress, proprietary software, equipment, and any and all furniture and fixtures installed in the Premises by Franchisee, or any successor or assignee of Franchisee or SBC (collectively, "the Improvements"). In no event will Landlord have any right to use, transfer in any manner or display any of the Improvements. Landlord hereby acknowledges and agrees that, notwithstanding anything in the Lease to the contrary, SBC has a prior right, title and interest in and to any such Improvements notwithstanding any agreement between Landlord and Franchisee with respect thereto.

9. Consideration. The parties acknowledge the receipt of good and valuable consideration for the rights granted herein.

10. Binding Effect. This Rider will extend to and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

11. Adequate Time. Each of the parties acknowledges that such party has received, has had ample time to read, and has read this Rider and fully understands its provisions. Each of the parties further acknowledges that such party has had an adequate opportunity to be advised regarding all pertinent aspects of this Rider by legal advisors of the party's own choosing.

12. Not a Guarantee. Landlord acknowledges that SBC is executing this Rider solely for the purposes of acknowledging the provisions contained herein, and Landlord agrees that the execution of this Rider by SBC will in no way be construed to obligate SBC for the performance or guarantee of any terms, conditions, obligations and covenants in the Lease, except as specifically set out in this Rider.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Rider effective the date first above written.

FRANCHISEE

SBC

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

LESSOR

By: _____

Print Name: _____

Title: _____

Date: _____

STANDARD ADDENDUM 1 MULTI-UNIT ADDENDUM

This Multi-Unit Addendum is entered into by and between Seattle's Best Coffee, LLC ("SBC") and _____ ("Franchisee") and is effective this ___ day of _____, 20__.

SBC and Franchisee have entered into a Master Franchise Agreement (the "Franchise Agreement") concurrently with this Multi-Unit Addendum. The Franchise Agreement otherwise would grant Franchisee the right to open and operate one SBC Unit at or within a Licensed Site, but SBC and Franchisee desire to allow and require Franchisee to open and operate multiple SBC Units, which will be located at or within Licensed Sites. This Multi-Unit Addendum supplements and modifies the Franchise Agreement. If any provision in this Multi-Unit Addendum is in conflict with the Franchise Agreement, then this Multi-Unit Addendum shall prevail.

1.1 Additional Definitions. The following additional definitions shall apply to the Franchise Agreement and the applicable addenda.

1.1.1. Development Period. "Development Period" shall mean a specified time period within the Development Term in which Franchisee must develop, construct, and open a certain portion of the required number of SBC Units, pursuant to the development schedule identified below.

1.1.2. Development Term. The "Development Term" of this Agreement is the time period beginning on the Effective Date of the Franchise Agreement and ending on the final day of the final Development Period.

1.2 Operation of Multiple Units. The rights, duties, and obligations imposed by the Franchise Agreement shall apply individually to each SBC Unit developed, opened, and operated pursuant to the Franchise Agreement and this Multi-Unit Addendum. Without limitation, any reference in the Franchise Agreement to "the SBC Unit" shall be read to apply to each and every SBC Unit to be developed, opened, and operated by Franchisee.

1.3 Location and Development.

1.3.1. Development Obligation. Section 2.1 of the Franchise Agreement is replaced in its entirety with the following:

Development Obligation. Franchisee hereby agrees to construct, develop, open, and operate, at its sole cost and expense, _____ (___) total SBC Units at the Licensed Sites listed on Exhibit A (as amended from time to time) (the "Development Obligation"). Franchisee shall construct, develop, and open each required SBC Unit in accordance with the timetable set forth below, which establishes one or more "Development Periods" within which Franchisee must construct, develop, and open a certain portion of the SBC Units that make up the total Development Obligation. Franchisee shall not construct, develop and operate more SBC Units than the total Development Obligation without the prior

written consent of SBC, which may be granted or withheld in SBC's sole and absolute discretion.

Insert development schedule

1.3.2. Development Periods. If Franchisee fails to meet required portion of the Development Obligation within any Development Period, then SBC may, at its election, terminate Franchisee's right to construct, develop, or open any additional SBC Units remaining in the Development Obligation.

1.3.3. Location. Franchisee shall operate the SBC Units at the Licensed Sites at the specific locations determined pursuant to the Franchise Agreement and this Multi-Unit Addendum. Franchisee shall propose the location of each Licensed Site, but must obtain SBC's written consent prior to beginning construction or operation of an SBC Unit on each proposed site, and SBC retains the sole and absolute discretion to approve or reject any proposed site. For obtaining approval of the proposed site of each SBC Unit, Franchisee shall follow the procedure prescribed by Section 5.1 of the Franchise Agreement.

1.3.4. Compliance with Agreements. Franchisee's right to develop and construct each SBC Unit shall be contingent on Franchisee's continued compliance with all obligations under the Franchise Agreement, this Multi-Unit Addendum, and the Manual, and SBC, at its option, may prohibit Franchisee for developing or constructing any additional SBC Units until Franchisee is in full compliance in SBC's sole discretion.

1.4 Term.

1.4.1. Agreement Term. Section 3.1 of the Franchise Agreement is replaced in its entirety with the following:

Agreement Term. Subject to the termination rights of the parties as set forth in Article 16, the term of this Agreement (the "Agreement Term") shall begin on the Effective Date and shall expire on the final day of the Unit Term of the last SBC Unit that continues to be governed by this Agreement.

1.4.2. Unit Term. Section 3.2 of the Franchise Agreement is replaced in its entirety with the following:

Unit Term. Unless earlier terminated, Franchisee shall have the right and obligation to operate each SBC Unit for the "Unit Term." The Unit Term shall begin on the day that the SBC Unit opens to the public and shall end on the ten (10) year anniversary of that date. SBC shall promptly update Exhibit A to reflect the opening date of each SBC Unit, which then shall be binding for purposes of defining the corresponding Unit Term.

1.5 Fees and Payments.

1.5.1. License Fee. Section 4.1 of the Franchise Agreement is replaced in its entirety with the following:

License Fee. In consideration of the rights and obligations granted herein, Franchisee will pay a fee for each SBC Unit (the “License Fee”) in an amount determined by the total number of SBC Units in the Development Obligation, as provided in the table below. Concurrently with the execution of this Agreement, Franchisee shall pay the full License Fee for the first SBC Unit to be developed, and one-half (1/2) of the required License Fee for all other SBC Units to be developed. Except for the first SBC Unit, the remaining one-half (1/2) of each License Fee shall be due no later than ten (10) days after SBC notifies Franchisee that SBC has approved the Licensed Site for that SBC Unit. If Franchisee has not developed, constructed, and opened the required number of SBC Units by the end of the Development Term, then Franchisee shall pay SBC the unpaid one-half (1/2) of each License Fee for all undeveloped SBC Units within thirty (30) days after the end of the Development Term.

SBC Units in Development Obligation	License Fee per SBC Unit
1 to 4	\$30,000
5 to 9	\$25,000
10 or more	\$20,000

1.5.2. Royalty to SBC. Section 4.2 of the Franchise Agreement is replaced in its entirety with the following:

Royalty to SBC. Franchisee shall pay SBC a royalty (the “Royalty”) for each Fiscal Month in a percentage of the Gross Revenue from each SBC Unit, which percentage will be determined by the total number of SBC Units in the Development Obligation, as provided in the table below. If Franchisee has not developed, constructed, opened, and continued to operate the required number of SBC Units by the end of the Development Term, then Franchisee’s Royalty shall be adjusted under the table below to the number of Franchisee’s SBC Units then in operation; and no later than thirty (30) days following the end of the Development Term, Franchisee shall pay SBC an amount equal to the underpaid Royalty as if the adjusted Royalty had been in effect since the Effective Date of this Agreement. In addition, if after the end of the Development Term, any SBC Unit is terminated prior to the end of its ten (10) year Unit Term, and that termination reduces the total number of SBC Units operated by Franchisee into a different Royalty category pursuant to the table below, then the Royalty for all

remaining SBC Units shall be increased effective as of the effective date of termination of the SBC Unit.

SBC Units in Development Obligation	Royalty
1 to 4	7%
5 to 9	6%
10 or more	5%

1.5.3. Design Fee. For the sake of clarity, and not to limit the application of any provision of the Franchise Agreement to each and every SBC Unit, Franchisee acknowledges and agrees that Franchisee shall pay the Design Fee for each SBC Unit to be developed by Franchisee. Each Design Fee shall be due upon Franchisee's receipt of the SBC Unit schematic and design and development drawings.

1.5.4. Multiple Stores at Licensed Site. If Franchisee operates more than one (1) SBC Unit at a Licensed Site, then each such SBC Unit shall be separately and independently subject, among other things, to the License Fee and all other fees set forth in the Franchise Agreement.

1.5.5. EFT Program. If SBC establishes an EFT program and requires Franchisee's participation, then Franchisee shall maintain no more than a single bank account for each SBC Unit for such payments. For the sake of clarity, Franchisee may maintain fewer bank accounts than the number of its operating SBC Units, so long as each SBC Unit has one and only one of those bank accounts dedicated to that Unit's EFT withdrawals. Franchisee shall maintain a minimum balance in each such account as SBC may reasonably specify.

1.6 Miscellaneous Provisions.

1.6.1. Opening Assistance. If Franchisee opens more than one SBC Unit simultaneously or near in time to each other, then SBC may furnish one (1) person to provide the opening assistance prescribed by the Franchise Agreement, and the opening assistance periods may run concurrently.

1.6.2. Pending Orders Upon Expiration or Termination. On the termination or expiration of any Unit Term, SBC shall not be obliged to fill or ship any order then pending or made any time thereafter by Franchisee to the extent that order relates to the terminated or expired SBC Unit.

1.6.3. Management. If multiple SBC Units operated by Franchisee are located within a geographic area that SBC determines, in writing and in its sole discretion, will reasonably allow for management by a single person, then Franchisee may use a single Management Employee to supervise those multiple SBC Units. If Franchisee operates four (4) or more SBC Units, then, at SBC's request, Franchisee shall appoint and employ one individual

to oversee the operation of each four (4) SBC Units (each an “Operations Manager”), unless SBC consents in writing to a different ratio of Operations Managers to SBC Units. Franchisee shall ensure that each Operations Manager completes to SBC’s satisfaction all training required of Management Employees and executes any confidentiality and non-competition agreements required by SBC.

1.7 Termination.

1.7.1. Termination of Development Right. Without limitation to Section 1.3.2 of this Multi-Unit Addendum, SBC shall be entitled to terminate Franchisee’s right to develop, construct, and open any remaining SBC Units in the Development Obligation upon any occurrence or Franchisee’s breach or default that would give rise to SBC’s right to terminate the Franchise Agreement.

1.7.2. Termination of Unit Term After Notice and Opportunity to Cure. Without limitation to SBC’s right to terminate the Franchise Agreement, SBC shall be entitled to terminate any Unit Term if Franchisee commits, with respect to that SBC Unit, any material breach or default of any provision of the Franchise Agreement and fails to cure that breach or default within thirty (30) days after receiving written notice and demand for cure from SBC; except that SBC may limit Franchisee’s cure period for any breach of any monetary obligation to five (5) days after receipt of written notice and demand for cure.

1.7.3. Termination of Unit Term Immediately Upon Notice. Notwithstanding Section 1.7.2 of this Multi-Unit Addendum, SBC shall be entitled to terminate any Unit Term immediately upon written notice in the event of, with respect to the corresponding SBC Unit, any of the following occurrences or breaches or defaults by Franchisee:

1.7.3.1 Any occurrence or Franchisee’s breach or default that would give rise to SBC’s right to terminate this Agreement.

1.7.3.2 A condemnation or transfer in lieu of condemnation, or the withdrawal of permission from the applicable Lessor, that results in Franchisee’s inability to continue operation of the SBC Unit.

1.7.3.3 Physical damage to the SBC Unit that cannot reasonably be repaired or replaced within thirty (30) days.

1.7.3.4 Closing of the SBC Unit required by law if such closing was not the result of a violation by SBC.

1.7.3.5 Any threat or danger to public health or safety resulting from the construction, maintenance, or operation of the SBC Unit.

1.7.3.6 Franchisee’s offer or sale from the SBC Unit of any coffee products, coffee-based beverages, or any other items other than those approved by SBC.

1.7.3.7 Franchisee's entry into any agreement with a third party that would prohibit Franchisee from selling a complete line of SBC products at the SBC Unit.

1.7.4. Liquidated Damages. For the sake of clarity, and not to limit the application of any provision of the Franchise Agreement to each and every SBC Unit, if SBC terminates the Franchise Agreement or the Unit Term of one or more SBC Units pursuant to SBC's termination rights, then the liquidated damages provision under Section 16.2 of the Franchise Agreement shall apply to each SBC Unit terminated (with termination of the Agreement being deemed termination of the Unit Term of every SBC Unit).

1.7.5. No Prejudice to Other SBC Remedies. SBC's termination of any Unit Term shall be without prejudice to any other rights or remedies that SBC shall have under the Franchise Agreement, this Multi-Unit Addendum, or at law or in equity.

1.7.6. Franchisee's Obligations upon Termination or Expiration. On termination or expiration of any Unit Term for any reason, Franchisee shall fulfill the requirements under Section 16.4 of the Franchise Agreement for each terminated or expired SBC Unit, including without limitation Franchisee's obligation to return the Manuals used at the terminated or expired SBC Units. If other Unit Terms remain in effect under the Franchise Agreement and this Multi-Unit Addendum, then the rights, duties, and obligations under the Franchise Agreement and its addenda shall remain in effect with respect to the remaining SBC Units.

AGREED:

[Franchisee]

Seattle's Best Coffee, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

STANDARD ADDENDUM 2 FRANCHISEE-CONTROLLED VENUE ADDENDUM

This Franchisee-Controlled Venue Addendum (the “FCV Addendum”) is entered into by and between Seattle’s Best Coffee, LLC (“SBC”) and _____ (“Franchisee”) and is effective this ___ day of _____, 20__.

SBC and Franchisee have entered into a Master Franchise Agreement (the “Franchise Agreement”) concurrently with this FCV Addendum. The Franchise Agreement grants Franchisee the right to open one or more SBC Units at or within certain Licensed Site(s), and SBC and Franchisee anticipate that the Licensed Site(s) will include one or more Franchisee-Controlled Venue (as defined below) within which an SBC Unit will operate. This FCV Addendum supplements and modifies the Franchise Agreement with respect to any SBC Unit to be operated by Franchisee within a Franchisee-Controlled Venue. If any provision in this FCV Addendum is in conflict with the Franchise Agreement, then this FCV Addendum shall prevail with respect to any SBC Unit to be operated within a Franchisee-Controlled Venue.

1.1 Definitions.

1.1.1. Covered Products. “Covered Products” shall mean those products to be sold by Franchisee through an SBC Unit pursuant to the Franchise Agreement, the sale of which Franchisee shall identify and track in accordance with the terms of this FCV Addendum, and shall include, without limitation: (i) all coffee and on-site brewed beverages sold in an SBC Unit (as well as other beverages and items approved for sale in SBC Units); (ii) pastries and other food items; and (iii) coffee-related hardware and other retail merchandise.

1.1.2. Grocery Channel Coffee. “Grocery Channel Coffee” shall mean all whole bean and ground coffee distributed by Franchisee pursuant to a separate distribution agreement with SBC or an SBC-approved supplier for resale in the grocery aisle of a Grocery Store.

1.1.3. Grocery Store. “Grocery Store” shall mean a full service supermarket currently operated by Franchisee or opened and operated by Franchisee in the future, and in each case occupying at least 15,000 square feet (unless a smaller square footage is mutually agreed to by Franchisee and SBC) and including a full range of grocery products, including a fresh produce, bakery, deli and meat department.

1.1.4. Gross Revenue. “Gross Revenue” shall mean, with respect to an SBC Unit operated within a Franchisee-Controlled Venue, the total of all revenues derived from such SBC Unit, whether such revenues are evidenced by cash, services, property, or other means of exchange, and whether SBC offers such services or products in its other locations, and shall include without limitation, the following: (i) sales, monies, property, or receipts from sales, of any nature or kind whatsoever, derived by Franchisee or by any other person or entity (including without limitation persons controlling, controlled by, or under common control with Franchisee) from sales of Covered Products from operations conducted at an SBC Unit; (ii) sales of Covered Products in contravention of this Agreement at locations other than an SBC Unit; (iii) the proceeds of any business interruption insurance allocable to the SBC Unit; (iv) sales of Covered Products at a Licensed Site, whether (as permitted in this FCV Addendum) or not the actual sales

occur at registers or point-of-sale terminals located within or outside or the perimeter of an SBC Unit; (v) sales from vending devices allocable to the SBC Unit; (vi) mail, Internet, or telephone orders for Covered Products related to an SBC Unit received or filled on or from an SBC Unit; (vii) all deposits for Covered Products related to an SBC Unit not refunded to purchasers; (viii) orders taken for Covered Products related to an SBC Unit although filled elsewhere; and (ix) any other fees, commissions, or rental or license receipts, or other revenues received by Franchisee related to an SBC Unit; provided, however, Gross Revenue shall not include revenues from the sale by Franchisee outside of, and not related to, an SBC Unit and in the ordinary course of Franchisee's retail business of SBC branded or co-branded products distributed through Franchisee's customary grocery distribution channels, as permitted by Section 1.2 of this FCV Addendum. There shall be no reduction from Gross Revenue for the costs or expenses of operating an SBC Unit, for bad debt, or for Franchisee's federal, state, or local income taxes or business and occupation taxes related to an SBC Unit. "Gross Revenue" shall exclude: (a) sales of Grocery Channel Coffee; (b) the amount of any state or local sales or use tax collected from customers and paid by Franchisee to a taxing authority attributable to the operations of an SBC Unit; (c) proceeds of the authorized sales of fixtures or other capital items sold by Franchisee after use thereof in the operation of an SBC Unit; (d) sales of products other than Covered Products at registers or point-of-sale registers located inside an SBC Unit (as permitted by Section 1.2 of this FCV Addendum); and (e) the difference between Franchisee's full price and any discounted price offered by Franchisee in conjunction with any promotional or special program authorized or directed by SBC.

1.1.5. Franchisee-Controlled Venue. "Franchisee-Controlled Venue" shall mean a Licensed Site (including without limitation a Grocery Store) that is owned or operated by Franchisee or by a commonly-controlled affiliate of Franchisee, at which Franchisee or its affiliate conducts business activities in addition to the operation of an SBC Unit, including without limitation a retail grocery store, bookstore, hotel, casino, convention center, hospital, school, college, university, airport, terminal, stadium, arena, museum, theme park, aquarium, toll or freeway plaza, military or governmental facility, shopping center, club or warehouse store, or multi-brand concession operated by Franchisee in any such location.

1.2 Location of Sales. The parties agree that, as a convenience to Franchisee's customers, and notwithstanding any limitations in the Franchise Agreement: (i) Franchisee may sell Covered Products at registers or point-of-sale terminals located outside an SBC Unit (but within the Franchisee-Controlled Venue in which such SBC Unit is located); and (ii) Franchisee may sell products other than Covered Products at registers or point-of-sale terminals located inside an SBC Unit at a Franchisee-Controlled Venue. Nothing in this FCV Addendum or the Franchise Agreement shall restrict the sale by Franchisee in the ordinary course of a Franchisee-Controlled Venue business of SBC branded or co-branded products (including Tazo® tea, Grocery Channel Coffee, and ice cream, but excluding items authorized only for sale in the SBC Units) distributed through customary retail channels.

1.3 Identification of Products. Franchisee shall develop and maintain at all times a product identification and tracking system that assigns to all items sold in each Franchisee-Controlled Venue (including Covered Products) a distinct SKU number recognizable by all registers and point-of-sale terminals located within each Franchisee-Controlled Venue (including those located within any SBC Unit). The product identification and tracking system shall have

the capability of: (i) distinguishing between sales of Covered Products and sales of all other items intended for sale through other Franchisee-Controlled Venue retail channels, regardless of whether the actual sales of such products are made at registers or terminals located inside or outside the SBC Unit; and (ii) separately tracking and maintaining sales records with respect to Covered Products at the Franchisee-Controlled Venue.

1.4 Location of Products. Franchisee shall not display, market, promote, advertise, or store any Grocery Channel Coffee at any SBC Unit; provided, however, that this shall not prohibit Franchisee from executing incidental sales of Grocery Channel Coffee at an SBC Unit as provided in this FCV Addendum.

1.5 Space Surrounding SBC Unit. In any Franchisee-Controlled Venue, Franchisee shall maintain around the perimeter of any SBC Unit an unobstructed aisle space that permits reasonable pedestrian circulation (subject only to portions of the perimeter that consist of or adjoin external walls or other permanent structural features included within the approved design for such SBC Unit), and shall refrain from displaying within ten (10) feet from the counter of the SBC Unit any products, services or other items not approved in writing by SBC in its sole and absolute discretion.

AGREED:

[Franchisee]

Seattle's Best Coffee, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

STANDARD ADDENDUM 3
APPROVED FRANCHISEE TRADE NAME ADDENDUM

This Approved Franchisee Trade Name Addendum (the “Trade Name Addendum”) is entered into by and between Seattle’s Best Coffee, LLC (“SBC”) and _____ (“Franchisee”) and is effective this ___ day of _____, 20__.

SBC and Franchisee have entered into a Master Franchise Agreement (the “Franchise Agreement”) concurrently with this Trade Name Addendum. The Franchise Agreement grants Franchisee the right to open one or more SBC Units at or within certain Licensed Site(s), and SBC and Franchisee anticipate that the Licensed Site(s) will include one or more Franchisee-Controlled Venue (as defined in a concurrently executed Franchisee-Controlled Venue Addendum) within which an SBC Unit will operate. This Trade Name Addendum supplements and modifies the Franchise Agreement with respect to any SBC Unit to be operated by Franchisee within a Franchisee-Controlled Venue operating under an Approved Franchisee Trade Name. If any provision in this Trade Name Addendum is in conflict with the Franchise Agreement, then this Trade Name Addendum shall prevail with respect to any SBC Unit to be operated within a Trade Name Site (as defined below).

1.1 Approved Franchisee Trade Name. “Approved Franchisee Trade Name” shall mean “_____” or such other name approved in writing by SBC, which approval may be granted or withheld in SBC’s sole and absolute discretion.

1.2 Trade Name Site. A “Trade Name Site” shall mean a Franchisee-Controlled Venue that, at the time the SBC Unit located there opens for business, is promoted and held out to the public as operating primarily under an Approved Franchisee Trade Name designated by the parties under this Trade Name Addendum. As examples and not for the purpose of limitation, Trade Name Sites ordinarily include retail grocery stores, bookstores, hotels, casinos, theme parks, and club and warehouse stores.

1.3 Termination of Unit Term Immediately Upon Notice. In addition to any rights and remedies provided for in the Franchise Agreement, SBC shall be entitled to terminate the Unit Term of an SBC Unit at a Trade Name Site immediately upon written notice if Franchisee’s operation of that Franchisee-Controlled Venue ceases to be under the Approved Franchisee Trade Name agreed upon by the parties. If the Franchise Agreement governs only a single SBC Unit, then SBC’s exercise of the termination right under this Section shall also terminate the Franchise Agreement.

[Signature Page Follows]

AGREED:

[Franchisee]

Seattle's Best Coffee, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

**STANDARD ADDENDUM 4
MANAGER ADDENDUM**

This Manager Addendum is entered into by and between Seattle’s Best Coffee, LLC (“SBC”) and _____ (“Franchisee”) and is effective this ___ day of _____, 20__.

SBC and Franchisee have entered into a Master Franchise Agreement (the “Franchise Agreement”) concurrently with this Manager Addendum. The Franchise Agreement grants Franchisee the right to open one or more SBC Units to be operated at or within certain Licensed Sites, and SBC and Franchisee anticipate that one or more SBC Units will be managed or operated by a management services company (the “Manager”) other than Franchisee. This Manager Addendum supplements and modifies the Franchise Agreement with respect to any SBC Unit to be managed or operated by a Manager. If any provision in this Manager Addendum is in conflict with the Franchise Agreement, then this Manager Addendum shall prevail with respect to any SBC Unit to be managed or operated by the Manager.

Subject to the execution of the attached Confidentiality, Nondisclosure and Master License Coordination Agreement by a Manager for any SBC Unit to be operated by that Manager, pursuant to which such Manager will agree to be jointly and severally responsible with Franchisee for the performance of Franchisee’s obligations upon the termination or expiration of Franchisee’s right to operate the affected SBC Unit(s), SBC hereby consents to such Manager’s performance of Franchisee’s obligations with respect to and management of the SBC Unit(s), subject to the oversight and continued liability of Franchisee under the Franchise Agreement. If Franchisee proposes to engage any successor Manager during the Unit Term of an SBC Unit, then Franchisee shall deliver to SBC a new Confidentiality, Nondisclosure and Master License Coordination Agreement in the form prescribed by SBC and duly executed by that successor Manager prior to the date such Manager commences management of such SBC Unit.

AGREED:

[Franchisee]

Seattle’s Best Coffee, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

SEATTLE'S BEST COFFEE, LLC
CONFIDENTIALITY, NON-DISCLOSURE AND MASTER LICENSE COORDINATION AGREEMENT

Parties. This Agreement is between Seattle's Best Coffee, LLC ("SBC") and the undersigned company ("Company"), each having the address set forth below.

Background and Purpose of Disclosure. SBC and _____ ("Franchisee") have entered into or intend to enter into a Master Franchise Agreement (the "Franchise Agreement") for the development and operation of a SBC retail coffee unit ("SBC Store") at the site owned by Franchisee known as _____ (the "Site"). Franchisee has retained Company to manage, on its behalf, the Site. As a result of this business relationship (the "Project(s)"), SBC may disclose to Company, and Company may otherwise have access to, certain valuable confidential and proprietary information.

Description of Confidential Information. SBC's interest in the Project and the fact that the parties are working together on the Project are confidential information. In addition, any and all information disclosed by SBC that by its nature is generally considered proprietary and confidential, regardless of the manner disclosed or whether such information is specifically labeled as such, is considered confidential information (hereinafter such information shall be collectively referred to as "Confidential Information").

Agreement to Maintain Confidentiality. Company agrees to hold any Confidential Information disclosed to it in confidence, to cause its employees, agents or other third parties to hold such Confidential Information in confidence, and to use no less than the standard of care used to protect its own proprietary and confidential information in protecting the Confidential Information. Company shall not disclose Confidential Information to others or use it for purposes other than the Project.

Limited Disclosure. Company agrees to limit disclosure of Confidential Information to those employees or agents necessary for the Project who have agreed to be bound by the obligations herein.

Effective Date and Length of Obligation. This Agreement is effective as of the date of execution by Company and may be terminated by SBC at any time upon written notice. Company's obligation of confidentiality and non-use for Confidential Information hereunder shall last for five (5) years from the date of such written notice.

Securities Laws. Company hereby acknowledges that it is aware, and agrees that it will advise all of those persons who are involved in the Project that is the subject of this Agreement, that federal and state securities laws prohibit any person who has received material, non-public information (information about SBC or its business that is not generally available to the public) concerning SBC, including, without limitation, the matters that are the subject of this Agreement, from purchasing or selling securities of SBC while in Master Franchise Agreement
Standard Addendum 4-i

possession of such non-public information, and from communicating that information to any other person who may purchase or sell securities of SBC or otherwise violate such laws. Company specifically acknowledges these obligations and agrees to be bound thereto. If Company also is a publicly traded company, SBC specifically acknowledges the same obligations with respect to information about Company or its business that is not generally available to the public and agrees to be bound by them.

Exceptions to Confidential Information. Confidential Information shall not include any information that: (a) was publicly available at the time of disclosure; (b) became publicly available after disclosure without breach of this Agreement by Company; (c) was in Company's possession prior to disclosure as evidenced by Company's written records, and was not the subject of an earlier confidential relationship with SBC; (d) was rightfully acquired by Company after disclosure by SBC from a third party who was lawfully in possession of the information and was under no obligation to SBC to maintain its confidentiality; (e) is independently developed by Company's employees or agents who have not had access to the Confidential Information; or (f) is required to be disclosed by Company pursuant to judicial order or otherwise by law, provided that Company shall provide to SBC prompt notice of such order and comply with any protective order imposed on such disclosure.

Master Franchise Agreement. Company hereby acknowledges, consents and agrees that upon expiration or termination of the Franchise Agreement or of the Unit Term of any SBC Unit managed or operated by Company that Company will: (i) perform Franchisee's obligations under Section 16.4, Section 16.5, and any other express provisions of the Franchise Agreement governing termination or expiration, (ii) remove all Trademarks (as defined in the Franchise Agreement) from the Site and modify the décor of such SBC Store so that it no longer resembles, in whole or in part, a SBC Store, and (iii) if Company fails to do so, agrees that SBC shall have the right to enter the Site to make such alterations at Franchisee's cost and expense. The obligations of Company hereunder shall survive termination or expiration of this Agreement.

Indemnification. (a) Company hereby agrees to indemnify, defend, protect and hold harmless SBC, its officers, directors, shareholders, employees, agents, and attorneys, and each of them, in their corporate and individual capacities, from any expense, liability or damage any of them may incur, including reasonable attorneys' fees, as a result of claims, demands, costs, awards or judgments of any kind or nature, by anyone whomsoever, arising out of or otherwise connected with Company's maintenance, operation or management of an SBC Unit, or any act of omission or commission by Company or its officers, directors, shareholders, partners, employees, or agents, except to the extent such liability or damage is due to the negligence or fault of SBC (it being acknowledged and agreed by the parties that any claims related to the temperature

of beverages sold at an SBC Unit shall not be attributable to the negligence or fault of SBC). Company's obligations to defend and indemnify and the rights of SBC and its officers, directors, shareholders, employees, agents, and attorneys to defense and indemnification under this Section shall survive assignment, transfer, termination, expiration or nonrenewal of the Franchise Agreement.

(b) Company shall immediately undertake the defense of any legal action against or involving SBC or any other indemnitee and shall retain reputable, competent and experienced counsel to represent the interests of SBC and any other indemnitee. Company shall notify SBC of the identity of such counsel not less than forty-eight (48) hours prior to retaining them, and SBC shall have the right during this period to approve or disapprove any such counsel. SBC shall have the right to obtain separate counsel and to participate in the defense, compromise or settlement of the action. SBC shall not be required to seek recovery from third parties or otherwise mitigate its losses to recover the full amount of its indemnified losses and expenses from Company. Company shall not settle or compromise any legal action without the specific prior written consent of SBC, which may be granted or withheld in SBC's sole and absolute discretion.

Return of Confidential Information. At any time requested by SBC, Company shall return or destroy all documents, samples, or other materials embodying Confidential Information, shall retain no copies thereof, and shall certify in writing that such destruction or return has been accomplished.

Disclaimer of Other Relationships. This Agreement does not create a relationship of agency, partnership, joint venture, franchise, or license between the parties. This Agreement does not obligate a party to purchase anything from or sell anything to another party, and each party acknowledges the other parties may enter into (a) other similar activities and/or (b) business relationships with third parties, provided no Confidential Information is disclosed or used by Company.

Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of

Washington, without reference to conflicts of law principles. The parties hereby submit and consent to the jurisdiction of the federal and state courts of King County, Washington, for purposes of any legal action arising out of this Agreement.

Amendments. This Agreement supersedes all previous agreements between the parties regarding the Confidential Information and cannot be canceled, assigned or modified without the prior written consent of SBC.

Breach. If Company breaches the term(s) of this Agreement, SBC shall have the right to (a) terminate this Agreement and/or demand the immediate return of all Confidential Information; (b) recover its actual damages incurred by reason of such breach, including, without limitation, its attorneys fees and costs; (c) obtain injunctive relief to prevent such breach or to otherwise enforce the terms of this Agreement; and (d) pursue any other remedy available at law or in equity. Failure to properly demand compliance or performance of any term of this Agreement shall not constitute a waiver of SBC's rights hereunder.

MANAGER

Signature _____

Name _____

Title _____

Address _____

Date _____

If Signer is (a) an individual, sign individual name and provide trade name, if any; (b) a partnership, one general partner must sign in the partnership name; or (c) a corporation, an officer must sign and include his/her title.

SEATTLE'S BEST COFFEE, LLC

Signature _____

Name _____

Title _____

Date _____

2401 Utah Avenue South, Seattle, WA 98134-1431

STANDARD ADDEDNUM 5 CANADA ADDENDUM

This Canada Addendum is entered into by and between Seattle's Best Coffee, LLC ("SBC") and _____ ("Franchisee") and is effective this ___ day of _____, 20__.

SBC and Franchisee have entered into a Master Franchise Agreement (the "Franchise Agreement") concurrently with this Canada Addendum. The Franchise Agreement grants Franchisee the right to open one or more SBC Units to be operated at or within certain Licensed Sites, and SBC and Franchisee anticipate that one or more of those SBC Units will be located partly or entirely within the country of Canada. This Canada Addendum supplements and modifies the Franchise Agreement with respect to any SBC Unit located in Canada or in any province, territory, protectorate, or commonwealth of Canada. If any provision in this Canada Addendum is in conflict with the Franchise Agreement, then this Canada Addendum shall prevail with respect to any SBC Unit located in Canada.

1.1 No Protected Territory. With respect to any SBC Unit to be located in Canada, Section 1.2.5 of the Franchise Agreement is replaced with the following:

No Protected Territory. Franchisee may propose Licensed Sites located anywhere in the country of Canada, except that, pursuant to certain agreements to which SBC is currently a party or to which it may in the future become a party, SBC may be subject to contractual or other legal limitations on its right to grant licenses within specified geographic areas, and SBC's right to disapprove proposed sites includes circumstances in which such limitations apply. Franchisee acknowledges and agrees that: (i) Franchisee will receive no exclusivity with respect to radius, area or territory; (ii) SBC may, in its sole and absolute discretion, establish, own, operate, or license additional SBC locations in the immediate vicinity of the Licensed Sites, and that Franchisee's operations pursuant to this Agreement will be in competition with those of other franchisees or operations of SBC or its affiliates; and (iii) SBC's grant of license rights in certain jurisdictions may be subject to or limited by laws and registration requirements relating to the offer and sale of franchises, and that SBC is entitled, in its sole discretion, to condition, limit, or deny its approval for any proposed Licensed Site in any jurisdiction that regulates the offer and sale of franchises.

1.2 Currency. All amounts stated in, and payable under, the Franchise Agreement are stated in U.S. Dollars and are payable in U.S. Dollars; provided however, the Royalty and Advertising Fee may be paid by Franchisee in Canadian Dollars. For the purpose of any payment in U.S. Dollars under this Agreement, any conversion from Canadian Dollars to U.S. Dollars shall be made at the rate for U.S. Dollars on the date of payment quoted by SBC's principal Canadian bank for the amount in question, or any other bank reasonably designated by SBC from time to time. If payment is made after its due date, the conversion rate shall be the rate on the scheduled due date or the rate on the date of payment, whichever rate generates the higher sum of U.S. Dollars paid to SBC. Franchisee shall bear all the costs or expenses of obtaining U.S. Dollars and making payment.

1.3 Governing Law. In addition to the governing law provided for in the Franchise Agreement, the parties acknowledge and agree that the rights and obligations of the parties under this Agreement shall not be governed by the provisions of the United Nations Convention on Contracts for the International Sale of Goods; rather these rights and obligations shall be construed and interpreted according to the laws of the State of Washington, including the provisions of the Uniform Commercial Code as enacted in the State of Washington.

AGREED:

[Franchisee]

Seattle's Best Coffee, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

EXHIBIT B

FINANCIAL STATEMENTS

EXHIBIT C

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

STATE	ADDRESS	PHONE NO.
California	Office of the Commissioner California Department of Corporations 71 Stevenson Street, Suite 2100 San Francisco, CA 94105-2980	(415) 972-8559
Hawaii	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813	(808) 586-2722
Illinois	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706	(217) 782-4465
Indiana	Indiana Secretary of State Securities Division, Room E-111 302 West Washington Street Indianapolis, IN 46204	(317) 232-6681
Maryland	<i>Agent for Service of Process:</i> Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 <i>State Agency:</i> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202	(410) 576-6360
Michigan	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 525 West Ottawa St. Williams, Bldg., 6 th Floor Lansing, MI 48933-1067	(517) 373-7117
Minnesota	Minnesota Department of Commerce 85 7 th Place East, Suite 600 St. Paul, MN 55101-3165	(651) 296-6328
New York	New York State Department of Law 120 Broadway, 23 rd Floor New York, NY 10271	(212) 416-8200

North Dakota	North Dakota Securities Department 600 East Blvd., Fifth Floor Capitol Building Bismarck, ND 58505-0510	(701) 328-2910
Rhode Island	Rhode Island Dept. of Registration Division of Securities John O. Pastore Building 69-1 1511 Pontiac Avenue Cranston, RI 02920-4407	(401) 462-9500
South Dakota	Department of Revenue Division of Securities 445 East Capitol Avenue Pierre, SD 57501-3185	(605) 773-4823
Virginia	Division of Securities and Retail Franchising State Corporation Commission 1300 East Main Street, 9 th Floor Richmond, VA 23219	(804) 371-9051
Washington	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501	(360) 902-8760
Wisconsin	Department of Financial Institutions Division of Securities 345 West Washington Avenue Fourth Floor Madison, WI 53703	(608) 266-1064
Federal Trade Commission	Division of Marketing Practices Bureau of Consumer Protection 600 Pennsylvania Avenue NW	(202) 326-3128

EXHIBIT D

STATE ADDENDA TO DISCLOSURE DOCUMENT

The following modifications are made to the Seattle's Best Coffee, LLC ("SBC") Franchise Disclosure Document and Master Franchise Agreement, and may supersede, to the extent then required by valid applicable law, certain portions of the Master Franchise Agreement and may supplement certain disclosures in the Disclosure Document.

CALIFORNIA

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.

Neither SBC, nor any person or franchise broker 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.

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

The Master Franchise Agreement provides for potential termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec 101 et seq.)

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

The Master Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Master Franchise Agreement restricting venue to a forum outside the State of California.

The Master Franchise Agreement requires construction and interpretation of the Franchising Agreement under the laws of Washington. This provision may not be enforceable under California law.

The earnings claims (financial performance representation) figures do not reflect all costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your SBC business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

Section 31125 of the Franchise Investment Law requires us to give you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of your Master Franchise Agreement.

You must sign a general release of claims if you renew or transfer your license. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions

Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The URL of our website is www.seattlesbest.com. **OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT www.corp.ca.gov.**

If the Master Franchise Agreement contains any provision that allows SBC recover liquidated damages or termination payments, and if that provision is held unenforceable by an arbitrator or court of competent jurisdiction or if SBC waives that provision, then SBC is permitted instead to recover contractual damages caused by any breach of contract or default by the Franchisee.

SBC reserves the right to challenge the application or enforceability of the Franchise Investment Law, the California Franchise Relations Act, the corresponding regulations, or any other law not specified in the Master Franchise Agreement.

HAWAII

UNLESS EXEMPT, THESE FRANCHISES WILL BE OR HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE MASTER FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH SBC AND THE FRANCHISEE.

The registered agent in the state authorized to receive service of process is identified in Exhibit C to the Disclosure Document.

ILLINOIS

1. If the Master Franchise Agreement is subject to the provisions of the Illinois Franchise Disclosure Act of 1987 (the “Act”) or the corresponding regulations, then the following applies:

a. Certain provisions of the Master Franchise Agreement, including Sections 17.1 and 18.7, may be affected or voided by Section 705/4 of the Act. If Illinois law prohibits any provision in a Master Franchise Agreement that requires SBC and Franchisee to litigate claims between them outside of Illinois, then any such provision in the Master Franchise Agreement is amended to provide instead that litigation will be initiated and maintained either in the forum designated in the Master Franchise Agreement or in the state or federal courts located in Chicago, Illinois, and the parties consent to the jurisdiction of those courts. SBC reserves the right to seek relief in any other jurisdiction as may be necessary or desirable to obtain declaratory, injunctive, or other relief to enforce the provisions and restrictions of the Master Franchise Agreement.

b. Any provision in the Master Franchise Agreement that imposes the law of any other state may not be enforceable, and is amended to the minimum extent required by Illinois law.

c. Any provision in the Master Franchise Agreement that limits the continuing effectiveness of representations made by SBC in this Disclosure Document is amended to the minimum extent necessary to allow for the continued reliance by Franchisee on the accuracy of the statements and representations made by SBC in this Disclosure Document.

d. Certain provisions of the Master Franchise Agreement, including Section 18.12, may be affected or voided by Section 705/41 of the Act.

INDIANA

If the Master Franchise Agreement is subject to the provisions of the Indiana Franchise Act, the Indiana Deceptive Franchise Practices Act, or the corresponding regulations, then the Master Franchise Agreement is amended to the minimum extent necessary to render it lawful under the Act.

SBC reserves the right to challenge the application or enforceability of the Indiana Franchise Act, the Indiana Deceptive Franchise Practices Act, the corresponding regulations, or any other law not specified in the Master Franchise Agreement.

MARYLAND

Item 17 in this Disclosure Document, the Master Franchise Agreement, and the Seattle's Best Coffee Card License Agreement are amended to provide that:

i. Any provision in the Master Franchise Agreement or the Seattle's Best Coffee Card License Agreement providing for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

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

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

The Master Franchise Agreement and the Seattle's Best Coffee Card License Agreement are amended to provide that:

i. All representations requiring any prospective Franchisee to assent to a general release, estoppel, or waiver of liability are not intended to and will not act as a general release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

ii. Franchisee is permitted to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

MICHIGAN

The following disclosure is required for Master Franchise Agreements that are subject to the provisions of the Michigan Franchise Investment Law and the corresponding regulations:

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a Master Franchise Agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the Master Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

If the Master Franchise Agreement is subject to the provisions of the Michigan Franchise Investment Law, and the Michigan Franchise Investment Law prohibits any provision in the Master Franchise Agreement requiring that litigation between SBC and Franchisee will take place outside of Michigan, then the Master Franchise Agreement is amended to provide instead that litigation will be brought either in the forum designated in the Master Franchise Agreement

or in the state or federal courts located in Detroit, Michigan, and the parties consent to the jurisdiction of those courts. SBC reserves the right to seek relief in any other jurisdiction as may be necessary or desirable to obtain declaratory, injunctive, or other relief to enforce the provisions and restrictions of the Master Franchise Agreement.

SBC reserves the right to challenge the application or enforceability of the Michigan Franchise Investment Law, the corresponding regulations, or any other law not specified in the Master Franchise Agreement.

MINNESOTA

The following applies if the Master Franchise Agreement is subject to the provisions of the Minnesota Franchise Act and the corresponding regulations:

UNLESS EXEMPT, THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE MASTER FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE SBC AND THE FRANCHISEE.

Any provision in the Master Franchise Agreement specifying that litigation between SBC and Franchisee is to take place outside of Minnesota is amended to provide instead that litigation will be brought either in the forum designated in the Master Franchise Agreement or in the state or federal courts located in Minneapolis, Minnesota, and the parties consent to the jurisdiction of those courts; provided, however, that SBC reserves the right to seek relief in any other jurisdiction as may be necessary or desirable to obtain declaratory, injunctive, or other relief to enforce the provisions and restrictions of the Master Franchise Agreement.

If the Master Franchise Agreement contains any provision that allows SBC to recover liquidated damages or termination payments, and if that provision is held unenforceable by an arbitrator or court of competent jurisdiction or if SBC waives that provision, then SBC is permitted instead to recover contractual damages caused by any breach of contract or default by Franchisee.

Any other provision in the Master Franchise Agreement that would be void or voidable by the Franchisee is amended to the minimum extent necessary to render it enforceable under the Act and regulations.

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit SBC from requiring litigation to be conducted outside 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 Franchise Disclosure Document or agreement(s) can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, SBC will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4, and 5, which require (except in certain specified cases) that a Franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Master Franchise Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

SBC will protect the Franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota considers it unfair to not protect the Franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a Franchisee to assent to a general release.

The Franchisee cannot consent to the SBC obtaining injunctive relief. SBC may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

Any Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

SBC reserves the right to challenge the application or enforceability of the Minnesota Franchise Act, the corresponding regulations, or any other law not specified in the Master Franchise Agreement.

NEW YORK

REGISTRATION OF A FRANCHISE BY A STATE DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE DEPARTMENT OF LAW OR THAT IT HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

The State Cover Page is amended to include the following disclosure: SBC will not be granting an exclusive territory.

NORTH DAKOTA

The following applies if the Master Franchise Agreement is subject to the provisions of the North Dakota Franchise Investment Law and the corresponding regulations:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES:

A. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.

B. Situs of Arbitration Proceedings: Master Franchise Agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the Franchisee's business.

C. Restrictions on Forum: Requiring North Dakota Franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Requiring North Dakota Franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Master Franchise Agreements that specify that they are to be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.

G. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.

H. General Release: Master Franchise Agreements that require the Franchisee to sign a general release upon renewal of the Master Franchise Agreement.

I. Limitation of Claims: Master Franchise Agreements that require the Franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

J. Enforcement of Agreement: Master Franchise Agreements that require the Franchisee to pay all costs and expenses incurred by the Franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Any provision in the Master Franchise Agreement specifying that litigation between SBC and Franchisee is to take place outside of North Dakota is amended to provide instead that litigation will be brought either in the forum designated in the Master Franchise Agreement or in the state or federal courts located in Fargo, North Dakota, and the parties consent to the jurisdiction of those courts; provided, however, that SBC reserves the right to seek relief in any

other jurisdiction as may be necessary or desirable to obtain declaratory, injunctive, or other relief to enforce the provisions and restrictions of the Master Franchise Agreement.

If the Master Franchise Agreement contains any provision that allows SBC to recover liquidated damages or termination payments, and if that provision is held unenforceable by an arbitrator or court of competent jurisdiction or if SBC waives that provision, then SBC is permitted instead to recover contractual damages caused by any breach of contract or default by Franchisee.

Any other provision in the Master Franchise Agreement that would be void or voidable by the Franchisee is amended to the minimum extent necessary to render it not unfair, unjust, or inequitable under North Dakota law.

SBC reserves the right to challenge the application or enforceability of the North Dakota Franchise Investment Law, or any other law not specified in the Master Franchise Agreement.

RHODE ISLAND

The following applies if the Master Franchise Agreement is subject to the provisions of the Rhode Island Franchise Investment Act or the corresponding regulations:

Any provision in the Master Franchise Agreement specifying that litigation between SBC and Franchisee is to take place outside of Rhode Island is amended to provide instead that litigation will be brought either in the forum designated in the Master Franchise Agreement or in the state or federal courts located in Cranston, Rhode Island, and the parties consent to the jurisdiction of those courts; provided, however, that SBC reserves the right to seek relief in any other jurisdiction as may be necessary or desirable to obtain declaratory, injunctive, or other relief to enforce the provisions and restrictions of the Master Franchise Agreement.

SBC reserves the right to challenge the application or enforceability of the Rhode Island Franchise Investment Act or the corresponding regulations, or any other law not specified in the Master Franchise Agreement.

SOUTH DAKOTA

If the Master Franchise Agreement contains any provision that allows SBC to recover liquidated damages or termination payments, and if that provision is held unenforceable by an arbitrator or court of competent jurisdiction, then SBC is permitted instead to recover contractual damages caused by any breach of contract or default by Franchisee.

SBC reserves the right to challenge the application or enforceability of South Dakota law, or any other law not specified in the Master Franchise Agreement.

VIRGINIA

The following applies if the Master Franchise Agreement is subject to the provisions of the Virginia Retail Franchising Act or the corresponding regulations:

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for SBC for use in the Commonwealth of Virginia is amended as follows:

The following statements are added to Item 17.h. of the Disclosure Document:
Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a SBC to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Master 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 release required under the Master Franchise Agreement as a condition of SBC's consent or approval of any matter will require Franchisee's execution of the following form of release.

**VIRGINIA FORM OF GENERAL RELEASE
RELEASE**

KNOW THAT _____ and its successors, assigns, agents, affiliates, successors, parents, subsidiaries and assigns, together with their past, present and future principals, owners, shareholders, controlling persons, officers, directors, successors and assigns (collectively, "Releasor"), in consideration of the right to renew, assign or transfer its Master Franchise Agreement with _____ ("SBC") and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, releases and discharges SBC and its officers, directors, employees, stockholders, agents and servants, affiliates and their respective officers, directors, employees, agents and servants and their respective successors and assigns (collectively, "Releasee") from any and all actions, causes of actions, suits, debts, liens, agreements, accounts, promises, liabilities, judgments, demands, losses, cost or expense, of any nature whatsoever, in law or equity, whether known or unknown, suspected or unsuspected, claimed or concealed, fixed or contingent, relating to any events or circumstances existing from the beginning of time through the date this Release is executed, that the Releasor, its heirs, executors, administrators, successors and assigns does have or hereafter can, shall or may have against the Releasee for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this Release.

This RELEASE may not be changed orally.

IN WITNESS WHEREOF, the RELEASOR has executed this RELEASEE on this _____ day of _____, 20____.

Executed and delivered in the presence of:

[Franchisee]

Witness

By:

WASHINGTON

The following applies if the Master Franchise Agreement is subject to the provisions of the Washington Franchise Investment Protection Act or the corresponding regulations:

Washington's Franchise Investment Protection Act includes a section, RCW 19.100.180, which may supersede or supplement certain provisions in the Master Franchise Agreement, including those involving termination and renewal of your franchise. There may also be court decisions that supersede or supplement the terms of the Master Franchise Agreement, including those involving termination and renewal.

If you purchase a franchise in Washington, any provision in the Master Franchise Agreement requiring you to arbitrate outside of Washington may not be enforceable under Washington law.

In the event of a conflict of laws involving a Franchisee entitled to protection under the Franchise Investment Protection Act, the Act may prevail over the laws of another jurisdiction.

A release or waiver of rights executed by a Franchisee may not be enforceable if it includes a waiver of claims under the Franchise Investment Protection Act unless it has been executed pursuant to a negotiated settlement after the agreement is in effect and where the Franchisee is represented by counsel.

Provisions imposing transfer fees on Franchisee may not be collectible if those amounts exceed SBC's reasonable estimated or actual costs incurred in effecting a transfer.

SBC reserves the right to challenge the application or enforceability of the Washington Franchise Investment Protection Act or the corresponding regulations, or any other law not specified in the Master Franchise Agreement.

WISCONSIN

1. The following applies if the Master Franchise Agreement is subject to the provisions of the Wisconsin Franchise Investment Law or the corresponding regulations:

a. Any condition, stipulation, or provision in the Master Franchise Agreement that would purport to waive or have the effect of waiving compliance with any provision under the Wisconsin Investment Franchise Law is amended to the minimum extent necessary to render it not void.

b. Any provision in the Master Franchise Agreement specifying that litigation between SBC and Franchisee is to take place outside of Wisconsin is amended to provide instead that litigation will be brought either in the forum designated in the Master Franchise Agreement or in the state or federal courts located in Madison, Wisconsin, and the parties consent to the jurisdiction of those courts; provided, however, that SBC reserves the right to seek relief in any other jurisdiction as may be necessary or desirable to obtain declaratory, injunctive, or other relief to enforce the provisions and restrictions of the Master Franchise Agreement.

2. SBC reserves the right to challenge the application or enforceability of the Wisconsin Franchise Investment Law or the corresponding regulations, or any other law not specified in the Master Franchise Agreement.

ACKNOWLEDGEMENT

Franchisee acknowledges it has received and reviewed the foregoing State Law Addenda. SBC and Franchisee agree that, to the extent applicable and required under state law, the foregoing provisions are added to, supersede, or modify the existing provisions of the Master Franchise Agreement, but only to the extent and for so long as they embody valid, enforceable, and obligatory state law then in effect.

ACKNOWLEDGED AND AGREED this ____ day of _____, 20__.

SEATTLE'S BEST COFFEE, LLC

By: _____
Title: _____
Date: _____

[FRANCHISEE]

By: _____
Title: _____
Date: _____

EXHIBIT E

LIST OF FRANCHISEES

Franchisee	Address	City/State	Phone
ARAMARK Food and Support Services Group, Inc.	1101 Market Street, ARAMARK Tower	Philadelphia, PA 19107	(213) 238-3629
Ayala's Inc. Brian Ayala	145 Reno Ave, Suite E-6	Las Vegas, NV 89119	(702) 203-6914
Borders, Inc. Attn: Chief Financial Officer	100 Phoenix Drive	Ann Arbor, MI	(734) 477-1885
California Coffee Partners, Rick Gitche	13831 Roswell Ave., Suite C	Chino, CA 91710	(909) 709-1192
Cinnamon Bums, John Whitaker	7800 SW Durham Road, Suite 900	Tigard, OR	(503) 805-9224
Coffee Klatch Plus, Carol Hojeij	305 West Bourne Drive	Tyrone, GA 30290	(770) 953-3300 ext. 1232
Concessions JV/C Hojeij, Attn: Carol Hojeij	305 West Bourne Drive	Tyrone, GA 30290	(770) 953-3300 ext. 1232
Concessions Int'l Sea-Tac Airport, Sylvia Ross, VP Development	Mezzanine Level, Suite 6436	Seattle, WA 98158	(404) 614-6869
GMS Hawaii Corporation, Werner Gerst	1221 Kapiolani Blvd., Suite PF38	Honolulu, HI 96814	(808) 382-42-7
H & H Paramedical Services, Inc.	1031 Greystone Park	Jackson, TN 38305	(731) 554-1639
Heavenly Valley Limited Partnership dba Heavenly Valley Mountain Resort	224 Kingsbury Grade	Stateline, NV 89449	(775) 586-7056
Scott Hillyard	1901 S. Main Street, Suite 9	Blacksburg, VA 24060	(540) 951-0389
Hirise Amenities, Inc.	1600 Smith Street, #113	Houston, TX 77002	(281) 748-0212
Hojeij Coffee Partners, f/k/a Donuts R Us, Steve Olsen	1750 The Exchange, Suite 200	Atlanta, GA 30339	(770) 953-3300 ext. 1020
HRI Lodging, Inc.	909 Poydras Street, Suite 3100	New Orleans, LA 70112	504-566-0204

Mascott Corporation, Marc Gillman	620 Ramsey Avenue	Hillside, NJ	(201) 454-2001
Nexland, Inc.	915 Wilshire Blvd., Suite 2052	Los Angeles, CA 90017	
Amit Patel	12821 Division Street	Blue Island, IL 60406	708-371-0263
SA Coffee, Inc. Attn: Jeff Sailer	1011 North Frio	San Antonio, TX 78207	(210) 241-0989
Safeway, Inc.	5918 Stoneridge Mall Road	Pleasanton, CA 94588	(925) 467-3916
Spartan Stores, Inc. Attn: Tom Montgomery	850 76 th Street	Grand Rapids, MI 49518-8700	1-800-842-3334
Spin City, Rick Gitcheu	13831 Roswell Ave., Suite C	Chino, CA 91710	(909) 709-1192
Supervalu, Inc.	250 E. ParkCenter Blvd.	Boise, ID 83706-3940	(208) 395-6200
Universal Coffee Express, Abe Dortheimer	500 Bridge Plaza Drive	Manalapan, NJ 07726	(732) 239-0044
Westgate Resorts, Ltd.	5601 Windhover Drive	Orlando, FL 32819	

EXHIBIT E-1

CONTACT INFORMATION FOR EACH LICENSED SITE

ALASKA

Borders - Anchorage	1100 E Diamond Blvd	Anchorage	AK	99515	907-344-4099
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ARIZONA

Borders - Avondale	10100 W McDowell Rd	Avondale	AZ	85323	623-478-9880
Borders - Chandler	870 N 54th St	Chandler	AZ	85226	480-961-4915
Borders - Glendale	7320 W Bell Rd	Glendale	AZ	85308	623-487-9110
Borders - Mesa	1361 S Alma School Rd	Mesa	AZ	85210	480-833-2244
Borders - Phoenix	2402 Camel Back Rd	Phoenix	AZ	85016	602-957-6660
Borders - Phoenix	7000 E Mayo Blvd, Ste 1050	Phoenix	AZ	85054	480-513-2345
Borders - Phoenix Paradise	4555 E Cactus Rd	Phoenix	AZ	85032	602-953-3535
Borders - Scottsdale	7135 East Camelback Rd Space 140	Scottsdale	AZ	85251	480-423-0700
Borders - Superstition Springs	6555 E Southern Ave 1502	Superstition Springs	AZ	85206	
Borders - Tucson	5870 E Broadway Blvd	Tucson	AZ	85711	520-584-0111
Borders - Tucson	4235 N Oracle Rd	Tucson	AZ	85705	520-292-1331
Safeway - Kingman	3970 Stockton Hill Road	Kingman	AZ	86401	928-681-4900

ARKANSAS

Borders - Rogers	2203 South 45th Street	Rogers	AR	72758	479-631-1641
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CALIFORNIA

Borders - Palo Alto	456 University Ave.	Palo Alto	CA	94301	650-326-3670
Borders - National City	3030 Plaza Bonita Drive	National City	CA	91950	619-479-4732
Borders - Alameda	2245 S. Shore Center	Alameda	CA	94501	510-522-6442
Borders - Mira Loma	12423 Limonite Ave.	Mira Loma	CA	91752	951-361-2650
Borders - Bakersfield	4980 Stockdale Hwy	Bakersfield	CA	93309	661-328-9800
Borders - Davis	500 First Street, Suite 1	Davis	CA	95616	530-750-3723
Borders - Elk Grove	7415 Laguna Blvd	Elk Grove	CA	95758	916-691-1901
Borders - Folsom	2765 E Bidwell St	Folsom	CA	95630	916-984-5900
Borders - Fresno	7722 S Blackstone Ave	Fresno	CA	93720	559-435-5501
Borders - Modesto	3900 Sisk Rd	Modesto	CA	95356	209-543-6095
Borders - Pleasant Hill	120 Crescent Dr	Pleasant Hill	CA	94523	925-686-4835
Borders - Pleasanton	4575 Rosewood Dr	Pleasanton	CA	94588	925-227-1412
Borders - Roseville	2030 Douglas Blvd, Suite 9	Roseville	CA	95661	916-784-1088
Borders - Sacramento	2339 Fair Oaks Blvd	Sacramento	CA	95825	916-564-0168
Borders - San Ramon	12 Sunset Drive	San Ramon	CA	94583	925-830-1190
Borders - Stockton	10776 Trinity Pkwy	Stockton	CA	95219	209-951-2226
Borders - Vacaville	1641 East Monte Vista Ave Ste D	Vacaville	CA	95688	707-448-8686

Borders - Visalia	3405 S Mooney Blvd	Visalia	CA	93291	559-733-2525
Borders - Arcadia	400 S Baldwin Ave, Suite 920-L	Arcadia	CA	91007	626-445-1320
Borders - Canoga Park	6510 Canoga Ave	Canoga Park	CA	91303	818-887-1999
Borders - Century City	10250 Santa Monica Blvd Space 208	Century City	CA	90067	310-552-1411
Borders - Cerritos	12741 Towne Center Drive K2	Cerritos	CA	90703	562-809-5775
Borders - El Segundo	710 S Sepulveda Blvd	El Segundo	CA	90245	310-607-9196
Borders - Glendale	100 S Brand Blvd	Glendale	CA	91204	818-241-8099
Borders - Hollywood	1501 Vine St	Hollywood	CA	90028	323-463-8519
Borders - LA/West Hollywood	330 La Cienega Blvd	Los Angeles	CA	90048	310/659-4045
Borders - LA/Westwood	1360 Westwood Blvd	Los Angeles	CA	90024	310-475-3444
Borders - Los Angeles/ Westchester	6081 Center Drive, Suite 118	Los Angeles	CA	90045	310-215-3720
Borders - Northridge	9301 Tampa Ave	Northridge	CA	91324	818/886-5443
Borders - Oxnard	241 West Esplanade Dr	Oxnard	CA	93030	805-988-6886
Borders - Pico Rivera	8852 Washington Blvd	Pico Rivera	CA	90660	562-942-9919
Borders - Sherman Oaks	14651 Ventura Blvd	Sherman Oaks	CA	91403	818-728-6593
Borders - Simi Valley	2910 Tapo Canyon Rd	Simi Valley	CA	93063	805-526-2800
Borders - Torrance	3700 Torrance Blvd	Torrance	CA	90503	310-540-7000
Borders - Valencia	24445 Town Center Dr	Valencia	CA	91355	661-286-1131
Borders - Emeryville	5903 Shellmound St.	Emeryville	CA	94608	415-731-0665
Borders - Eureka	3300 Broadway, Suite 320	Eureka	CA	95501	707-268-8000
Borders - Fremont	39210 Fremont Hub, Suite 211	Fremont	CA	94538	510-797-9799
Borders - Goleta	7000 Marketplace Ave	Goleta	CA	93117	805-968-1370
Borders - Los Gatos	50 University Ave	Los Gatos	CA	95030	408-395-6622
Borders - Milpitas	15 Ranch Drive	Milpitas	CA	95035	408-934-1180
Borders - San Francisco	400 Post St.	San Francisco	CA	94102	415-399-1633
Borders - San Francisco	200 King St	San Francisco	CA	94107	415-357-9931
Borders - San Francisco	845 Market Street	San Francisco	CA	94103	415-243-4108
Borders - San Jose	925 Blossom Hill Rd, Suite 174	San Jose	CA	95123	408-363-6900
Borders - San Luis Obispo	243 Madonna Rd	San Luis Obispo	CA	93405	805-544-8222
Borders - San Mateo	2925 El Camino Real	San Mateo	CA	94403	650-286-1895
Borders - San Rafael	588 Francisco Blvd West	San Rafael	CA	94901	415-454-1400
Borders - Sand City	2080 California Ave	Sand City	CA	93955	831-899-6643
Borders - Santa Barbara	900 State St	Santa Barbara	CA	93101	805-899-3668
Borders - Santa Cruz	1200 Pacific Ave, Suite 100	Santa Cruz	CA	95060	831-466-9644
Borders - Santa Rosa	2825 Santa Rosa Ave	Santa Rosa	CA	95407	707-569-0991
Borders - SF/Stonestown	233 Winston Dr.	San Francisco	CA	94132	510-797-9799
Borders - Union City	32111 Union Landing Blvd	Union City	CA	94587	510-324-4005

Borders - Turlock	2831 Countryside Dr	Turlock	CA	95380	209-632-5000
Borders - Brea	429 S Associated Rd	Brea	CA	92821	714-672-0120
Borders - Carlsbad	1905 Calle Barcelona, Suite 120	Carlsbad	CA	92009	760-479-0242
Borders - Chino	3833 Grand Ave	Chino	CA	91710	909-548-3604
Borders - Chula Vista	878 Eastlake Pkwy Ste 710	Chula Vista	CA	91914	619-482-9883
Borders - Costa Mesa	1890 Newport Blvd	Costa Mesa	CA	92627	949-631-8661
Borders - Costa Mesa/ South Coast Plaza	3333 Bear St	Costa Mesa	CA	92626	714-432-7854
Borders - El Cajon	159 Parkway Plaza	El Cajon	CA	92020	619-593-5119
Borders - La Habra	1310 S Beach Blvd	La Habra	CA	90631	562-691-8969
Borders - Long Beach	2110 Bellflower Blvd	Long Beach	CA	90815	562-799-0486
Borders - Long Beach	101 South Pine Avenue	Long Beach	CA	90802	562-491-0558
Borders - Mission Viejo	25222 El Paso	Mission Viejo	CA	92691	949-367-0005
Borders - Montclair	5055 S Plaza Lane	Montclair	CA	91763	909-625-0424
Borders - Orange	20 City Blvd W	Orange	CA	92862	714-385-1025
Borders - Pasadena	475 S Lake Ave	Pasadena	CA	91101	626-304-9773
Borders - Rancho Cucamonga	12370 S Main Street	Rancho Cucamonga	CA	91739	909-646-7322
Borders - Rancho Mirage	71800 Hwy 111, Suite B119	Rancho Mirage	CA	92270	760-779-1314
Borders - Riverside	3615 Riverside Plaza Drive	Riverside	CA	92506	
Borders - San Diego	11160 Rancho Carmel Dr	San Diego	CA	92128	858-618-1814
Borders - San Diego/ Gas Lamp	668 6th Ave	San Diego	CA	92101	619-702-4200
Borders - San Diego/ Mission Valley	1072 Camino Del Rio North	San Diego	CA	92108	619-295-2201
Borders - Tustin	2493 Park Avenue	Tustin	CA	92782	714-258-7955
Borders - Yorba Linda	22401 Old Canal Rd	Yorba Linda	CA	92887	714-974-4743
Borders - San Jose/Santana Row	356 Santana Row Suite 1030	San Jose	CA	95128	408-241-9100
Borders - Carson City	911 Topsy Lane	Carson City	CA		
California Coffee Partners	14450 Culver Dr., Suite D	Irvine	CA	92604	949-653-0828
Heavenly Lake Tahoe	1001 Heavenly Village Way #35	South Lake Tahoe	CA	96150	775-586-7000
Supervalu - Newport Beach	3100 W. Balboa Blvd.	Newport Beach	CA	92662	949-675-1040
Supervalu - Santa Monica	2627 Lincoln Blvd.	Santa Monica	CA	90405	310-452-3811

COLORADO

Borders - Aurora	6606 S Parker Rd	Aurora	CO	80016	303-680-4023
Borders - Boulder	1750 29th St STE 1052	Boulder	CO	80301	720-565-8266

Borders - Broomfield	1 W Flatiron Circle Village, Unit 332	Broomfield	CO	80021	303-466-4044
Borders - Colorado Springs	1710 Briargate Blvd #209	Colorado Springs	CO	80920	719-266-1600
Borders - Colorado Springs	2120 Southgate Rd	Colorado Springs	CO	80906	719-632-6611
Borders - Denver	8230 E 49th Ave	Denver	CO	80238	303-227-1122
Borders - Dillon	264 Dillon Ridge Way	Dillon	CO	80435	970-262-1220
Borders - Grand Junction	2464 US-6, Ste 132	Grand Junction	CO	81505	970-255-8655
Borders - Greeley	2863 35th Ave	Greeley	CO	80634	970-506-9692
Borders - Lakewood	14500 W Colfax Ave, Ste 145	Lakewood	CO	80401	303-277-9101
Borders - Littleton	8501 W Bowles Ave	Littleton	CO	80123	303-933-6787
Borders - Lone Tree	8401 Park Meadow Center	Lone Tree	CO	80124	303-708-1735
Borders - Longmont	1101 S Hover St	Longmont	CO	80501	303-684-6446
Borders - Northglenn	241 W 104th St	Northglenn	CO	80234	303-920-1594
Ayala's, Inc.	Denver Airport B-26 8400 Pena Blvd., Gate B- 20	Denver	CO	80249	303 342-3419
Ayala's, Inc.	Denver Airport Main Terminal 8400 Pena Blvd., Main Terminal	Denver	CO	80249	303 342-3419

CONNECTICUT

Borders - Southbury	100 Main Street	Southbury	CT	06488	203-262-9419
Borders - Danbury	110 Federal Rd	Danbury	CT	06811	203-798-1100
Borders - Fairfield	1499 Post Rd	Fairfield	CT	06430	203-256-1619
Borders - Farmington	1600 S East Rd	Farmington	CT	06032	860-674-8110
Borders - Manchester	59 Pavilions Dr	Manchester	CT	06040	860-649-1433
Borders - Meriden	470 Lewis Ave Ste 7000	Meriden	CT	06451	203-237-5510
Borders - Milford	1201 Boston Post Road Space R1	Milford	CT	06460	203-878-3333
Borders - Simsbury	500 Bushy Hill Rd	Simsbury	CT	06070	860-651-7305
Borders - Stamford	1041 High Ridge Rd	Stamford	CT	06905	203-968-9700
Borders - Waterford	915 Hartford Turnpike Space C4	Waterford	CT	06385	860-442-3366
Borders - Wilton	14 Danbury Rd	Wilton	CT	06897	203-834-0600

DELAWARE

Borders - Newark	101 Geoffery Dr	Newark	DE	19713	302-366-8144
Borders - Wilmington	4221 Concord Pike	Wilmington	DE	19803	302-477-0361
Supervalu - Dover	1001 Dupont Highway	Dover	DE	19901	302-647-8307
Supervalu - Newark	100 Suburban Plaza	Newark	DE	19711	302-453-2330
Supervalu - Hockessin	128 Lantana Drive	Hockessin	DE	19707	302-234-9000

FLORIDA

Borders - Aventura	19925 Biscayne Blvd.	Aventura	FL	33180	305-935-0027
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Borders – Coral Gables	358 San Lorenzo Ave.	Coral Gables	FL	33146	305-529-4567
Borders – Panama City Beach	15575 Starfish Street	Panama City Beach	FL	32401	850-636-3181
Borders - Altamonte Springs	880 W State Rd #436	Altamonte Springs	FL	32714	407-772-0411
Borders - Boca Raton	9887 Blades Rd	Boca Raton	FL	33434	
Borders - Brandon	2020 Town Center Blvd.	Brandon	FL	33511	813-661-5734
Borders - Clearwater	2683 Gulf to Bay Blvd	Clearwater	FL	33759	727-723-2300
Borders - Cypress	909 Dale Mabry	Cypress	FL	33609	813-874-5722
Borders - Fort Myers	10037 Gulf Ctr Dr	Ft. Myers	FL	33913	239-267-1155
Borders - Ft. Lauderdale	2240 E. Sunrise Blvd.	Ft. Lauderdale	FL	33304	954-566-6335
Borders - Jacksonville	8801 Southside Blvd Ste 10	Jacksonville	FL	32256	904-519-6500
Borders - Jensen Beach	3066 NW Federal Hwy	Jensen Beach	FL	34957	772-692-0667
Borders - Naples #410	10600 S. Tamiami Trail N Ste 600	Naples	FL	34108	239-596-7199
Borders - Ocoee	9441 W Colonial Dr	Ocoee	FL	34761	407-532-2269
Borders - Oviedo	8285 Red Bug Lake Rd	Oviedo	FL	32765	407-977-3385
Borders - Plantation	12171 W Sunrise Blvd	Plantation	FL	33323	954-723-9595
Borders - Plantation	12171 W Sunrise Blvd	Plantation	FL	33323	954-723-9595
Borders - Sarasota	3800 S. Tamiami Trail	Sarasota	FL	34239	941-366-7970
Borders - St. Petersburg	6999 Tyrone Square	St. Petersburg	FL	33710	727-381-8890
Borders - Tallahassee	1302 Appalachee Pkwy	Tallahassee	FL	32301	850-402-9863
Borders - Tampa	12500 N. Dale Mabry	Tampa	FL	33618	813-265-8455
Borders – Winter Park	600 N. Orlando Ave.	Winter Park	FL	32789	407-647-3300
Coffee Klatch, Inc.	Orlando Airport, Main Terminal, Borders Books	Orlando	FL	32827	407-825-6683

GEORGIA

Borders - Athens	196 Alps Rd Suite 50	Athens	GA	30606	706-583-8647
Borders - Atlanta	650 Ponce de Leon Suite 500	Atlanta	GA	30308	404-607-7903
Borders - Atlanta	1745 Peachtree St NE Suite A	Atlanta	GA	30309	404-810-9004
Borders - Atlanta	3637 Peach Tree Rd NE	Atlanta	GA	30319	404-237-0707
Borders - Atlanta/Kennedy Pkwy	3101 Cobb Parkway	Atlanta	GA	30339	770-612-0940
Borders - Augusta	257 Robert C. Daniel Jr. Pkwy	Augusta	GA	30909	706-737-6962
Borders - Austell	1605 East-West Connector Rd	Austell	GA	30106	770-941-8740
Borders - Buford	1705 Mall of Georgia Blvd	Buford	GA	30519	678-482-0872
Borders - Douglasville	6594 Douglas Blvd	Douglasville	GA	30135	770-577-9787
Borders - Dunwoody	4745 Ashford-Dunwood Rd	Dunwoody	GA	30338	770-396-0004
Borders - Kennesaw	605 Ernest W. Barrett Pkwy Bldg 400	Kennesaw	GA	30144	678-581-1243
Borders - Lithonia/Stonecrest	8000 Mall Pkwy Suite 2460	Lithonia	GA	30038	678-526-2550
Borders - Marietta	4475 Roswell Rd Bldg C, Ste 700	Marietta	GA	30062	770-565-0947
Borders - Snellville	1929 Scenic Hwy	Snellville	GA	30078	770-982-0454

Borders - Suwanee	3630 Peachtree Pkwy	Suwanee	GA	30024	678-417-1425
Coffee Klatch Plus	Atlanta Hartsfield Airport Concourse B, Gate 3	Atlanta	GA	30320	404-768-8347
Concessions JV/C. Hojeij	Atlanta Hartsfield Airport Concourse C, Gate 16	Atlanta	GA	30320	404-768-0840
Concessions JV/C. Hojeij	Atlanta Hartsfield Airport Concourse C, Gate 25	Atlanta	GA	30320	404-768-0850
Hojeij Branded Foods	Atlanta Hartsfield Atrium F6	Atlanta	GA	30320	404-766-0296
Hojeij Branded Foods	Atlanta Hartsfield B-Food Court	Atlanta	GA	30320	404-768-8307
Sodexo – Atlanta	901 Atlantic Drive	Atlanta	GA	30332	

HAWAII

Borders – Honolulu #96	1200 Ala Moana Blvd.	Honolulu	HI	96814	808-591-8995
Borders – Kahului #153	270 Dairy Road	Kahului	HI	96732	808-577-6150
Borders – Hilo #205	301 Maka’ala Street	Hilo	Hi	96720	808-933-1410
Borders – Kaneohe #230	46-056 Kamehameha Highway	Kaneohe	HI	96744	808-235-8789
GMS Hawaii	836 Kapahulu Ave.	Honolulu	HI	96816	808-354-0162
GMS Hawaii	98-1005 Moanalua Rd., MS 210 B	Aiea	HI	96701	808-486-4711
GMS Hawaii	Outrigger Waikiki 2335 Kalakaua Avenue	Honolulu	HI	96815	808-922-4722
GMS Hawaii	Waikiki Beach Marriott #1 2552 Kalakaua Avenue	Honolulu	HI	96815	808-926-4722
GMS Hawaii	Oahu Waikiki Marriott #2 2552 Kalakaua Avenue	Honolulu	HI	96815	808-923-6244
GMS Hawaii	NEX Pearl Harbor 4725 Bougainville Drive	Pearl Harbor	HI	96818	808-422-4442
GMS Hawaii	150 Ticonderoga Street	Pearl Harbor	HI	96818	808-423-4722
GMS Hawaii	1477 North Road, Bldg. 2186	Pearl Harbor	HI	96818	808-422-4711
GMS Hawaii	Outrigger Luana 94-1235 Ka Uka Blvd.	Waipahu	HI	96797	808-676-8330
GMS Hawaii	Navy Information Operation Command, Bldg. #9, Room 390	Schofield Barracks	HI	96857- 5300	808-621-3956

IDAHO

Borders - Boise	350 N Milwaukee St Ste 1012	Boise	ID	83704	208-322-6668
Borders - Coeur d' Alene	450 W Wilbur Ave	Coeur d'Alene	ID	83815	208-762-4497

ILLINOIS

Borders - Algonquin	2216 S Randall Rd	Algonquin	IL	60102	847-658-7548
Borders - Crystal Lake	6000 Northwest Hwy	Crystal Lake	IL	60014	815-455-0302
Borders - Dekalb	2520 Sycamore Rd	Dekalb	IL	60115	815-758-8771
Borders - Geneva	1660 S. Randall Rd	Geneva	IL	60134	630-262-8747
Borders - Gurnee	6971 W Grand Ave	Gurnee	IL	60031	847-249-1845
Borders - McHenry	2221 Richmond Rd	McHenry	IL	60050	815-578-9330
Borders - Mt. Prospect	909 N Elmhurst Rd	Mt. Prospect	IL	60056	847-342-6421
Borders - Oak Brook	1500 16th St Ste D	Oak Brook	IL	60523	630-574-0800
Borders - Oak Park	1144 Lake Street	Oak Park	IL	60301	708-386-6927
Borders - Rockford	199 Deane Dr	Rockford	IL	61107	815-399-2898
Borders - Schaumburg	1540 Golf Rd	Schaumburg	IL	60173	847-330-0031
Borders - St. Charles	3539 E Main	St Charles	IL	60174	630-443-8160
Borders - Wheaton	101 Rice Lake Sq	Wheaton	IL	60187	630-871-9595
Borders - Bolingbrook	161 N Webber	Bolingbrook	IL	60490	630-771-9560
Borders - Champaign	802 W Town Center Blvd	Champaign	IL	61821	217-351-9011
Borders - Chicago	2817 N. Clark St	Chicago	IL	60657	773-935-3909
Borders - Chicago	4718 N Broadway Ave	Chicago	IL	60640	773-334-7338
Borders - Chicago	755 W North Ave	Chicago	IL	60610	312-266-8060
Borders - Chicago	6103 N Lincoln Ave	Chicago	IL	60659	773-267-4822
Borders - Chicago/Hyde Park	1539 E 53rd St	Chicago	IL	60615	773-752-8663
Borders - Chicago/Michigan Ave	830 N Michigan Ave	Chicago	IL	60611	312-573-0564
Borders - Chicago/State St	150 N State St	Chicago	IL	60601	312-606-0750
Borders - Deerfield	49 S Waukegan Rd	Deerfield	IL	60015	847-559-1999
Borders - Evanston	1700 Maple Ave	Evanston	IL	60201	847-733-8852
Borders - Fairview Heights	6601 N. Illinois	Fairview	IL	62208	618-397-6097
Borders - Highland Park	595 Central Ave	Highland Park	IL	60035	847-433-9130
Borders - LaGrange	1 N. LaGrange Rd	LaGrange	IL	60525	708-579-9660
Borders - Matteson	4824 W. 211th St	Matteson	IL	60443	708-679-1835
Borders - Naperville	336 S Rte 59	Naperville	IL	60540	630-637-9700
Borders - Normal	200 A N Greenbriar Dr	Normal	IL	61761	309-888-4246
Borders - Norridge	7100 W. Forest Preserve Dr	Norridge	IL	60706	708-457-2111
Borders - Oak Lawn	2210 W 95th St	Oak Lawn	IL	60643	773-445-5471
Borders - Orland Park	15260 S. LaGrange Rd	Orland Park	IL	60462	708-460-7566
Borders - Peoria	5201 W War Memorial Dr	Peoria	IL	61615	309-692-3082
Borders - Wilmette	3232 Lake Ave Suite 100	Wilmette	IL	60091	847-256-3220
Borders - Edwardsville	6601 Edwardsville Crossing Dr	Edwardsville	IL	62026	618-659-0554
Macy's Retail Holdings, Inc.	1 Old Orchard Shopping Center	Skokie	IL	60077	847-329-2830

INDIANA

Borders - Castleton	6020 E. 82 nd Street	Castleton	IN	46250	317-849-8660
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Borders – Nobleville	13145 Levinston Lane	Nobleville	IN	46060	317-770-7030
Borders - Highland	10135 Indianapolis	Highland	IN	46322	219-922-1103
Borders - Merrillville	2074 Southlake Mall Dock B	Merrillville	IN	46410	219-795-1925
Borders - Indianapolis	11 S Meridian St Suite 110	Indianapolis	IN	46204	317-972-8595
Borders - Ft. Wayne	4320 Coldwater Rd.	Ft. Wayne	IN	46805	260-471-5593
Borders - Mishawaka	4230 Grape Rd	Mishawaka	IN	46545	574-271-9930
Borders - Bloomington	2634 E Third St	Bloomington	IN	47401	812-333-5500
Borders - Carmel	2381 Pointe Parkway	Carmel	IN	46032	317-843-0450
Borders - Evansville	6401 E Lloyds Expressway Suite 1	Evansville	IN	47715	812-402-9300
Borders - Indianapolis South	7565 US 31 S	Indianapolis	IN	46227	317-859-2949
Borders - Indianapolis/River	8675 River Crossing Blvd	Indianapolis	IN	46240	317-574-1775

IOWA

Borders - Ames	1200 South Duff	Ames	IA	50010	515-233-2833
Borders - Davenport	4000 East 53rd Street	Davenport	IA	52807	563-359-7830
Borders - Dubuque	555 John F. Kennedy Road	Dubuque	IA	52002	563-585-0085
Borders - West Des Moines	4100 University Ave Suite 115	West Des Moines	IA	50265	515-223-1620

KANSAS

Borders - Lawrence #203	700 New Hampshire Street	Lawrence	KS	66044	785-331-3226
Borders - Olathe #373	15350 W 119th St	Olathe	KS	66062	913-764-0336
Borders - Overland Park	9108 Metcalf Street	Overland Park	KS	66212	913-642-3642
Borders - Overland Park	12055 Metcalf Ave	Overland Park	KS	66213	913-663-2356
Borders - West Wichita #486	2441 N. Maize Road	West Wichita	KS	67205	316-729-6665
Borders - Wichita	1715 N Rock Rd	Wichita	KS	67206	316-634-0800

KENTUCKY

Borders - Crestview	2785 Dixie Hwy 5060	Crestview Hills	KY	41017	859-331-8200
Borders - Louisville	2520 S. Hurstborne Gem Ln	Louisville	KY	40220	502-495-6640
Borders - Louisville	400 S 4th St	Louisville	KY	40202	502-562-2100

LOUISIANA

Borders – Baton Rouge	6401 Bluebonnet Blvd.	Baton Rouge	LA	70836	225-769-2112
Borders - Metairie	3131 Veterans Memorial Blvd	Metairie	LA	70002	504-835-1363
Borders – New Orleans #829	3338 St. Charles Ave.	New Orleans	LA	70115	504-899-1501

MAINE

Borders - Bangor	116 Bangor Mall Blvd	Bangor	ME	04401	207-990-3300
Borders - Brunswick	147 Bath Road	Brunswick	ME	4011	207-721-1178
Borders - South Portland	430 Gorham	Portland	ME	04106	207-775-6110

MARYLAND

Borders - Frederick #253	5533 Urbana Pike	Frederick	MD	21704	301-624-1577
Borders - Germantown	20926 Frederick Rd	Germantown	MD	20874	301-528-0862
Borders - Hagerstown #372	17636 Garland Groh Blvd	Hagerstown	MD	21742	301-745-5897
Borders - Annapolis	1115 Annapolis Mall	Annapolis	MD	21401	410-571-0923
Borders - Bowie	4420 Mitchelville Rd	Bowie	MD	20716	301-352-5560
Borders - Kensington	11301 Rockville Pike	Kensington	MD	20895	301-816-1067
Borders - Landover	931 Capital Centre Blvd	Landover	MD	20774	301-499-2173
Borders - Lutherville	170 W Ridgley Rd, Suite 220	Lutherville	MD	21093	410-453-0727
Borders - Silver Spring	8518 Fenton St	Silver Spring	MD	20910	301-585-0550
Borders - Waldorf	3044-A Crain Hwy	Waldorf	MD	20602	301-705-6672
Borders - Columbia	6151 Columbia Crossing Circle	Columbia	MD	21045	410-290-0062

MASSACHUSETTS

Borders – Mansfield	280 School Street	Mansfield	MA	02048	508-339-1188
Borders – Holyoke	50 Holyoke St.	Holyoke	MA	01040	413-493-1566
Borders – Wareham	2421 Cranberry Highway	Wareham	MA	02571	508-295-0028
Borders - Boston	10-24 School St	Boston	MA	02108	617-557-7188
Borders - Boston	92 Newberry St	Boston	MA	2116	617-236-1444
Borders - Braintree	255 Grossman Ave	Braintree	MA	02184	781-356-5111
Borders - Burlington #251	6 Wayside Road Space U	Burlington	MA	01803	781-221-2188`
Borders - Cambridge	100 Cambridge Pl	Cambridge	MA	02141	617-679-0887
Borders - Chestnut Hill	300 Boylston Street	Chestnut Hill	MA	02467	617-630-1120
Borders - Hyannis	990 Lyannough Rd	Hyannis	MA	02601	508-862-6363
Borders - Marlborough	739 Donald J Lynch Blvd	Marlborough	MA	01752	508-490-8521
Borders - Methuen	90 Pleasant Valley St Unit 110	Methuen	MA	01844	978-689-1999
Borders - North Attleboro	1212 S Washington St	North Attleboro	MA	02760	508-699-7766
Borders - Peabody	151 Andover St	Peabody	MA	01960	978-538-3003
Borders - Plymouth	101 Independence Mall Way	Plymouth	MA	02364	781-582-8100
Borders - Shrewsbury	476 Boston Turnpike	Shrewsbury	MA	01545	508-845-8665

MICHIGAN

Borders – Ann Arbor	3140 Lohr Road	Ann Arbor	MI	48108	734-997-8884
Borders - Canton	43435 Ford Rd	Canton	MI	42178	734-844-2090
Borders - Ann Arbor/Arborland	3527 Washtenaw Ave	Ann Arbor	MI	48104	734-677-6948
Borders - Ann Arbor/Downtown	612 E Liberty	Ann Arbor	MI	48104	734-668-7652
Borders - Auburn Hills	3924 Baldwin Rd	Auburn Hills	MI	48326	248-335-5013
Borders - Birmingham	34300 Woodward	Birmingham	MI	48009	248-203-0005
Borders - Brighton	8101 Movie Dr	Brighton	MI	48116	810-225-1717
Borders - Dearborn	5601 Mercury Dr	Dearborn	MI	48126	313-271-4441
Borders - Flint	4135 Miller Rd	Flint	MI	48532	810-230-8830
Borders - Grosse Pointe	17141 Kercheval Ave	Grosse Pointe	MI	48236	313-885-1188

Borders - Novi	43075 Crescent Blvd	Novi	MI	48375	248-347-0780
Borders - Rochester Hills	1122 S Rochester Rd	Rochester Hills	MI	48307	248-652-0558
Borders - Taylor	23000 Eureka Rd	Taylor	MI	48180	734-374-5345
Borders - Traverse City	2612 Crossings Circle	Traverse City	MI	49684	231-933-0412
Borders - Utica	42590 Utica Park Blvd	Utica	MI	48315	586-726-8555
Family Fare – Allendale	6370 Lake Michigan Drive	Allendale	MI	49401	616-895-6665
Family Fare - Holland	1185 S Washington	Holland	MI	49423	616-392-7941
Family Fare - North Holland	993 Butternut Drive	Holland	MI	49424	616-399-4440
Family Fare - Zeeland	9479 Riley Street	Zeeland	MI	49464	616-748-1427
Family Fare – Breton	4325 Breton Rd. SE	Grand Rapids	MI	49512	616-281-5300

MINNESOTA

Borders - Coon Rapids	3577 River Rapids Drive NW	Coon Rapids	MN	55448	763-755-7550
Borders - Maple Grove #569	12059 Elm Creek Rd	Maple Grove	MN	55369	763-494-0720
Borders - Richfield	800 W. 78th Street	Richfield	MN	55423	612-869-6245
Borders - St Paul	10 Rosedale Center	St Paul	MN	55113	651-633-1344
Borders - St. Paul	1390 W. University Ave	St. Paul	MN	55104	651-641-0026
Borders - Woodbury	8472 Tamarack Bay	Woodbury	MN	55125	651-578-2931

MISSOURI

Borders - Ballwin	15335 A-Manchester Rd	Ballwin	MO	63011	636-230-2992
Borders - Brentwood	1519 S Brentwood Blvd	Brentwood	MO	63144	314-918-8189
Borders - Chesterfield	291 Chesterfield Mall	Chesterfield	MO	63017	636-536-1779
Borders - Creve Coeur #113	11745 Olive Blvd	Creve Coeur	MO	63141	314-432-3575
Borders - Kansas City #565	8628 N Boardwalk Ave	Kansas City	MO	64154	816-741-1787
Borders - Lee's Summit #464	1664 NW Chipman Road	Lee's Summit	MO	64081	816-347-0044
Borders - Springfield	3300 S. Glenstone Ave	Springfield	MO	65804	417-881-4111
Borders - St Joseph	5201 North Bell Highway	St Joseph	MO	64506	816/279-6111
Borders - St. Louis/South County #620	25 S. Country Centerway	St. Louis	MO	63129	314-892-1700
Borders - St. Peters	1320 Mid Rivers Mall	St. Peters	MO	63376	636-278-5000
Borders - Sunset Hills	10990 Sunset Hills Plaza	Sunset Hills	MO	63127	314-909-0300
Four B Corp. – Price Chopper	520 S. Commercial	Harrisonville	MO	64701	816-380-3266

MISSISSIPPI

Borders - Flowood	100 Dogwood Blvd	Flowood	MS	39232	601-919-0462
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MONTANA

Borders - Billings	2833 King Ave W, Ste B	Billings	MT	59102	406-656-0855
Borders - Bozeman	2855 N 19th Ave, Ste C	Bozeman	MT	59718	406-522-9789
Borders - Kalispell	2375 N Hwy 93	Kalispell	MT	59901	406-257-0300

NEBRASKA

Borders - Omaha #123	13105 Birch Street	Omaha	NE	68164	402-493-9994
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Borders - Omaha #166	7201 Dodge Street	Omaha	NE	68114	402-393-5576
Borders - Papillion	7775 Olson Drive Ste 212	Papillion	NE	68046	402-331-0731

NEVADA

Borders – Las Vegas	6521 S. Las Vegas Blvd.	Las Vegas	NV	89101	702-383-6734
Borders - Carson City	911 Topsy Lane, Suite 102	Carson City	NV	89705	775-267-0755
Borders - Henderson	1445 W Sunset Rd	Henderson	NV	89014	702-433-6222
Borders - Las Vegas	10950 W Charleston Blvd	Las Vegas	NV	89117	702-382-6101
Borders - Las Vegas	2190 N. Rainbow Blvd	Las Vegas	NV	89108	702-638-7866
Borders - Reno	4995 S Virginia St	Reno	NV	89502	775-448-9999
Spin City	The Orleans 4500 Tropicana Blvd.	Las Vegas	NV	89103	702-362-8651
Spin City	Sun Coast 9090 Alta Drive	Las Vegas	NV	89145	702-562-2408
Spin City	Barbary Coast 3595 Las Vegas Blvd. South	Las Vegas	NV	89109	702-892-9871
Spin City	Union Plaza One Main Street	Las Vegas	NV	89101	702-471-1285
Spin City	Gold Coast 4000 W. Flamingo	Las Vegas	NV	89103	702-247-7685
Spin City	South Coast 9777 Las Vegas Blvd. South	Las Vegas	NV	89123	702-386-6765

NEW HAMPSHIRE

Borders - Concord	76 Fort Eddy Rd	Concord	NH	03301	603-224-1255
Borders - Keene	30 Ash Brook Rd	Keene	NH	03431	603-357-7667
Borders - Lebanon	285 Plainfield Rd	Lebanon	NH	03784	603-298-9963
Borders - Nashua	281 Daniel Webster Hwy	Nashua	NH	03060	603-888-9300

NEW JERSEY

Borders – Freehold	3710 U.S. 9	Freehold	NJ	07728	732-437-3688
Borders - Bridgewater	290 Commons Way	Bridgewater	NJ	08807	908-231-0111
Borders - Eatontown	135 Highway 35	Eatontown	NJ	07724	732-542-1785
Borders - Flemington	325 Hwy 202	Flemington	NJ	08822	908-788-5589
Borders - Ft. Lee	1642 Schlosser St	Ft. Lee	NJ	07024	201-302-0815
Borders - Livingston	530 W. Mount Pleasant Ave	Livingston	NJ	07039	973-535-9001
Borders - Mays Landing #193	2200 Wrangleboro Rd	Mays Landing	NJ	08330	609-407-1960
Borders - Mt. Laurel	4010 Dearborn Circle	Mt. Laurel	NJ	08054	856-866-9090
Borders - Paramus	230 Garden State Plaza	Paramus	NJ	07652	201-712-1166
Borders - Princeton #131	601 Naussau Park Building G	Princeton	NJ	08540	609-514-0040
Borders - Ramsey	235 Interstate Shopping Center	Ramsey	NJ	07446	201-760-1967
Borders - Riverdale	48 SR 23 N	Riverdale	NJ	7457	973-831-6670
Borders - Rockaway	327 Mt. Hope Ave Suite 1003	Rockaway	NJ	07865	973-659-1027
Borders - Watchung	1515 Rte 22 W Suite 02	Watchung	NJ	07069	908-561-3200
Borders - Marlton	515 Rte 73 S	Marlton	NJ	08053	856-985-5080
Mascott Corporation	Livingston Mall 122 Eisenhower Pkwy #2023A	Livingston	NJ	07039	973-758-1005
Supervalu – Milltown	300 Ryders Lane	Milltown	NJ	08850	732-254-7900

Supervalu – Randolph	690 Millbrook Avenue	Randolph	NJ	07869	973-285-2699
Supervalu – Clifton	467 Allwood Road	Clifton	NJ	07012	973-594-0590
Universal Coffee Express	Newark Airport Borders Books Terminal A	Newark	NJ	07114	973-286-2922

NEW MEXICO

Borders - Albuquerque	5901 Wyoming Blvd NE, Ste P	Albuquerque	NM	87109	505-797-5681
Borders - Albuquerque	10420 Coors Bypass NW B	Albuquerque	NM	87114	505-792-3180
Borders - Albuquerque #64	2240 Q St NE Ste 10K	Albuquerque	NM	87110	505-884-7711
Borders - Santa Fe	500 Montezuma, Suite 108	Santa Fe	NM	87501	505-954-4707
Borders - Santa Fe	3513 Zafarano Drive	Santa Fe	NM	87507	505-474-9450

NEW YORK

Borders - Bohemia	5151 Sunrise Hwy	Bohemia	NY	11716	631-244-7496
Borders - Albany	1 Crossgates Mall Rd Space L210	Albany	NY	12203	518-452-1054
Borders - Cheektowaga	2015 Walden Ave	Cheektowaga	NY	14225	716-685-2844
Borders - Clifton Park	3 South Side Dr	Clifton Park	NY	12065	581-383-2121
Borders - Commack	68 Veterans Memorial Hwy	Commack	NY	11725	631-462-0569
Borders - Farmingdale	231 Airport Plaza	Farmingdale	NY	11735	631-752-0194
Borders - Glendale	80-16 Cooper Ave	Glendale	NY	11385	718-416-1003
Borders - Ithaca	40 Catherwood Rd	Ithaca	NY	14850	602-257-0444
Borders - Middletown	10 N Galleria Drive	Middletown	NY	10941	845-695-2233
Borders - Mt. Kisco	162 E. Main St	Mt. Kisco	NY	10549	914-241-8387
Borders - New York/Penn Plaza	2 Penn Plaza	New York	NY	10001	212-244-1814
Borders - Orchard Park	3480 Amelia Dr	Orchard Park	NY	14127	716-825-1755
Borders - Plattsburgh	60 Smithfield Blvd Suite 103	Plattsburgh	NY	12901	518-566-7006
Borders - Poughkeepsie	1820 South Rd	Wappingers Falls	NY	12590	845-297-3700
Borders - Riverhead	1500 Old Country Rd	Riverhead	NY	11901	631-284-2222
Borders - Rochester	1000 Hylan Dr	Rochester	NY	14623	585-292-5900
Borders - Saratoga Springs	395 Broadway	Saratoga Springs	NY	12866	518-583-1200
Borders - Scarsdale	680 White Plains Rd	Scarsdale	NY	10583	914-725-4637
Borders - Stony Brook	2130 Nesconset Hwy	Stony Brook	NY	11790	631-979-0500
Borders - Syosset	425 Jericho Turnpike	Syosset	NY	11791	516-496-3934
Borders - Victor	30 Square Dr	Victor	NY	14564	585-421-9230
Borders - Watertown	21182 Salmon Run Loop West Suite 118	Watertown	NY	13601	315-779-0006
Borders - Westbury #52	1260 Old Country Rd	Westbury	NY	11590	516-683-8700

NORTH CAROLINA

ARAMARK	Duke Univ. Hospital,	Durham	NC	27710	919-684-4147
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	Flowers Drive				
Borders - Apex	1541 Beaver Creek Commons Dr	Apex	NC	27502	919-363-8446
Borders - Chapel Hill	1807 Fordham Blvd	Chapel Hill	NC	27514	919-929-8332
Borders - Charlotte	7836 Rea Rd	Charlotte	NC	28277	704-752-3782
Borders - Charlotte	3900 Colony Rd Suite F	Charlotte	NC	28211	704-365-6261
Borders - Charlotte	6801 Northlake Mall Drive R206	Charlotte	NC	28216	704-596-4382
Borders - Greensboro	3605 High Point Rd	Greensboro	NC	27407	336-218-0662
Borders - Raleigh	8825 N Six Forks Rd	Raleigh	NC	27615	919-845-1154
Borders - Raleigh	404-101 E Six Forks Rd	Raleigh	NC	27609	919-755-9424
Borders - Winston Salem #338	252 S Stratford Rd	Winston Salem	NC	27103	336-727-8834
Borders - Cary	1751 Walnut St	Cary	NC	27511	919-469-1930

OHIO

Borders – Sandusky	4314 Milan road	Sandusky	OH	44870	419-626-1173
Borders - Beachwood	2101 Richmond Rd	Beachwood	OH	44122	216-292-2660
Borders - Canton	6751 Strip Ave NW	Canton	OH	44720	330-494-4776
Borders - Cleveland Heights	3466 Mayfield Rd	Cleveland Heights	OH	44118	216-291-8605
Borders - Columbus	6670 Sawmill Rd	Columbus	OH	43235	614-718-9099
Borders - Columbus	4545 Kenny Rd	Columbus	OH	43220	614-451-2292
Borders - Cuyahoga Falls	335 Howe Ave	Cuyahoga Falls	OH	44221	330-945-7683
Borders - Dayton	2700 Miamisburg Centerville Rd 870	Dayton	OH	45459	937-434-3800
Borders - Eastgate	4530 Eastgate Blvd	Cincinnati	OH	45245	513-943-0068
Borders - Fairlawn	3737 W Market St Unit U	Fairlawn	OH	44333	330-666-7568
Borders - Mason	5105 Deerfield Blvd	Mason	OH	45040	513-770-0440
Borders - Medina	4927 Grande Shops Ave	Medina	OH	44256	330-723-8270
Borders - Mentor	9565 Mentor Ave	Mentor	OH	44060	440-350-8168
Borders - Niles	2102 Niles-Cortland Rd SE	Warren	OH	44484	330-544-1761
Borders - Solon	6025 Kruse Dr Suite 159	Solon	OH	44139	440-542-9480
Borders - Strongsville	17200 Royalton Rd	Strongsville	OH	44136	440-846-1144
Borders - Toledo	5001 Monroe St, Suite 1800	Toledo	OH	43623	419-474-3704
Borders - Westlake	30121 Detroit Rd	Westlake	OH	44145	440-892-7667
Kroger – Norwood #418	4500 Montgomery Road	Norwood	OH	45212	513-841-3920
Kroger – Sidney #913	2100 W. Michigan Street	Sidney	OH	45365	937-497-7411

OKLAHOMA

Borders - Norman #108	300 Norman Center Court	Norman	OK	73072	405-573-4907
Borders - Oklahoma City #151	3209 Northwest Expressway	Oklahoma City	OK	73112	405-848-2667
Borders - Tulsa #135	2740 R 21st Street	Tulsa	OK	74114	918-712-9955
Borders - Tulsa #264	8015 S. Yale	Tulsa	OK	74136	918-494-2665

OREGON

Borders - Beaverton	2605 SW Cedar Hills Blvd	Beaverton	OR	97005	503-644-6164
Borders - Corvallis	777 NW Ninth St	Corvallis	OR	97330	541-738-0580
Borders - Eugene	5 Oakway Center	Eugene	OR	97401	541-345-6072
Borders - Gresham	687 NW 12th St	Gresham	OR	97030	503-674-3917
Borders - Portland	708 SW Third St	Portland	OR	97204	503-220-5911
Borders - Salem	2235 Lancaster Dr NE	Salem	OR	97305	503-375-9588
Borders - Tigard Tualatin	7227 SW Bridgeport Road	Tigard	OR	97224	503-968-7576
Cinnamon Bums	12000 SE 82 nd St., #281	Portland	OR	97266	503-353-7580

PENNSYLVANIA

Borders – Stroudsburg	100 Shoppes at Stroud	Stroudsburg	PA	18360	570-420-1395
Borders – Bryn Mawr	1149 Lancaster Ave.	Bryn Mawr	PA	19010	610-527-1500
Borders – Lancaster	940 Plaza Blvd.	Lancaster	PA	17601	717-293-8022
Borders – Erie	2088A Interchange Road	Erie	PA	16565	814-864-8937
Borders – Camp Hill	3515 Gettysburg Road	Camp Hill	PA	17011	717-975-2132
Borders – Glen Mills	968 Baltimore Pike, Suite B	Glen Mills	PA	19342	
Borders - Harrisburg	5125 Jonestown Rd	Harrisburg	PA	17112	717-541-9727
Borders - King of Prussia	650 Mall Blvd	King of Prussia	PA	19406	610-337-9009
Borders - Langhorne	2343 E Lincoln Hwy	Langhorne	PA	19047	215-943-6600
Borders - Monroeville	200 Mall Blvd	Monroeville	PA	15146	412-374-9772
Borders - Muncy	300 Lycoming Mall Circle	Muncy	PA	17756	570-546-2236
Borders - North Wales	801 Bethlehem Pike 1 Airport Square	North Wales	PA	19454	215-412-2655
Borders - Philadelphia	8701 Germantown Ave	Philadelphia	PA	19118	215-248-1213
Borders – Warrington	1561 Main Street	Warrington	PA	18976	215-491-8653
Borders - Philadelphia	1 S Broad Street Suite 100	Philadelphia	PA	19107	215-568-7400
Borders - Pittsburgh	1775 N Highland Rd	Pittsburgh	PA	15241	412-835-5583
Borders - Pittsburgh	5986 Penn Circle South	Pittsburgh	PA	15206	421-441-1080
Borders - Pittsburgh	1170 Northway Mall	Pittsburgh	PA	15237	412-635-7661
Borders - Reading	1075 Woodland Rd	Reading	PA	19601	610-737-0377
Borders - Scranton	100 Viewmont Mall	Scranton	PA	18508	570-340-1044
Borders - Springfield	1001 Baltimore Pike	Springfield	PA	19064	610-543-8588
Borders - Tarentum	133 Pittsburg Mills Circle	Tarentum	PA	15084	724/275-5820
Borders - Whitehall	1937 MacArthur Rd	Whitehall	PA	18052	610-432-5520
Borders - Wynnewood	80 E. Wynnewood Ave	Wynnewood	PA	19096	610-642-0362
Borders - York	3000 Whiteford Rd	York	PA	17402	717-755-0800
Supervalu – Downingtown	3951 Lincoln Highway	Downingtown	PA	19335	610-873-8315
Supervalu – Bala Cynwyd	121 E. City Avenue	Bala Cynwyd	PA	19004	610-667-7021
Supervalu – Chester Spring	400 Simpson Drive	Chester Spring	PA	19425	610-458-7004
Supervalu – Newton	48 West Road	Newton	PA	18940	215-504-9585

RHODE ISLAND

Borders - Cranston	190 Hillside RD	Cranston	RI	02920	401-944-9160
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Borders - Providence	142 Providence Pl	Providence	RI	02903	401-270-4801
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SOUTH DAKOTA

Borders - Rapid City	2130 N Haines Ave	Rapid City	SD	57701	605-394-5334
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TENNESSEE

Borders - Brentwood	330 Franklin Rd	Brentwood	TN	37027	615-221-8804
Borders - Clarksville	2801 Wilma Rudolph Blvd	Clarksville	TN	37040	931-906-7049
Borders - Franklin	545 Cool Springs Blvd Suite 190	Franklin	TN	37067	615-771-2870
Borders - Germantown	6685 Poplar Ave	Germantown	TN	38138	901-754-0770
Borders - Knoxville	202 Morrell Rd Suite 100	Knoxville	TN	37919	865-769-4084
Borders - Knoxville	11235 Parkside Drive	Knoxville	TN	37922	865-671-5758
Borders - Nashville	2501 Westend	Nashville	TN	37203	615-327-9656
	1142 Vann Drive	Jackson	TN	38305	731-650-7109
H&H Services – Jackson Medical Center	708 W. Forest Ave.	Jackson	TN	38301	

TEXAS

Borders – Allen	965 Bethany Drive	Allen	TX	75013	214-383-9676
Borders - Arlington	4000 Arlington Highlands Blvd Ste 101	Arlington	TX	76018	817-557-4837
Borders - Austin	4477 S. Lamar	Austin	TX	78745	512-891-8974
Borders - Austin	9500 South I-H 35 Service Rd, Ste F	Austin	TX	78748	512-280-8011
Borders - Austin/The Domain #103	3309 Esperanza Crossing Ste 104	Austin	TX	78758	512-339-1352
Borders - Burleson	1131 N. Burleson Blvd	Burleson	TX	76028	817-447-8660
Borders - Colleyville	615 Colleyville Blvd Ste 200	Colleyville	TX	76034	817-503-8092
Borders - Dallas	55000 Greenville Ave	Dallas	TX	75206	214-739-1166
Borders - Dallas	10720 Preston Rd. Suite 1018	Dallas	TX	75230	214-363-1977
Borders - Dallas/Uptown	3600 McKinney Ave	Dallas	TX	75204	214-219-0512
Borders - Fort Worth	4601 W Freeway	Fort Worth	TX	76107	817-737-0444
Borders - Houston	5075 Westheimer Rd	Houston	TX	77056	713-960-0619
Borders - Houston	3025 Kirby	Houston	TX	77098	713-524-0200
Borders - Houston/Meyerland	570 Meyerland Plaza	Houston	TX	77096	713-661-2888
Borders - Mesquite	2709 N Mesquite Drive	Mesquite	TX	75150	972-279-5203
Borders - San Antonio	255 E Basse Rd. Suite 350	San Antonio	TX	78209	210-828-9496
Borders - San Antonio	11745 I -H-10 West	San Antonio	TX	78230	210-561-0022
Borders - San Antonio/Selma	8340 Agora Pkwy	Selma	TX	78154	210-658-0808
Borders - Stafford	12788 Fountain Lake Circle	Stafford	TX	77477	281-240-6666
Borders - The Woodlands	9595 Six Pines Drive Ste 400	The Woodlands	TX	77380	832-585-0051
Borders - Webster	19419 Gulf Freeway	Webster	TX	77598	281-338-9390

Kroger – #314 Houston	5150 Buffalo Speedway at Westpark	Houston	TX	77005	
Kroger – Kingwood #310	3410 Northpark Dr.	Kingwood	TX	77339	281-361-7343
Kroger – Pearland #308	11003 Shadow Creek Pkwy	Pearland	TX	77584	937-497-7411
Kroger – Fresno #9	10350 SR-6	Fresno	TX	77545	713-299-9799
Kroger – Clute #109	101 Dixie Drive	Clute	TX	77531	
SA Coffee, Inc.	9800 Airport Blvd.	San Antonio	TX	78216	210-820-3045

UTAH

Borders - Logan	1050 N Main St	Logan	UT	84321	435-787-0678
Borders - Murray	132 E Winchester	Murray	UT	84107	801-313-1020
Borders - Provo	4801 N University Ave, Ste 910	Provo	UT	84606	801-224-2720

VIRGINIA

Borders - Woodbridge #262	2904 Prince Williams Parkway	Woodbridge	VA	22192	703-897-8100
Borders - Arlington	1201 Hayes St	Arlington	VA	22202	703-418-0166
Borders - Fairfax	11054 Lee Hwy	Fairfax	VA	22030	703-359-8420
Borders - Falls Church	5871 Crossroads Center Way	Falls Church	VA	22041	703-998-0404
Borders - Fredericksburg	1220 Carl D. Silver Parkway	Fredericksburg	VA	22401	540-785-6171
Borders - Glen Allen	9750 W Broad St	Glen Allen	VA	23060	804-965-0733
Borders - Manassas #289	11270 Bulloch Dr	Manassas	VA	20109	703-368-9824
Borders - Newport News	12300 Jefferson Ave	Newport News	VA	23602	757-249-0480
Borders - Springfield	6701 Frontier Dr	Springfield	VA	22150	703-924-4894
Borders - Stafford	1240 Stafford Market Place	Stafford	VA	22556	540-720-9636
Borders - Sterling	21031 Triple Seven Rd Suite 100	Sterling	VA	20165	703-430-4675
Borders - Vienna	8027 Leesburg Pike	Vienna	VA	22182	703-556-7766
Borders - Virginia Beach	1744 Laskin St	Virginia Beach	VA	23454	757-425-8031
Borders - Warrenton	251 W Lee Hwy 221	Warrenton	VA	20186	540-347-9412
Borders - Winchester	2420 S Pleasant Valley Rd	Winchester	VA	22601	540-535-2243
Scott Hillyard	Virginia Tech – G. Burke Johnston Student Center	West Campus Drive	Blackburg	VA	540-951-0664

VERMONT

Borders - Burlington	29 Church St	Burlington	VT	05401	802-865-2711
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WASHINGTON

Borders – Gig Harbor	4601 Fosdik Drive NW	Gig Harbor	WA	98335	253-853-2700
Borders – Southcenter Mall	633 Southcenter Blvd.	Tukwila	WA	98188	206-557-1888
Borders – Seattle	1501 4 th Avenue	Seattle	WA	98101	206-622-4599
Borders - Everett	1402 S.E. Everett Mall Way	Everett	WA	98028	425-267-3246

Borders - Lynnwood	3000 184th St SW	Lynnwood	WA	98037	425-776-7530
Borders - Olympia	2415 4th Ave W	Olympia	WA	98502	360-352-3438
Borders - Puyallup	3829 S Meridian	Puyallup	WA	98374	253-845-8751
Borders - Redmond	16549 NE 74th St	Redmond	WA	98052	425-869-1907
Borders - Spokane	9980 Newport Hwy	Spokane	WA	99218	509-466-2231
Borders - Tacoma	2508 S 38th St	Tacoma	WA	98409	253-473-9111
Borders - Vancouver	811 SE 160th Ave	Vancouver	WA	98693	360-891-2060
Borders - Yakima/Union Gap	1700 E Washington Ave	Yakima	WA	98903	509-248-4018
Concessions International	Sea-Tac Airport Concourse D	Seattle	WA	98158	206 431-1232
Concessions International	Sea-Tac Airport Concourse A	Seattle	WA	98158	206 431-1233
Concessions International	Sea-Tac Airport South Satellite	Seattle	WA	98158	206 431-1234
Fred Meyer – Shoreline #013	18325 Aurora Ave. N.	Shoreline	WA	98133	206-546-0720

WASHINGTON, D.C.

Borders - Washington DC	1801 K Street	Washington	DC	20006	202-466-4999
Borders – Washington DC	5333 Wisconsin Ave.	Washington	DC	20015	202-686-8270
Borders - Washington DC	600 15th St NW Suite 100	Washington	DC	20005	202-737-1385
Best Beverage	750 9 th Street	Washington	DC	20001	202-626-0005

WEST VIRGINIA

Borders - Barboursville	120 Huntington Mall	Barboursville	WV	25504	304-736-6233
Borders - Parkersburg	100 Grand Central	Parkersburg	WV	26101	304-424-6624

WISCONSIN

Borders - Eau Claire	4030 Commonwealth Ave	Eau Claire	WI	54701	715-832-2852
Borders - Fox Point	8705 N Port Washington	Fox Point	WI	53217	414-540-1427
Borders - Greendale	5250 S. 76th Street	Greendale	WI	53129	414-282-0882
Borders - Madison	3750 University Ave	Madison	WI	53705	608-232-2600
Borders - Madison	2173 Zeier Road	Madison	WI	53704	608-240-0080
Borders - Milwaukee	101 W Wisconsin Ave	Milwaukee	WI	53203	414-225-9977

EXHIBIT F

**LIST OF FORMER FRANCHISEES
(Licensed Units that left the system in the fiscal year ending 09/27/09)**

Borders - Sacramento/Natomas	4750 Natomas Boulevard	Sacramento, CA	916-515-1944
Borders - Santa Monica	1415 Third Street Promenade	Santa Monica, CA	310-393-9290
Borders – Tempe	699 S. Mill Ave., Suite 119	Tempe, AZ 85281	480-921-8659
Borders – Coral Springs	700 University Drive	Coral Springs, FL 33071	
GMS Hawaii	2045 Kalakaua Ave.	Honolulu, HI 96815	
H&H Services – Jackson Medical Center	708 W. Forest Ave.	Jackson	TN
Longs Drugs - Concord	2677 Clayton Road	Concord, CA	925-689-2155
Longs Drugs - Capitola	1750 41st Ave	Capitola, CA	831-745-6400
Longs Drugs – Walnut Creek	1123 S. California Blvd.	Walnut Creek, CA	925-933-9474
Macchiato Enterprises, Serge Mendilian	321 Marrett Road	Lexington, MA 02421	781-676-0005
Park City Coffee	806 Park City Center	Lancaster, PA 17601	717-295-5770
RTG Business Enterprises	121 North IH-35	San Marcos, TX 78666	512-258-1685
RTG Business Enterprises	500 Canyon Ridge Road	Austin, TX 78753	512-873-7730
RTG Business Enterprises	9911 Brodie Lane, Ste 110	Austin, TX 78748	512-282-9121
RTG Business Enterprises	3110 Windsor Lane	Austin, TX 78703	512-467-3279
RTG Business Enterprises	500 North Lamar, Ste 100	Austin, TX 78703	512-481-0296
RTG Business Enterprises	401 Congress Ave., Suite C	Austin, TX 78701	512-320-0188
RTG Business Enterprises	12820 Hill Country Blvd., Suite 110	Austin, TX 78738	512-402-0770
Supervalu – Princeton	64 Princeton-Hightown Road	Princeton, NJ	609-452-2354
TA Operating Corp.	435 Winston Parkway	Livingston, CA	
Travel Centers of America	185 Dungeness Drive	Brunswick, GA	
Universal Coffee Express	Newark Airport Terminal A, Gate 3	Newark, NJ	973-286-3013
Universal Coffee Express	Newark Airport Terminal B & Satellite B1	Newark, NJ	973-286-7883
Universal Coffee Express	Newark Airport Borders Books Terminal C	Newark, NJ	973-286-0390

EXHIBIT G

**SEATTLE’S BEST COFFEE LLC
(SBC)
DISCLOSURE QUESTIONNAIRE**

As you know, Seattle’s Best Coffee LLC (“we”, “us”, “our”) and you are preparing to enter into a Master Franchise Agreement for the operation of a “SBC” licensed café (referred to below as the “Master Franchise Agreement”). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed the Master Franchise Agreement and attached exhibits?

Yes _____ No _____

2. Do you understand all of the information contained in the Master Franchise Agreement and attached exhibits?

Yes _____ No _____

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

3. Have you received and personally reviewed our disclosure document that was provided to you?

Yes _____ No _____

4. Did you sign a receipt for the disclosure document indicating the date you received it?

Yes _____ No _____

5. Do you understand all of the information contained in the disclosure document?

Yes _____ No _____

If No, what parts of the disclosure document do you not understand? (Attach additional pages, if necessary.)

6. Have you discussed the benefits and risks of operating a “SBC” cafe with an attorney, accountant, or other professional advisor?

Yes _____ No _____

7. Do you understand that the success or failure of your “SBC” cafe will depend in large part upon your skills and abilities, competition from other cafes, interest rates, inflation, labor and supply costs, lease terms, and other economic and business factors?

Yes _____ No _____

8. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of “SBC” cafes that we or our franchisees operate?
- Yes _____ No _____
9. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating the “SBC” cafe?
- Yes _____ No _____
10. Has any employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue the “SBC” cafe will generate?
- Yes _____ No _____
11. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you may incur in operating the “SBC” cafe that is contrary to or different from, the information contained in the disclosure document?¹
- Yes _____ No _____
12. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating an “SBC” cafe?
- Yes _____ No _____

¹ Except for what is contained in Item 19 of our disclosure document, we do not make any representations or statements of actual, average, projected, or forecasted sales, profits, or earnings to franchisees with respect to our franchise. We do not give or authorize our salespersons to give you any oral or written information concerning the actual, average, projected, forecasted, or potential sales, costs, income, or profits of a franchise.

We specifically instruct our sales personnel, agents, employees, and officers that they are not permitted to make claims or statements as to the earnings, sales or profits, or prospects or chances of success, nor are they authorized to represent or estimate dollar figures as to a franchisee’s operation. We will not be bound by or be responsible for allegations of any unauthorized representations as to earnings, sales, profits, prospects, or chances of success.

Actual results vary from license to license, and we cannot estimate the results of a particular license. We recommend that you make your own independent investigation to determine whether or not the franchise may be profitable, and consult an attorney and other advisors or your choosing before signing any agreement.

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

Yes _____ No _____

14. Have you entered into any binding agreement with us concerning the purchase of this license prior to today?

Yes _____ No _____

15. Have you paid any money to us before today?

Yes _____ No _____

16. If you have answered "Yes" to any one of questions 10-15, please provide a full explanation of each "yes" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "no" to each of questions 10-15, please leave the following lines blank.

All representations requiring you to agree to a release, estoppel or waiver of any liability are not intended to and to not act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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.

FRANCHISEE

By: _____
Name: _____
Title: _____
_____, 20__

EXHIBIT H

**AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS
(DIRECT DEBITS)**

The undersigned depositor (“DEPOSITOR”) hereby (1) authorizes Seattle’s Best Coffee LLC (“COMPANY”) to initiate debit entries and/or credit correction entries to the undersigned’s checking and/or savings account indicated below and (2) authorizes the depository designated below (“DEPOSITORY”) to debit such account pursuant to COMPANY’s instructions.

DEPOSITORY	Branch	
City	State	Zip Code
Bank Transit/ABA Number	Account Number	

This authority is to remain in full and force and effect until DEPOSITORY has received joint written notification from COMPANY and DEPOSITOR of the DEPOSITOR’s termination of such authority in such time and in such manner as to afford DEPOSITORY a reasonable opportunity to act on it. Notwithstanding the foregoing, DEPOSITORY shall provide COMPANY and DEPOSITOR with thirty (30) days’ prior written notice of the termination of this authority. If an erroneous debit entry is initiated to DEPOSITOR’s account. DEPOSITOR shall have the right to have the amount of such entry credited to such account by DEPOSITORY, if (a) within fifteen (15) calendar days following the date on which DEPOSITORY sent to DEPOSITOR a statement of account or a written notice pertaining to such entry or (b) forty-five (45) days after posting, which ever occurs first, DEPOSITOR shall have sent to DEPOSITORY a written notice identifying such entry, stating that such entry was in error and requesting DEPOSITORY to credit the amount thereof to such account. These rights are in addition to any rights DEPOSITOR may have under federal and state banking laws.

DEPOSITOR (Print Name)	DEPOSITORY (Print Name)
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT I

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EXHIBIT J

**FRANCHISEE ORGANIZATIONS WE HAVE
CREATED, SPONSORED OR ENDORSED**

SBC has not created and does not sponsor or endorse any franchisee organizations.

EXHIBIT K

GUARANTEE OF PERFORMANCE

GUARANTEE OF PERFORMANCE

For value received, Starbucks Corporation (“Starbucks”), located at 2401 Utah Avenue S., Seattle, WA, 98134, absolutely and unconditionally guarantees the performance by Seattle’s Best Coffee LLC (“SBC”) located at 2401 Utah Avenue S., Seattle, WA, 98134, of all of the obligations of SBC under its Master Franchise Agreement.

This guarantee continues until all obligations of SBC under the Master Franchise Agreement are satisfied. Starbucks is not discharged from liability if a claim by the franchisee against SBC remains outstanding. Notice of acceptance is waived. Notice of default on the part of SBC is not waived. This guarantee is binding on Starbucks and on its successors and assignees.

Starbucks executes this guarantee at Seattle, Washington on _____.

Starbucks Corporation

By _____

Tom Ehlers

Its v.p. & general manager, SBC

EXHIBIT L

GENERAL RELEASE

GENERAL RELEASE

Seattle's Best Coffee, LLC ("SBC") and _____ ("Franchisee") hereby release and forever discharge each other (as well as their respective officers, directors, partners, members, employees, agents, independent contractors, assigns, representatives, and attorneys), and their respective corporate parents, subsidiaries and affiliates, predecessors and successors (and their respective officers, directors, partners, members, employees, agents, independent contractors, assigns, representatives, and attorneys), of and from any and all claims, liabilities, demands, causes of action, costs, expenses, attorneys' fees, damages and obligations of every kind and nature, at law, in equity, or otherwise, known and unknown, suspected and unsuspected, disclosed and undisclosed, rising out of or relating in any manner to the Master Franchise Agreement between SBC and Franchisee dated _____ ("Master Franchise Agreement") and the License granted therein prior to the execution of this Agreement. Notwithstanding the foregoing, Franchisee shall not be released from any claims, liabilities, demands, causes of action, costs, expenses, attorneys' fees, damages, or restitution obligations rising out of or relating to payment of royalties or other fees owed under the Master Franchise Agreement or Franchisee's indemnification obligations under the Master Franchise Agreement.

FRANCHISEE: _____

By: _____

Its: _____

Date: _____

SEATTLE'S BEST COFFEE, LLC

By: _____

Its: _____

Date: _____

EXHIBIT M

MARYLAND FORM OF GENERAL RELEASE

RELEASE

KNOW THAT _____ and its successors, assigns, agents, affiliates, successors, parents, subsidiaries and assigns, together with their past, present and future principals, owners, shareholders, controlling persons, officers, directors, successors and assigns (collectively, "Releasor"), in consideration of the right to renew, assign or transfer its Master Franchise Agreement with Seattle's Best Coffee, LLC ("SBC") and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, releases and discharges SBC and its officers, directors, employees, stockholders, agents and servants, affiliates and their respective officers, directors, employees, agents and servants and their respective successors and assigns (collectively, "Releasee") from any and all actions, causes of actions, suits, debts, liens, agreements, accounts, promises, liabilities, judgments, demands, losses, cost or expense, of any nature whatsoever, in law or equity, whether known or unknown, suspected or unsuspected, claimed or concealed, fixed or contingent, relating to any events or circumstances existing from the beginning of time through the date this Release is executed, that the Releasor, its heirs, executors, administrators, successors and assigns does have or hereafter can, shall or may have against the Releasee for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this Release, except for any claims that may arise under the Maryland Franchise Registration and Disclosure Law.

This RELEASE may not be changed orally.

IN WITNESS WHEREOF, the RELEASOR has executed this RELEASEE on this _____ day of _____, 20____.

Executed and delivered in the presence of:

[Franchisee]

Witness

By:

EXHIBIT N

RECEIPT

Receipt

This disclosure document summarizes certain provisions of the Master Franchise Agreement and other information in plain language. Read the disclosure document and all agreements carefully.

If Seattle’s Best Coffee, LLC offers you a license, it must provide this disclosure document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed license sale.

Maryland law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or 10 business days (14 calendar days in California and Illinois) before the execution of the license or other agreement or the payment of any consideration that relates to the license relationship.

If Seattle’s Best Coffee, 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 or state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 10580 and the state agency listed on Exhibit C.

Seller’s Name: _____
Seattle’s Best Coffee, LLC
2401 Utah Avenue South, Suite 800
Seattle, WA 98134

Date of Issuance: December 21, 2009

See Exhibit C for our registered agent authorized to receive service of process.

I have received a disclosure document dated _____. This disclosure document included the following exhibits:

A. Master Franchise Agreement and Related Materials

Exhibits to Master Franchise Agreement:

- Exhibit A – Location of Licensed Sites
- Exhibit B – Coffee Price Adjustment Calculation
- Exhibit C – SBC Card License Agreement
- Exhibit D – Request for Waiver of Lease Exclusivities or Protections
- Exhibit E – Guaranty and Subordination
- Exhibit F – Owner Covenants Agreement
- Exhibit G – Form of Rider to Lease
- Standard Addenda to Master Franchise Agreement*
- Addendum 1 – Multi-Unit Addendum
- Addendum 2 – Franchise-Controlled Venue Addendum
- Addendum 3 – Approved Franchisee Trade Name Addendum
- Addendum 4 – Manager Addendum
- Addendum 5 – Canada Addendum

- B. Financial Statements
- C. State Administrators/Agents for Service of Process
- D. State Addenda to Master Franchise Agreement and Disclosure Document
- E. List of Franchisees
- F. List of Former Franchisees
- G. Compliance Questionnaire for New Franchisees
- H. Authorization Agreement for Prearranged Payments (Direct Debits)
- I. Café Operations Manual Table of Contents
- J. Franchisee Organizations We Have Created, Sponsored Or Endorsed
- K. Guarantee of Starbucks Corporation
- L. General Release
- M. Maryland Form of General Release
- N. Receipt

Dated: _____

PROSPECTIVE FRANCHISEE:

If a business entity:

If an individual:

(Name of Business Entity)

(Print Name)

By: _____
(Print Name)

(Signature)

Its: _____
(Title)

(Signature)

Please sign this copy of the receipt, (if you are viewing electronically, please print the receipt) date your signature, and return it to Adam Ekberg, Seattle’s Best Coffee, LLC, 2401 Utah Avenue South, 8th Floor, Mail Stop S-LA3, Seattle, WA 98134.

Receipt

This disclosure document summarizes certain provisions of the Master Franchise Agreement and other information in plain language. Read the disclosure document and all agreements carefully.

If Seattle's Best Coffee, LLC offers you a license, it must provide this disclosure document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed license sale.

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- M. Maryland Form of General Release
- N. Receipt

Dated: _____

PROSPECTIVE FRANCHISEE:

If a business entity:

If an individual:

(Name of Business Entity)

(Print Name)

By: _____
(Print Name)

(Signature)

Its: _____
(Title)

(Signature)

KEEP THIS COPY FOR YOUR RECORDS.