



**FRANCHISE DISCLOSURE DOCUMENT**

**Fresh Healthy Vending LLC**  
**A California limited liability company**  
9605 Scranton Road, Suite 350  
San Diego, California 92121  
(858) 210-4200  
(website: [www.freshvending.com](http://www.freshvending.com))

Fresh Healthy Vending LLC offers franchises for the right and obligation to purchase, operate, service, maintain, repair, clean, restock and use vending machines which dispense a variety of healthy, natural and organic snack food and beverage products for locations such as business offices, hotels, hospitals, schools, colleges and universities, and office and in-plant food service facilities.

**Franchisee Program.** The estimated initial investment required to begin operations of a Fresh Healthy Vending franchise ranges from \$129,020 to \$500,210. This amount includes \$122,470 to \$448,410 which must be paid to the Franchisor.

This Disclosure Document summarizes certain provisions of your 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 payments to the Franchisor or an affiliate in connection with the proposed franchise 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 Jolly Backer at 9605 Scranton Road, Suite 350, San Diego, California 92121, telephone (858) 210-4200.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. Information about comparisons of franchisors is available. 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](http://www.ftc.gov) for additional information. Call your state agency listed on **Exhibit B** or visit your public library for other sources of information on franchising.

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

**THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS MARCH 26, 2012.**

## STATE COVER PAGE

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

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

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

### **Please consider the following Risk Factors before you buy this franchise:**

1. THE FRANCHISE AGREEMENT CONTAINS A MANDATORY BINDING MEDIATION PROVISION GOVERNING NEARLY ALL DISPUTES BETWEEN YOU AND US. THE MEDIATION, AND ANY LITIGATION WILL TAKE PLACE IN THE COUNTY IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED, AND THAT MAY COST YOU MORE (AND BE LESS CONVENIENT) THAN IF THOSE PROCEEDINGS TOOK PLACE NEAR YOUR RESIDENCE OR BUSINESS.

2. THE FRANCHISE AGREEMENT PROVIDES THAT THE LAWS OF THE STATE OF CALIFORNIA GOVERN THE AGREEMENT, THAT LAW MAY NOT PROVIDE YOU WITH THE SAME RIGHTS AND PROTECTIONS AS YOUR LOCAL LAW, AND YOU MAY WANT TO CONSULT AN ATTORNEY REGARDING COMPARISON OF THESE LAWS.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may 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.

**See the Next Page for State Effective Dates**

## STATE EFFECTIVE DATES

The following states require that the franchise disclosure documents 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:

California:  
Hawaii:  
Illinois:  
Indiana:  
Michigan:  
Minnesota:  
New York:  
North Dakota:  
Rhode Island:  
South Dakota:  
Washington:  
Wisconsin:

In all other states, the effective date of this franchise disclosure document is the issuance date of March 26, 2012.

**FRESH HEALTHY VENDING LLC  
FRANCHISE DISCLOSURE DOCUMENT  
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## ITEM 1

### THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

#### Fresh Healthy Vending LLC

Fresh Healthy Vending LLC is a California limited liability company that was formed on February 8, 2010. Our principal place of business is 9605 Scranton Road, Suite 350, San Diego, California 92121. To simplify the language used in this Disclosure Document, “**FHV**”, “**we**” or “**us**” means Fresh Healthy Vending LLC, and “**you**” or “**franchisee**” means the person who purchases a franchise from us. If you are a corporation, partnership, limited liability company or other entity, “**you**” may also refer to your owners. We do business only under the name Fresh Healthy Vending LLC. We began offering franchises for sale on April 19, 2010. We do not operate a business similar to the Franchised Business in any state. We do not and have not offered franchises for sale in any other line of business. We have no other business activities, nor do we do business under any other name. Our agents for service of process are disclosed in **Exhibit B**.

#### Parents, Predecessors and Affiliates

We have no parents or affiliates. On August 20, 2010, FHV Holdings Corp., a California corporation formerly known as YoNaturals Incorporated (“**FHVHC**”), contributed certain assets to FHV in exchange for preferred ownership units with approval rights on certain actions of FHV and may be considered to be our predecessor under certain circumstances. FHVHC was incorporated on April 24, 2006 and did not, and does not, operate or sell franchises for vending machine businesses or in any other line of business or provide products or services to our franchisees. FHVHC’s principal business address is - 6577 Mira Mesa Blvd. #123-158, San Diego, CA 92121.

#### The Fresh Healthy Vending Franchise

We offer 2 separate franchise programs in this Disclosure Document, although we may not necessarily allow you to purchase a franchise under either of these programs:

#### Franchisee Program

We franchise the distinctive Fresh Healthy Vending format and method of operating a vending service business, which is characterized by unique graphics, trade dress, specifications for vending machine equipment and uniforms, defined product offerings, standard operating and administrative procedures, management and technical training programs, (the “**System**”), and by trademarks, trade names, service marks, designs, emblems, logos, graphics, slogans, copyrights, trade dress, trade secrets and commercial symbols including the mark “**Fresh Healthy Vending**” or “**Fresh Healthy Vending Café**” (the “**Marks**”) for the operation of a vending machine service business (the “**Franchised Business**”). We offer and award to qualified applicants, a franchise to own and operate a minimum of 10 FHV snack and beverage vending machines (“**Snack Vending Machines**”) or 10 FHV coffee vending machines (“**Coffee Vending Machines**”), which will dispense a variety of healthy, natural and organic snack food and beverage products, such as juices, smoothies, drinks, yogurts, fresh fruits, fresh vegetables, and popular chips and bars (“**Snack Products**”) or coffee products (“**Coffee Products**”), respectively, for Locations such as business offices, hotels, hospitals, schools, colleges and universities, and office and in-plant food service facilities (“**Vending Customers**”). You may purchase a combination of Snack Vending Machines and Coffee Vending Machines if the total number of Vending Machines that you purchase is 10 or more. Although not all Snack Products and Coffee Products (collectively “**Products**”) sold from the Snack Vending Machines require refrigeration, the Snack Vending Machines are equipped with dual zone temperature controlled combo snack and drink vending features. You will be required to have approximately 9 square feet of inventory space to stock one Snack Vending Machine and approximately 8 square feet of inventory space to stock one Coffee Vending Machine. Unless the context indicates or infers otherwise, any reference to “**Vending Machine**” in this Disclosure Document will mean both a Snack Vending Machine and a Coffee Vending Machine.

To acquire a franchise, you will sign a Franchise Agreement (**Exhibit A**) with us which will grant you the right and obligation to purchase a minimum of 10 FHV Vending Machines from us and to operate, maintain, repair, restock and clean your Vending Machines for your Vending Customers using the System and the Marks.

You will conduct your Franchised Business at sites that we will provide or that you will obtain with our prior approval (“**Locations**”) within a specified geographic area (the “**Territory**”). Your Territory will be described on Exhibit A to your Franchise Agreement. We will establish your mutually agreed-upon Territory at the time you sign your Franchise Agreement. Franchisees may be individuals or entities who meet our then current requirements for non-individual franchisees. These requirements may include the signing of personal guarantees by some or all of the individuals holding an equity interest in the Franchise.

### **Competition**

The market for the Franchised Business is the general public, developed and is non-seasonal. Your competitors will include national and local chain vending companies which operate vending machines and provide institutional food service facilities, as well as other refreshment services, convenience stores, coffee retailers, quick service restaurants and fast food chains. As with any business enterprise, there is no assurance of your success.

### **Special Industry Regulation**

You must obtain any required health permits and city permits to operate the Vending Machines. We are not aware of any other regulations specific to the industry in which the Franchised Business operates. You must comply with all laws and regulations that apply to business generally, which include regulations concerning health, sanitation, discrimination, employment, and sexual harassment, as well as the Americans with Disabilities Act, which requires readily accessible accommodations for disabled individuals. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Franchised Business and should consider both their effect and cost of compliance.

## **ITEM 2**

### **BUSINESS EXPERIENCE**

#### **President and Chief Executive Officer:**

**Daniel W. Negroni**

Mr. Negroni became the President and Chief Executive Officer of Fresh Healthy Vending, LLC on March 1, 2012. From February 9, 2009 to November 17, 2011, Mr. Negroni served as the Vice President of Sales and Marketing and as General Counsel for Tachyon Networks in San Diego, California. From February 13, 2007 to February 9, 2010, Mr. Negroni served as the principal advisor of Private Advisory Group in San Diego, California.

#### **Vice President**

**Jolly Backer**

Mr. Backer has served as our Vice President since March 2012 and has been the only member of Fresh Healthy Vending, LLC since February 8, 2010. Mr. Backer served as our Chief Executive Officer from February 8, 2010 to February 29, 2012. From October 1, 1995 through December 31, 2009, Mr. Backer served as the Director of Sales at Stern Pinball in Melrose Park, Illinois.

#### **Outside Advisor to the President and Chief Executive Officer:**

**Nicholas Yates**

Mr. Yates holds an ownership interest in FHVHC and oversees that interest strictly as an occasional outside advisor to our President and Chief Executive Officer on an as-needed basis. Mr. Yates has served in this capacity since March 1, 2012 in San Diego, California. Between February 2010 and July 8, 2011, Mr. Yates occasionally provided general advice and industry knowledge to our then Chief Executive Officer, Jolly Backer, on the vending machine industry and the development of strategies and infrastructure to support the vending machine business and on administrative back-up and guidance to company staff, based upon his prior experience in the healthy vending machine business. From April 2006 to May 2010, Mr. Yates served as the General Manager for YoNaturals, Incorporated in San Diego, California.

**General Manager:**

**Maria Truong**

Ms. Truong became our General Manager on April 19, 2010. From October 2007 to April 2010, Ms. Truong served as the Office Manager for YoNaturals, Incorporated in San Diego, California. From December 2006 to September 2007, Ms. Truong served as a Sales Representative for Neiman Marcus in San Diego, California.

**Vice President of Franchise Development:**

**Alex Kennedy**

Ms. Kennedy became our Vice President of Franchise Development in December 2011. From September 2007 to April 2010, Ms. Kennedy was the President of Business Development for YoNaturals, Inc. in San Diego, California. From October 2004 to the present, Ms. Kennedy was self-employed as a realtor in San Diego, California.

**Franchise Business Consultant:**

**Abby Hanneman**

Ms. Hanneman joined us in April 2012 and is currently serving as a franchise business consultant in our franchisee advisory department, which is currently in development and may change in the future. From July 2011 to April 2012, Ms. Hanneman served as the Territory Manager for FHV in San Diego, California. From January 2007 to the present, Ms. Hanneman has served as the Owner of JakNative, Inc., in Encinitas, California.

**FHV HOLDINGS CORP., FORMERLY KNOWN AS YONATURALS, INCORPORATED**

***NEITHER MARK TROTTER NOR NICHOLAS YATES ARE DIRECTORS, OFFICERS, TRUSTEES OR GENERAL PARTNERS OF FHV AND HAVE NO MANAGEMENT RESPONSIBILITY RELATING TO THE SALE OR OPERATION OF THE FRANCHISES OFFERED IN THIS DISCLOSURE DOCUMENT***

**Former Chief Executive Officer, YoNaturals:**

**Mark Trotter**

Mr. Trotter served as the Chief Executive Officer of YoNaturals, Incorporated in San Diego, California, from April 2006 to May 2010.

**Former General Manager, YoNaturals**

**Nicholas Yates**

Mr. Yates served as the General Manager for YoNaturals, Incorporated in San Diego, California, from April 2006 to June 2010.

**ITEM 3**

**LITIGATION**

No litigation is required to be disclosed in this Item about Fresh Healthy Vending, LLC.

**FHV HOLDINGS CORP., FORMERLY KNOWN AS YONATURALS, INCORPORATED**

***NEITHER MARK TROTTER NOR NICHOLAS YATES ARE DIRECTORS, OFFICERS, TRUSTEES OR GENERAL PARTNERS OF FHV AND HAVE NO MANAGEMENT RESPONSIBILITY RELATING TO THE SALE OR OPERATION OF THE FRANCHISES OFFERED IN THIS DISCLOSURE DOCUMENT***

**State of Texas v. Mark Trotter, Ryan Pitylak, LeadPlex, PayPerAction, Eastmark Technology, Ltd, et. al.** (Case No. 1:2005-cv-00017, United States District Court for the Western District of Texas, Austin Division) was filed on January 13, 2005 under the Texas Deceptive Trade Practices Act, the Texas Electronic Mail Solicitation Act and the federal CAN-SPAM Act, alleging that Mark Trotter, the sole shareholder of FHV Holdings Corp. (formerly known as YoNaturals Incorporated), and the other defendants sent unsolicited and misleading e-mails to computer users in Texas and across the country to obtain personal information that the defendants would then sell to others. A permanent injunction was issued on October 1, 2005, ordering the defendants to clearly identify unsolicited commercial advertising in the future and to provide consumers with an opt-out mechanism. Mr. Trotter was also ordered to pay \$40,000 in attorney fees.

**Microsoft, Inc. v. Mark Trotter, Ryan Pitylak, LeadPlex, PayPerAction, Eastmark Technology, Ltd, et. al.** (Case No. A-05-CA-017-SS, United States District Court for the Western District Court of Texas / Austin

District alleging that Mark Trotter, the sole shareholder of FHVHC (formerly known as YoNaturals Incorporated), and the other defendants sent unsolicited and misleading e-mails to computer users across the country to obtain personal information that the defendants would then sell to others. A permanent injunction was issued on October 1, 2005 ordering the defendants to clearly identify unsolicited commercial advertising in the future and to provide consumers with an opt-out mechanism.

**Australian Competition and Consumer Commission v. Global Prepaid Communications Pty Ltd, In Touch Networks Pty Ltd, Nicholas Yates, Frank Yates, Nicholas Rhodin, Daniel Albert and Russell Fielding** (Case No. NSD 328 of 2003, Federal Court of Australia, New South Wales District Registry) was filed on or about June 30, 2003 under Sections 51A and 52 of the Trade Practices Act of 1974 and the Trade Practices (Industry Codes-Franchising) Regulations 1998, alleging that Nicholas Yates, the former General Manager of YoNaturals, Incorporated, a former consultant to our Chief Executive Officer, and now a consultant to our current President and Chief Executive Officer, and the other respondents (defendants) engaged in misleading and deceptive conduct in the operation of a vending machine business and a mobile telephone business. A default judgment was entered in favor of the Australian Competition and Consumer Commission and against several respondents (defendants), including Mr. Yates, on February 27, 2006 for AUD \$3,538,243.94 (approximately US \$3,725,000 and on June 5, 2008 for AUD \$1,077,673.13 (approximately US \$1,139,000).

With these exceptions, no litigation is required to be disclosed in this Item.

#### **ITEM 4**

#### **BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item about Fresh Healthy Vending, LLC.

#### **FHV HOLDINGS CORP., FORMERLY KNOWN AS YONATURALS, INCORPORATED**

***NEITHER MARK TROTTER NOR NICHOLAS YATES ARE DIRECTORS, OFFICERS, TRUSTEES OR GENERAL PARTNERS OF FHV AND HAVE NO MANAGEMENT RESPONSIBILITY RELATING TO THE SALE OR OPERATION OF THE FRANCHISES OFFERED IN THIS DISCLOSURE DOCUMENT***

On October 15, 2006, Mark Trotter, a shareholder of FHV Holdings Corp. (formerly known as YoNaturals Incorporated), filed a petition for relief under Chapter 7 of the U.S. Bankruptcy Code in the United States District Court for the southern District of California (Case No. 05-110-28-JM-7. On June 21, 2006, the court approved a discharge of his debts.

On March 30, 2007, Nicholas Yates, a shareholder of FHV Holdings Corp., the former General Manager of YoNaturals, Incorporated, a former consultant to our Chief Executive Officer, and now an advisor to our President and Chief Executive Officer on an as-needed basis, filed a Debtor's Petition with the Insolvency and Trustee Service Australia (ITSA) to declare himself bankrupt. On March 31, 2010, his debts were discharged.

With these exceptions, no bankruptcy information is required to be disclosed in this Item.

#### **ITEM 5**

#### **INITIAL FEES**

#### **Initial Franchise Fees**

You must pay us an initial franchise fee of \$1,000 per Vending Machine (the "**Initial Franchise Fee**"). You must purchase a minimum of 10 Vending Machines from us and pay us the Initial Franchise Fee in addition to the purchase price for the Vending Machines. We will grant you your Territory when you sign your Franchise Agreement. The Initial Franchise Fee is fully earned by us when paid and is not refundable under any circumstances.



## Primary Vending Machines

When you sign your Franchise Agreement, you will agree to purchase a minimum of 10 Vending Machines from us (the “**Primary Vending Machines**”). The purchase prices for the Primary Vending Machines (“**Purchase Price**”) are as follows:

<b>Number of Vending Machines**</b>	<b>Price per Snack Vending Machine</b>	<b>Total Purchase Price for Snack Vending Machines</b>	<b>Price per Coffee Vending Machine</b>	<b>Total Purchase Price for Coffee Vending Machines</b>
10	\$11,000	\$110,000	\$15,000	\$150,000
11 to 19	\$10,500	\$120,500 - \$204,500	\$14,500	\$164,500 – \$280,500
20 to 29	\$10,000	\$200,000 - \$290,000	\$14,000	\$294,500- \$406,500
30+	\$9,750	\$292,500	\$13,500	\$405,000

Your first 10 Snack Vending Machines will be sold to you for \$11,000 each. If you purchase between 11 to 19 Snack Vending Machines, your purchase price will be \$11,000 each for Snack Vending Machines 1 through 10 and \$10,500 each for Snack Vending Machines 11 through 19. If you purchase 20 to 29 Snack Vending Machines, your purchase price will be \$10,000 for each Snack Vending Machine. If you purchase 30 Snack Vending Machines, your purchase price will be \$9,750 for each Snack Vending Machine.

Your first 10 Coffee Vending Machines will be sold to you for \$15,000 each. If you purchase between 11 to 19 Coffee Vending Machines, your Purchase Price will be \$15,000 each for Coffee Vending Machines 1 through 10 and \$14,500 each for Coffee Vending Machines 11 through 19. If you purchase 20 to 29 Coffee Vending Machines, your Purchase Price will be \$14,000 for each Coffee Vending Machine. If you purchase 30 or more Coffee Vending Machines, your Purchase Price will be \$13,500 for each Coffee Vending Machine.

You must pay us a non-refundable deposit for the Primary Vending Machines equal to 40% of the Purchase Price when you sign your Franchise Agreement and must pay us the remaining 60% of the Purchase Price prior to the scheduled delivery date for the Primary Vending Machines. The Purchase Price is fully earned by us when paid and is not refundable under any circumstances. The Purchase Price is uniform for all franchises that we offer.

## Additional Vending Machines.

When you sign your Franchise Agreement, you may agree to purchase a number of Vending Machines in addition to the Primary Vending Machines during each calendar quarter of the term of your Franchise Agreement (the “**Additional Vending Machines**”). The number of Additional Vending Machines is determined by the size of your Territory and is listed on Exhibit F of your Franchise Agreement. The purchase price for the Additional Vending Machines will be the same price charged to you for your Primary Vending Machines.

## Location Commissions

A Site Owner will expect to receive continuing payments from you that are typically based on the amount of Monthly Gross Revenue you earn from the sale of Products from the Vending Machines (the “**Location Commissions**”). The amount of the Location Commissions is negotiated with the individual Site Owners, and must be agreed upon by you and the Site Owners before you enter into Location Agreements for your Locations, and will vary among Locations. Location Commissions will generally range from 0% to 20% of a Vending Machine’s net profits. The Location Commissions are not imposed by or payable to us, unless we pay these Site Owners directly and seek reimbursement of the Location Commissions from you.

## Opening Inventory

You must spend approximately \$2,000 to \$12,000 for the opening inventory for your Vending Machines. This amount is payable in a lump sum. We estimate that your inventory cost will be \$200 to \$400 per Vending Machine and our estimate is for the inventory required to stock 10 to 30 Vending Machines.

**Coin/Bill Float**

You must maintain a coin/bill float of approximately \$47 per Vending Machine. The estimated \$470 - \$1,410 that is disclosed in the Item 7 Chart is not a payment to us, but represents the approximate amount of cash that you must keep in each Vending Machine to provide change to customers.

**Different Fees**

We may reduce, finance, defer or waive the Initial Franchise Fee, and reduce, otherwise finance or defer the Purchase Price for the Vending Machines if and when we determine, in our sole discretion, it is warranted by a unique or compelling situation. Initial Franchise Fees paid to us in 2011 ranged from \$0 to \$30,000.

**ITEM 6**

**OTHER FEES**

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee	6% of the Monthly Gross Revenue of each Vending Machine that has 100 or more Total Weekly Transactions during any given week of a month during the term of the Franchise Agreement.	10th day of each month	<p><b>“Total Weekly Transactions”</b> means the total number of sales transactions from each Vending Machine each week.</p> <p><b>“Monthly Gross Revenue”</b> means all funds deposited into a Vending Machine during a month for the purchase of Products from the Vending Machine.</p> <p>You must pay us a Royalty Fee on the entire Monthly Gross Revenue of each Vending Machine that has 100 or more Total Weekly Transactions during any given week in a month during the term of your Franchise Agreement.</p>
Advertising Fee	\$75 per Vending Machine	First day of each calendar year	You must pay us an annual advertising fee for each Vending Machine you own that is in operation at a Location any time during the prior calendar year. The Advertising Fee will be prorated for each month a Vending Machine is in operation at a Location during the previous Calendar Year.
Remedial Training	\$1,000 per day	Upon demand	We will provide you with a Remedial Training Program if we determine it to be necessary. You will be responsible for all other expenses incurred to send your employees to the Program such as the costs for transportation, lodging, meals, training materials and any wages.
Gross-Up Fees	To be determined	Upon demand	To insure that we receive the full Royalty Fees and the full Advertising Fees to which we may be entitled, you must pay us the amount of all taxes we must pay to any governmental

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
			authority on revenue we earn or collect based upon your use of our intellectual property during each of our fiscal years during the term of your Franchise Agreement.
Interest on Late Payments	Greater of 10% or the maximum rate permitted by law	Upon demand	We may charge interest on late payments.
Additional Initial Training Program Fee	\$250 per person	Upon demand	Payable for an Initial Training Program for more than 2 trainees
Additional Training Fee	\$250 per person	Upon demand	Payable for Additional Training Courses after completion of the Initial Training Program.
Franchisee Conference Fee	\$500 per person	Upon demand	You must reimburse us for the direct costs incurred for a Franchisee Conference. You are responsible for all expenses incurred to send attendees to the Franchisee Conference.
Additional Vending Machines (includes coin mechanism, bill acceptor, graphics kits, cashless payment system, and lightbox (machine signage).	See Item 5	Per then-current terms	If you decide to purchase Additional Vending Machines, you must purchase the number of Additional Vending Machines listed on Exhibit F of your Franchise Agreement. Currently, the purchase price for each Additional Vending Machine is \$9,750 - \$15,000, depending upon the number and type of Vending Machines you purchase.
Cashless Payment Device	\$575	Upon demand	You will receive a cashless payment device with each Vending Machine without charge. You only pay for additional devices.
Dispute Resolution	Costs and attorney's fees vary	Upon determination of prevailing party	
Graphics Kits	\$350	Upon demand	You will receive a graphics kit with each Vending Machine without charge. You only pay for additional graphics kits.
Indemnification	Payment of our losses and expenses	Upon demand	
Insurance	Amount of unpaid premiums	Upon demand	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Location Commissions	0% to 20% of a Vending Machine's net profits	Monthly	Based on the Monthly Gross Revenue of the Vending Machines. Payable to Site Owners, not us.
Rejected Location Procurement Fee	\$1,000	Upon demand	If you reject a Location that satisfies the site criteria, a Rejected Location will qualify as an Approved Location for purposes of our satisfaction of our obligation to obtain Locations for the

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
			Vending Machines, you must pay us a Rejected Location Procurement Fee for a Rejected Location, and we will be entitled to an Additional Extension Period to replace a Rejected Location. You must also pay us a Rejected Location Procurement Fee if we assist you in finding Locations for Additional Vending Machines.
<b>Relocation Procurement Fee</b>	\$650 - \$1,000 per Vending Machine (does not include the Delivery Fee)	Upon demand	If you purchase right to relocate the Vending Machines when you enter into the Franchise Agreement, the Relocation Procurement Fee is \$650 per Vending Machine for up to 5 relocations and \$800 per Vending Machine for up to 3 relocations. The Relocation Procurement Fee is otherwise \$1,000 per Vending Machine.
Management Fee	\$20 per day per Vending Machine	Upon demand	Payable as reimbursement for our expenses, including compensation, travel and living expenses, while we manage Locations after we issue a notice of default to you.
Manual Replacement Fee	\$100	Upon demand	Payable if you lose or misplace manuals.
Renewal Fee – Franchise Agreement	\$5,000	When you renew the term of your Franchise Agreement	The renewal fees are in lieu of an initial franchise fee.
Sampling Event Boxes	\$50	Upon demand	
Storage Facility Lease	\$0 - \$500 per month	As agreed with lessor	You may store your inventory at your home, in your Vehicle or in a storage facility you rent.
Technical Service Fees (Outside of Warranty Period)	\$120 per hour	Upon demand	
Transfer Fee	\$5,000 plus our out of pocket costs associated with the transfer, including attorneys' fees associated with the transfer	Before transfer	Payable if you transfer/assign your Franchise.
Uniforms	\$400 - \$600	Upon Demand	You must purchase shirts, sweaters, jackets and hats for yourself and each of your employees. You will receive 3 polo shirts for one person without any additional charge.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Freight/Delivery Fee	\$120 per hour	Upon Demand	We will charge you a delivery fee to deliver or relocate your Vending Machines for you.

All fees are uniformly imposed by, and payable to, us by electronic funds transfer or other automatic payment mechanism we designate ("EFT") and are non-refundable.

ITEM 7

ESTIMATED INITIAL INVESTMENT

FRANCHISE AGREEMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 1)	\$10,000 to \$30,000	Lump sum	When you sign the Franchise Agreement	Us
Purchase Price for Vending Machines (Note 1)	\$110,000 to \$405,000	Lump sums	40% when you sign Franchise Agreement, 60% prior to delivery.	Us
Travel and Living Expenses While Training (Note 2)	\$0 to \$2,000	As incurred	During training	Airlines, hotels, restaurants
Storage Unit (Note 3)	\$0 to \$500	Monthly	As determined by lease	Lessor
Equipment (Note 4)	\$1,200 to \$10,000	Lump sum	Before opening	Vendors
Internet account (see Note 4)	\$0 - \$50	Monthly or quarterly	Before opening	Service Provider
Deposits and Other Permits and Fees (Note 5)	\$0 to \$1,000	As incurred	Before opening	Various third parties
Insurance (Note 6)	\$350 to \$3,000	Annually	Before opening	Third parties
Vehicle (Note 7)	\$0 to \$750	Monthly	Before opening	Vendor/Lessor
Customized Vehicle Graphics (Note 8)	\$0 to \$3,000	As incurred	Before opening	Vendor
Legal Fees (Note 9)	\$0 to \$1,500	As incurred	Upon demand	Third parties
Opening Inventory (Note 10)	\$2,000 to \$12,000 (\$200 to \$400 per Vending Machine)	As incurred	As incurred	Vendors or Us
Coin Float (Note 11)	\$470 to \$1,410	As incurred	As incurred	Vendors or Us

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Additional Funds – 3 months (Note 12)	\$5,000 to \$30,000	As incurred	As incurred	Various
<b>Total (Note 13)</b>	<b>\$129, 020 to \$500,210</b>			

All amounts shown in this table are estimates only. Actual costs will vary for each franchisee depending on a number of factors. We are not able to represent whether or not amounts that you may pay to third parties are refundable.

**NOTES:**

(1) The Initial Franchise Fee is fully earned by us when paid and is not refundable under any circumstances. When you sign your Franchise Agreement, you will agree to purchase a number of Vending Machines from us. You must pay us a non-refundable deposit for the Vending Machines equal to 40% of the Purchase Price when you sign your Franchise Agreement and must pay us the remaining 60% of the Purchase Price prior to the scheduled delivery date for the Vending Machines.

(2) You or your representative (if you are an entity) must attend training at either your local vending machine distributor’s office or our corporate headquarters. The expenses you will incur for travel and living expenses while training will depend on the number of persons who attend training and the distance you must travel to the training location. You must pay the travel expenses for you and for any additional trainees. (See Item 11.) The Initial Franchise Fee includes training for 2 persons. If more than 2 persons attend the Initial Training Program, an additional initial training fee of \$250 must be paid for each additional trainee.

(3) You must currently possess or obtain adequate storage space for the Products you will use to stock your Vending Machines. You may store your inventory at your home or in your Vehicle or rent a storage facility from a third party, if your storage arrangement does not violate any applicable laws, regulations, or zoning restrictions and conforms to our requirements for a storage facility. Your costs may vary considerably depending on the size, condition and Location of the leased storage facility, local building and fire code requirements and requirements of the lease. The required suppliers, approved suppliers and their distributors must approve the location designated by you for the delivery of “**Required Products**” and “**Approved Products**” (as defined in the Franchise Agreement), as applicable.

(4) This estimate covers a portable cold storage unit (which cost ranges from \$1,200 to \$3,000) for your Vehicle, a mobile telephone, computer equipment, a printer, a fax machine and a note and coin counter. (See Item 8.) You will need to obtain and maintain an Internet account to send and receive email.

(5) This estimate includes amounts for security deposits, utility deposits, business licenses, permits, health permits and other prepaid expenses.

(6) This estimate covers your cost of general liability, workers comprehensive insurance and automobile insurance premiums. See Item 8 for full requirements.

(7) Unless you already have a van or other large vehicle, you must acquire a van or other appropriate vehicle (a “**Vehicle**”) for the transportation of your inventory. The cost estimate for your Vehicle varies based on the make and model of your Vehicle, and whether you currently own, lease or purchase your Vehicle and is based upon a 36 to 60 month lease for the Vehicle.

(8) This estimate includes signs for your Vehicle which may be required by some customers to allow access to your Locations.

(9) You may be required reimburse us for legal fees incurred in preparing the documentation of your Franchise Agreement and related documents.

(10) This estimate is based on an inventory cost estimate of \$200 to \$400 per Vending Machine. All payments for inventory must be made by EFT in advance of the delivery date of the Required Products.

(11) This estimate is based on coin/bill float of approximately \$47 per Vending Machine. This is not a payment. It is cash which a franchisee must keep circulating in each Vending Machine to provide change to customers.

(12) These expenses are additional funds you may need to expend during the initial phase of the Franchised Business. They do not account for any revenues during this period of time, nor do they include expenses for any of the other categories described above. We base our estimate of these expenses on our own experience. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the Franchised Business. Your costs will depend on factors such as how closely you follow our system, methods and procedures, your skill, experience and business acumen, local economic conditions, the local market, competition and the number of customers during the initial period. Although these expenses represent our estimate of additional funds you will need for the first 3 months of operations that does not mean that you will not require additional funds during or beyond that period of time.

(13) This estimates your initial start-up expenses. You should review these figures carefully with a business advisor before making any decision to purchase the right to become a franchisee.

Except for the initial purchase of your Vending Machines (40% down/60% prior to delivery), we do not offer direct or indirect financing to franchisees.

## ITEM 8

### RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

#### Vending Machines

We provide all Vending Machines for the Locations. No Vending Machine for a Location may be purchased from any third party. You will own all Vending Machines. You have the right and the obligation to service, maintain, operate, clean and restock the Vending Machines as described in the Franchise Agreement and in the Manuals.

Maintaining the quality and uniformity of the Products offered in the Vending Machines is central to the reputation, goodwill and value of the Fresh Healthy Vending System. Therefore, you must only purchase all Products required or used by the Franchised Business from either us or from suppliers designated or approved by us. You must purchase all Coffee Products from us or from suppliers designated by us. Attached as **Exhibit F** to this Disclosure Document is a list of Required Products for your Snack Vending Machines. You must choose which Products you wish to sell in your Vending Machines from this list. You must obtain our prior written approval if you desire to sell Products in your Snack Vending Machines which are not on **Exhibit F**. We will receive rebates from some or all of the third party suppliers based upon the amount of purchased Product. These rebates will, in part, defray the costs of negotiating purchase arrangements, warehousing Products, advancing funds for Product purchases and providing you with one source for most or all of your Product needs. We may designate by brand name the Vending Machines and the Products that you must use in your Vending Machines. We may change machines, Products, and/or suppliers at any time. With the exception of your Vending Machines, there are no Products or services for which we are the sole approved supplier. Other than FHV, there are no approved suppliers in which any of our officers owns an interest.

You must keep your Vending Machines in good working order and physical condition meeting the then current standards in the Manuals, including the requirements of any suppliers of the Vending Machines or Site Owners. We will train you to repair and maintain the Vending Machines in your Territory or you may use suppliers designated or approved by us to perform maintenance and repairs to the Vending Machines. You may purchase parts for the Vending Machines from any supplier of your choice, if the parts and the workmanship

meet our standards as set out in the Manuals. You acknowledge and agree that FHV or its representative may inspect the Vending Machines, the Locations and your Vehicle at any time to ensure compliance with the Manuals and Franchise Agreement.

### **Vehicle**

If you do not already own a van or large vehicle, you must purchase or lease a Vehicle to transport the Products you will stock in your Vending Machines. Your Vehicle must meet specifications that are in the Manuals, which may include make, model, color, age and mechanical condition. Your Vehicle should have at least 143 cubic feet of storage and 6x7 feet of floor space. In addition, you must maintain the Vehicle at regular intervals in accordance with laws and regulations to reflect health and safety and insurance requirements.

### **Approval of Suppliers**

To the limited extent that you are able to use a supplier other than as designated by us, you may only use suppliers that have been approved by us. We will consider a variety of factors when designating a supplier. These factors include the financial strength and business reputation of the supplier, its ability to fill orders in a timely fashion, its standards of quality, variety, service, safety and health, its ability to supply items to a sufficient number of franchisees, adequate quality controls and protection of our proprietary information. We do not charge a fee to evaluate suppliers. We will notify you of our approval or disapproval of a proposed supplier within a reasonable time period, usually within 7 – 14 days. If we do not approve a proposed supplier within 7 – 14 days after receipt of all information and other items we request, that supplier will be deemed disapproved as a supplier of the proposed Products. If we notify you that a supplier no longer meets our standards and specifications, you must immediately stop using that supplier's Products. Our specifications for suppliers, equipment and Products are included in our Manuals or in written communications to you, which may include email, and may periodically change.

For the fiscal year ended December 31, 2011, we received \$33,998 in rebates from vendors based upon our franchisees' purchases of Required Products and leases, which is 1% of our total income for 2011 of \$2,965,410, based on our most recent audited financial statements. We credited half of our rebate income to our franchisees against their costs for Snack Products.

You may not conduct any advertising without our prior written approval. You may only display the advertising and signage approved by us periodically, in the Manuals or as we may otherwise authorize in writing.

You must own or have access to a laptop or desktop computer system loaded with commercially available software. See Item 11 for further details.

Vending Machines may only be located in Locations that we select or that have been approved by us. You may not reject any Locations we submit to you as sites for your Vending Machines unless special circumstances exist at a recommended Location. See Item 11.

You must purchase Fresh Healthy Vending stationary and uniforms from us or a supplier designated or approved by us.

We estimate that the required purchases described in this Item, including the Primary Vending Machines, represent approximately 83% - 87% of your cost to acquire the Franchised Business. We estimate that the required purchases described in this Item represent approximately 55% of your cost to operate the Franchised Business on an ongoing basis.

We have negotiated purchase agreements with suppliers of Products for the benefit of our franchisees, and anticipate that we will negotiate additional agreements with other suppliers. We do not provide material benefits to a franchisee based on a franchisee's use of designated or approved suppliers.

Presently there are no purchasing or distribution co-ops.



## Insurance

Before you begin operations, you must secure, and throughout the term of the franchise maintain, at your expense, an insurance policy or policies protecting you, FHV and each of their respective partners, affiliates, shareholders, officers, directors, agents, and employees, against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the operation of the Franchised Business including, without limitation, all vans used by the Franchised Business, as well as employer's liability and workers' compensation. All insurance policies must (i) name FHV and the other insureds as additional insureds with primary non-contributory coverage; (ii) comply with the requirements prescribed by FHV in writing at the time such policies are obtained, and provide at least the types and minimum amount of coverage in the Manuals; (iii) be primary to any insurance coverage obtained by FHV and any Site Owner; and (iv) contain a waiver by you and your insurers of subrogation rights against FHV and the other insureds. The policies must include a provision stating that they will not be canceled or materially altered without giving us at least 30 days' prior written notice. As of the date of this Disclosure Document, our insurance requirements include the following:

(a) Your insurers must have a minimum Best's Rating of A- or other comparable rating.

(b) Covered risks include: (i) public liability for not less than \$2,000,000 per occurrence; general aggregate \$4,000,000 (or such higher amount as we may from time to time by notice determine) in connection with a single claim; (ii) Product liability insurance for not less than \$2,000,000 per occurrence; general aggregate \$4,000,000 (or such higher amount as we may from time to time by notice determine) in connection with a single claim; (iii) Workers Compensation insurance in compliance with all State and local laws and regulations; and (iv) vehicle liability insurance fully comprehensive for not less than \$1,000,000 or the then current higher rate as required for specific customers or specific Locations, such as airports, or for other cases as set out in the Manuals.

## ITEM 9

### FRANCHISEE'S OBLIGATIONS

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

#### Franchise Agreement

<b>OBLIGATION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>ITEM IN DISCLOSURE DOCUMENT</b>
a. Site selection and acquisition/lease	Franchise Agreement, Section 2.1	Items 7 and 8
b. Pre-opening purchases	Franchise Agreement, Sections 5.1 and 8.1	Items 7, 8 and 11
c. Site development and other pre-opening requirements	Not Applicable	Items 7, 11 and 16
d. Initial and ongoing training	Franchise Agreement, Section 6.1	Item 11
e. Opening	Franchise Agreement, Section 5.1	Item 11
f. Fees	Franchise Agreement, Sections 4, 5.1, 18.3	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	Franchise Agreement, Sections 7, 8.1, 8.2, 8.5, 8.9	Item 11

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
h. Trademarks and proprietary information	Franchise Agreement, Sections 10, 12	Items 13 and 14
i. Restrictions on Products/services offered	Franchise Agreement, Section 8.1	Items 8 and 16
j. Warranty and customer service requirements	Franchise Agreement, Sections 8.3	Item 11
k. Territorial Development and sales quotas	Franchise Agreement, Section 8.5	Item 12 and 16
l. Ongoing Product/service purchases	Franchise Agreement, Sections 5.3, 8.1	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	Franchise Agreement, Sections 8.10, 8.11, 8.12, 8.15	Item 11
n. Insurance	Franchise Agreement, Section 9	Items 7 and 8
o. Advertising	Franchise Agreement, Section 11	Items 6, 7 and 11
p. Indemnification	Franchise Agreement, Section 16	Item 6
q. Owner's participation/management/staffing	Franchise Agreement, Section 8.6	Item 15
r. Records and reports	Franchise Agreement, Sections 8.12, 8.15	Item 6
s. Inspections and audits	Franchise Agreement, Sections 8.8, 8.17	Item 6
t. Transfer	Franchise Agreement, Section 15	Items 6 and 17
u. Renewal	Franchise Agreement, Section 3.2	Items 6 and 17
v. Post-termination obligations	Franchise Agreement, Section 14	Item 17
w. Non-competition covenants	Franchise Agreement, Section 8.6, 14.3	Item 17
x. Dispute resolution	Franchise Agreement, Section 17	Item 17
y. Security Interest	Franchise Agreement, Section 4.9	Not Applicable

### **ITEM 10**

### **FINANCING**

You must pay us a non-refundable deposit of 40% of the Purchase Price for your Vending Machines when you sign your Franchise Agreement and must pay us the remaining 60% of the Purchase Price before your Vending Machines are delivered. With this exception, we do not offer direct or indirect financing to you or

guarantee any note, lease, or obligation of yours in connection with the purchase or establishment of the Franchised Business.

## ITEM 11

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

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

#### Franchisees

Before you begin operating your Franchised Business, we will:

- (1) Designate your Territory. (**Franchise Agreement, Section 2.1 and Exhibit A**).
- (2) Sell you your Vending Machines. (**Franchise Agreement, Section 5 and Exhibit B**).
- (3) Provide you or your representative (if you are an entity) with our Initial Training Program. (**Franchise Agreement, Section 6.1**).
- (4) Obtain your Locations for you. (**Franchise Agreement, Section 2.1**).
- (5) Lend you a copy of, or provide access to, the Manuals for operating the Franchised Business. The Manuals contain our standard operational procedures, policies, rules and regulations with which you must comply. We will allow you to review our Manuals before you sign your Franchise Agreement. (**Franchise Agreement, Section 7**). Before reviewing our Manuals, you must sign a Confidentiality Agreement in the form attached as **Exhibit D**. Our Manuals contain approximately 168 pages.
- (6) Sell you Required Products. (**Franchise Agreement, Section 8.1**). A list of the current Required Products is attached to this Disclosure Document as **Exhibit F**, and is subject to change. We reserve the right to accept or reject, in whole or in part, any order you place.

During the operation of your Franchised Business, we may:

- (1) Require you or your representative (if you are an entity) to attend refresher and additional training courses described in greater detail later in this Item. (**Franchise Agreement, Section 6.2**).
- (2) Provide you with revisions and updates to our Manuals. (**Franchise Agreement, Section 7**).
- (3) Provide additional training programs and support services as we deem appropriate. (**Franchise Agreement, Section 6.2**).
- (4) Periodically modify the Approved Products and sources for those Products. (**Franchise Agreement, Section 8.1**).
- (5) Periodically modify your obligations under the Franchise Agreement including the adoption of new or modified Marks, services, equipment and new techniques. (**Franchise Agreement, Section 8.7, 12.4**).
- (6) Review your advertising materials and approve or disapprove them for your use. (**Franchise Agreement, Section 11**).
- (7) Inspect your Vending Machines, your Vehicle, and storage facility, at any time it is open for business or at any other reasonable time to check on the condition and operation for compliance with the Franchise Agreement and require that franchisee comply with any other applicable laws, regulations or zoning restrictions. (**Franchise Agreement, Sections 8.6, 8.16**).
- (8) Sell you Required Products. (**Franchise Agreement, Section 8.1**).

## **Advertising Fund**

You must pay a \$75 Advertising Fee to the Advertising Fund on January 1 of each year for each Vending Machine that you own that was in operation at a Location any time during the prior calendar year. The Advertising Fee for each Vending Machine will be prorated for Vending Machines that are not in operation for the full previous calendar year.

The Advertising Fund will be maintained and administered by us and will be used to meet any and all costs of maintaining, administering, directing, conducting and developing the preparation of advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System. We may select an affiliate, or a third party, in our sole discretion, to maintain and administer the Advertising Fund at any time. We are not obligated to make expenditures for you which are equivalent or proportionate to your Advertising Fund contributions, or to ensure that any particular franchisee benefits directly or pro rata from the advertising or promotion conducted under the Advertising Fund. All payments to the Advertising Fund will be maintained in a separate account and will not be used to defray any expenses of ours, except for our reasonable costs and overhead, if any, that we may incur each year reasonably related to the administration or direction of the Advertising Fund and advertising programs. We will maintain separate bookkeeping accounts for the Advertising Fund. Any unused monies in the Advertising Fund at the end of a year may be used in the next year. A statement of the operations of the Advertising Fund will be furnished to you upon your written request. We will contribute up to 1% of our royalty revenue to the Advertising Fund. (**Franchise Agreement, Section 11.1**).

## **Computer System and Equipment**

You must own or have access to a laptop or desktop computer system loaded with commercially available software. Our current requirements are that the computer system be equipped with Ethernet and USB ports and must support a functioning e-mail program and address (**Franchise Agreement, Section 8.11**). High speed internet access is recommended. The approximate cost to purchase or lease this type of computer system is between \$300 and \$1,000. You must also own a mobile telephone with SMS capacity. The estimated cost to purchase or lease this equipment is approximately \$30 to \$40. You must pay for ongoing maintenance and repairs to this equipment, as well as any upgrades or updates we require. (**Franchise Agreement, Section 8.11**). We estimate that the current annual cost to do so is approximately \$250 to \$500. We are not required to assist you with buying this equipment. We may transmit updates of the Manuals and policies and procedures via email or through a website portal. (**Franchise Agreement, Section 7**).

All Vending Machines will feature remote reporting systems that we must approve. You must provide us with direct and uninterrupted access to your Vending Machines' reporting systems, computer systems and the files stored in your Vending Machines at all times and via any means we specify. You must not interfere in any way, or turn off or disable the remote reporting system at any time. (**Franchise Agreement, Section 8.12**).

## **Site Selection**

In most cases, we will obtain your Locations for you. We do not own or lease the Location sites. If you reject a location for a Vending Machine that satisfies the site criteria set forth in the Manuals (a "**Rejected Location**"), a Rejected Location will qualify as an Approved Location for purposes of our satisfaction of our obligation to obtain Locations for the Vending Machines, you must pay us a Rejected Location Procurement Fee for a Rejected Location, and we will be entitled to an Additional Extension Period to replace a Rejected Location.

You may suggest Locations for your Vending Machines, but must not enter into any Location Agreements with Site Owners without our prior written approval of the Locations. (**Franchise Agreement, Section 2.1.2**). We will approve or disapprove your suggested Locations within a reasonable time period after our receipt of all required information necessary for us to assess your suggested Locations. All Vending Machines must remain at the Locations that we have obtained or approved. Our approval of a new proposed Location will depend on whether the Location meets our specifications, including the zoning of the Location of any Vending Machine, demographic information about the surrounding area, traffic patterns, and visibility of and access to the Vending Machine. (**Franchise Agreement, Section 5.2**). Your Locations are also subject to the approval of our required suppliers of Products. You must fulfill your obligations under the Location

Agreements with the Site Owners. (**Franchise Agreement, Section 2.1.3**). We and the Site Owner may also designate an alternate Location or additional Locations for one or more of your Vending Machines. (**Franchise Agreement, Sections 5.2 and 5.3**).

Recommended Locations include the following:

- Schools (Elementary, Middle, High) with a minimum 150 students
- Colleges, Universities with a minimum 150 students
- Trade Schools with a minimum 150 students
- Corporate Business with a minimum of 200 white collar employees
- Shopping Malls
- Hospitals and Medical Facilities (with a minimum of 200 beds)
- Health Clubs with a minimum of 200 visitors or members per day
- Gymnastics Centers, Dance Studios (with a minimum 150 students/visitors/members)
- YMCA's/Boys and Girls Clubs (with a minimum of 200 visitors per day)
- Government Departments/Institutions with a minimum 200 employees
- Municipalities/Park Districts/Community Centers (with a minimum of 200 visitors per day)
- High foot traffic retail locations
- Large residential apartment complexes and condominiums (with a minimum of 300 residents)
- Hotel/motel chains (with a minimum of 200 rooms)
- Museums and libraries with over 200 visitors per day
- Military bases
- Retirement homes with over 300 tenants

We anticipate that your business will be completely handed over to you approximately 90 – 180 days after you sign the Franchise Agreement and after you have provided proof of insurance as required under the Franchise Agreement. (**Franchise Agreement, Section 5.1**). We will deliver and install the Primary Vending Machines within (i) 90 -120 days after you sign the Franchise Agreement if you purchase 10 Primary Vending Machines, (ii) 121 – 150 days after you sign the Franchise Agreement if you purchase 11 - 20 Primary Vending Machines, and (iii) 151 - 180 days after you sign the Franchise Agreement if you purchase 21 - 30 Primary Vending Machines. After you sign the Franchise Agreement, you will attend our Initial Training Program. (**Franchise Agreement, Section 6.1**). The factors that affect the time between the signing of the Franchise Agreement and the complete hand-over of all Vending Machines and Locations are delays in obtaining the Vending Machines, any necessary licenses and permits; your obtaining a suitable storage facility; completing the training, hiring and training support staff; installation of equipment and signs; and your ability to adequately service the Franchised Business. You may begin operating your Franchised Business only after we give our written approval for you to do so. (**Franchise Agreement, Section 5.1**).

If you decided to purchase Additional Vending Machines from us, you must purchase the number of Additional Vending Machines as listed on Exhibit F of your Franchise Agreement. (**Franchise Agreement, Section 5.3**). We will generally select the Locations for your Additional Vending Machines (**Franchise Agreement, Section 2.1.2**) and install the Additional Vending Machines within 90 days after you order the Additional Vending Machines. (**Franchise Agreement, Section 5.5**). We may extend the date for the delivery of your Primary Vending Machines and your Additional Vending Machines by 60 days and any additional extension period authorized under the Franchise Agreement. (**Franchise Agreement, Sections 5.2 and 5.5**).

You will not be entitled to any damages nor will you be entitled to terminate your Franchise Agreement if we fail to secure Locations for your Primary Vending Machines within 90 days after you sign the Franchise Agreement or within our 60 day extension period, and any additional extension period we have, if we have made reasonable efforts to secure Locations for the Primary Vending Machines within those time periods.

## **Training**

Our Initial Training Program will last approximately 2 - 3 days. You or your representative (if you are an entity) will generally attend the Initial Training Program at a time we designate at either your local vending machine distributor's office or our corporate headquarters. (**Franchise Agreement, Section 6.1**). If either you or your representative does not, in our judgment, successfully complete the training course, we may terminate the Franchise Agreement. (**Franchise Agreement, Section 13.1 (14)**). You will receive no compensation or

reimbursement for services or expenses for your participation in training. You must pay for all of the expenses of your personnel and you to attend any training program, including travel, lodging, car rentals, meals and the wages of any person attending training. (**Franchise Agreement, Section 6.5**). The Initial Franchise Fee includes training for 2 persons. (**Franchise Agreement, Section 6.1**). Any additional attendee of the Initial Training Program will pay Franchisor an Additional Initial Training Program Fee of \$250 per person. (**Franchise Agreement, Section 6.1, Exhibit B**). We generally hold our Initial Training Program on an as needed basis, but no less than 5 – 6 times a year.

Our current Initial Training Program, which may be periodically changed, is as follows:

**INITIAL TRAINING PROGRAM**

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON THE JOB TRAINING</b>	<b>LOCATION</b>
<b>Introduction to Fresh Healthy Vending</b>	¼	None	Our Corporate Office, currently located in San Diego, California.
<b>Class Preview</b>	½	None	Our Corporate Office, currently located in San Diego, California.
<b>Introduction to Fresh Healthy Vending Products</b>	1	None	Our Corporate Office, currently located in San Diego, California.
<b>Product Ordering</b>	1	None	Our Corporate Office, currently located in San Diego, California.
<b>Machine Theory and Functionality</b>	1	None	Our Corporate Office currently located in San Diego, California.
<b>Coin and Bill Operation</b>	1	None	Our Corporate Office, currently located in San Diego, California.
<b>E-Port Overview</b>	½	None	Our Corporate Office, currently located in San Diego, California.
<b>Guided Practice Machine Set-Up</b>	1 ½	None	Our Corporate Office, currently located in San Diego, California.
<b>Business System – Quickbooks for Vending</b>	1 ½	None	Our Corporate Office, currently located in San Diego, California.
<b>Location Training</b>			
Your Role as a Franchisee	1/3	None	Our Corporate Office, currently located in San Diego, California.
How to Conduct a Location Interview	½	None	Our Corporate Office, currently located in San Diego, California.
Hosting Product Sampling Events	1/3	None	Our Corporate Office, currently located in San Diego, California.
Building Relationships with Potential Locations in Your Area	½	None	Our Corporate Office, currently located in San Diego, California.
Generating Press / Conducting Interviews	¼	None	Our Corporate Office, currently located in San Diego, California.

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
School Nutrition and Guidelines	½	None	Our Corporate Office, currently located in San Diego, California
Corporate Wellness Initiatives	1/3	None	Our Corporate Office, currently located in San Diego, California
General Sales and Marketing Tips	¼	None	Our Corporate Office, currently located in San Diego, California
<b>Vehicle Care/Usage</b>	1 ½	None	Our Corporate Office, currently located in San Diego, California
<b>Exit Interview/Quiz</b>	½	None	Our Corporate Office, currently located in San Diego, California
<b>TOTAL</b>	<b>13¼</b>		

Daniel W. Negroni and Maria Truong will supervise the training program. Our instructors have between 4 and 26 years of experience relevant to the subjects taught.

You must complete your initial training at least 10 days before you begin operation of the Franchised Business.

Our primary instructional materials consist of our Manuals and vending menus and discussions. We may also require your representative (if you are an entity) and you to attend refresher courses and additional training courses, and may charge a fee for this. (**Franchise Agreement, Section 6.2**). You will also have to pay all of your and your representative’s expenses to attend any refresher or additional training course. (**Franchise Agreement, Section 6.1.**)

**Remedial Training**

We will provide you with a remedial training program if we determine that it is necessary. You must pay us \$1,000 per attendee per day to cover our expenses for training materials, travel expenses and facility expenses for the remedial training program, whether or not you attend the remedial training program. (**Franchise Agreement, Section 6.2**).

**Additional Training**

We may require you and/or your representative to attend additional training courses, or similar continuing education related to the Franchised Business. You must pay us \$250 per person to cover our expenses for training materials, travel expenses and facility expenses for the additional training courses. We may require you to attend webinars at no charge. (**Franchise Agreement, Section 6.3**).

**Franchisee Conference**

We may periodically hold a Franchisee Conference for all Fresh Healthy Vending franchisees. You pay us \$500 per person to cover our expenses for training materials, travel expenses and facility expenses for the Franchisee Conference. (**Franchise Agreement, Section 6.4**).

**Travel, Lodging and Other Expenses**

You are responsible for all expenses incurred in connection with attending the Initial Training Program, remedial training program, additional training courses and each Franchisee Conference, including the costs of transportation, lodging, meals, training programs and materials and all wages payable to your employees. (**Franchise Agreement, Section 6.5**).

## ITEM 12

### TERRITORY

#### Franchisees

You are granted a non-exclusive right to operate your Vending Machines at the Locations within your Territory. Your Territory will be established when you sign your Franchise Agreement. Your Territory will be described on Exhibit A to the Franchise Agreement, and will be determined based on several factors, including zip codes, population density and demographics. The population density of your Territory will depend on the number of sites in your Territory that satisfy the site criteria set forth in the Manuals and may range from a population of 5,000 to 750,000 people. The geographic size of your Territory will also vary and will depend on the Locations of your Vending Machines and the population density in your Territory. We may grant you an exclusive Territory, in our discretion, based on multiple factors, including the number of Vending Machines you purchase, the number of square miles in your Territory, the Locations of your Vending Machines and the population density and demographics in your Territory. If you purchase 20 or more Vending Machines, you will qualify, but will not be automatically eligible, for an exclusive Territory. If you purchase 20 or more Vending Machines, we will still consider other factors in deciding whether or not to grant you an exclusive Territory. You may face competition from other franchisees, from outlets that we may own, and from other channels of distribution or competitive brands that we may control.

We expressly reserve the exclusive, unrestricted right, directly and indirectly: (i) to own, acquire, establish, and/or operate, and license others to establish and operate, Fresh Healthy Vending businesses and vending machines at any location within and outside of the Territory, if you have not been granted exclusive rights in the Territory; (ii) to own, acquire, establish and/or operate, and license others to establish and operate, businesses under other proprietary marks or other systems, whether such businesses are the same, similar, or different from the Franchised Business, at any location, whether inside or outside of the Territory, except that we will not install any vending machines using the Marks or other proprietary marks in your Location; (iii) to license others to sell or distribute any Products or services which bear any proprietary marks, including the Marks, at any designated location, whether inside or outside of the Territory; (iv) to produce, license, distribute and market Fresh Healthy Vending branded Products, clothing, souvenirs, and novelty items through any outlet (regardless of its proximity to the Franchised Business) including grocery stores, supermarkets and convenience stores and through any distribution channel, at wholesale or retail, including by means of the Internet, mail order catalogs, direct mail advertising and other distribution methods; (v) to own, acquire, establish and/or operate and grant others the right to develop, own, operate and issue franchises and licenses to others to develop, own and operate other methods and channels of distribution under different marks and branding or utilizing the Marks and the System, including toll-free telephone numbers, domain names, URLs, on-line computer networks and services, the Internet, kiosks, carts, concessions, satellite units, other mobile, remote, limited service or non-permanent facilities or other retail operations as a part of larger retail venues such as department stores, supermarkets, shopping malls or in public areas such as amusement parks, airports, train stations, public facilities, college and school campuses, arenas, stadiums, hospitals, office buildings, convention centers, airline terminals and military bases; (vi) to install additional Vending Machines at a Location within our outside of the Territory if you are unable or unwilling to satisfy a Site Owner's request to do so; and (vii) to own, acquire, establish and/or operate, and license others to own, acquire, establish and operate, a Coffee Vending Machine business at any location within or outside of the Territory even if you operate a Snack Vending Machine in the Territory, and to own, acquire establish, and/or operate, and license others to own, acquire, establish and operate, a Snack Vending Machine business at any location within or outside of the Territory even if you operate a Coffee Vending Machine business in the Territory. We are not required to pay you any compensation if we exercise any of these rights.

You may relocate the Vending Machines only with our prior approval of the Locations for the relocated Vending Machines. You must move all relocated Vending Machines at your own expense. We will secure and approve Locations for your relocated Vending Machines within 60 days after we consent to the relocation of your Vending Machines. We may extend the date for relocating your Vending Machines by 60 days.

Other than as described above, you have no rights of first refusal or similar rights to acquire additional franchises or Territory.



You may solicit business outside of your Territory. There are no restrictions on your or our right to solicit or accept business and you and we are free to advertise or solicit business from any area desired, subject to the general controls on advertising contained in the Franchise Agreement.

If you fail to purchase the required number of Additional Vending Machines during any calendar quarter during the term of your Franchise Agreement, we have the right to terminate any exclusive rights that you may have in your Territory on 30 days prior written notice. If we terminate your exclusive rights in the Territory, you may continue to operate your Vending Machines in the Territory and may continue to purchase Products from our suppliers; however, we will have the absolute right to grant unlimited rights for the operation of Vending Machines in the Territory to other Fresh Healthy Vending franchisees.

If we terminate your Franchise Agreement, must stop buying Products from our suppliers. You must also remove all Marks and graphics from your Vending Machines and Vehicle. You may not install Vending Machines or place Vending Machines into service within or outside of your Territory without our prior approval.

Currently, there are no other circumstances that permit us to modify your rights in your Territory.

**ITEM 13**

**TRADEMARKS**

As a Franchisee, you are licensed to use and display the trade name Fresh Healthy Vending, the Marks using it, and the trademark Fresh Healthy Vending for the duration of the Franchise Agreement only for the operation of the Franchised Business. You may not license or sublicense any trademarks, service marks, trade names, logotypes or commercial symbols owned by us, or our affiliates. We may require you to use this name with other words or symbols. We may also permit you to use other trademarks owned or licensed by us in the operation of your Franchised Business. By Marks, we mean trade names, trademarks, service marks, logos and other commercial symbols used to identify your Franchised Business. We have registered the following trademark on the Supplemental Register of the United States Patent and Trademark Office (“USPTO”):

TRADEMARK	REGISTRATION/SERIAL NUMBER	REGISTRATION/FILING DATE
Fresh Healthy Vending	3963761	May 17, 2011

Affidavits of use and incontestability will be filed as they become due at the time specified by law.

We do not have a federal registration of the mark “Fresh Healthy Vending Café”. We are currently in the process of registering this trademark but we have not filed a trademark application or “intent to use” application for this trademark as of the date of this Disclosure Document. Therefore, this trademark does not have many legal benefits and rights as a federally registered trademark.

If our right to use the trademarks are challenged, you may have to change to an alternative trademark, which may increase your expenses. You must follow our rules when you use these trademarks. You cannot use any of our trademarks as part of your corporate, partnership, limited liability company or other entity name or with modifying words, terms, designs or symbols. You may not use our trademarks for the sale of an unauthorized Product or service or in a manner not authorized in writing by us.

We are not aware of any currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition or cancellation or any pending material litigation involving the principal trademarks. There are no agreements currently in effect that significantly limit our rights to use or license the use of the principal trademarks that are material to the franchise, nor are there any prior superior rights or infringing uses actually known to us that could materially affect your use of the licensed trade name, trademarks, or service marks. However, we have not conducted an exhaustive search of users of names which may be the same or similar to our Marks and we may not be able to prevent their continued use of these words, particularly in cases where their use predates our federal trademark and service mark registrations. There may be similar uses to our Marks

of which we are unaware, which could arise from prior users. No agreements limit our right to use or license the use of our trademarks.

You do not acquire any ownership of these trademarks or any right to goodwill attributed to them. You acknowledge that we own these trademarks and that they are valid trademarks. You may not challenge our ownership of the trademarks or to assist anyone else in doing so. You also may not challenge our right to use and license the use of the trademarks or to assist anyone else in doing so. You also may not acquire any similar or identical trademarks.

You must use the trade name Fresh Healthy Vending or Fresh Healthy Vending Café without any suffix or prefix attached to it to identify the Franchised Business. You are prohibited from using our tradename or Marks as part of any corporate name or using the Fresh Healthy Vending or Fresh Healthy Vending Café trade name with any prefix, suffix or other modifying words, terms, designs, or symbols. You must promptly notify us if you learn about an infringement of the Marks or a challenge to your use of them. We may take the action we decide is appropriate to protect and defend the Marks and the System. If we institute litigation or elect to defend an action, you must cooperate in any action if requested by us.

We may, but are not obligated by the Franchise Agreement to participate in your defense in any administrative or judicial proceeding involving our trade name or Marks, or to indemnify you for costs and expenses you incur if you are a party in any action or proceeding involving our trade name or Marks. We have the sole right, but no obligation, to control any litigation involving our trade name or Marks and to compromise or settle any claim, in our discretion, at our sole cost and expense, using attorneys of our own choosing, and you must cooperate fully in defending any claim and you may participate, at your own expense, in the defense or settlement. You may not make any demand against any alleged infringer, prosecute any claim or settle or compromise any claim by a third party without our prior written consent. You agree in the Franchise Agreement not to contest, directly or indirectly, our ownership, right, title or interest in our trade names or Marks, or contest the sole right of to register, use, or license others to use those names and Marks.

Periodically, in the Manuals or in directives or supplemental bulletins, we may add to, delete, or modify any or all of the Marks.

You must modify, replace or discontinue the use of a trademark if we so require. You must pay for your costs of compliance (e.g., changing signs, destroying or recalling advertising and promotional items).

#### ITEM 14

### PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent, but you can use the proprietary information we provide to you periodically for the operation of your Franchised Business including our operations manual and other written materials. Although we have not filed an application for copyright registration, do not currently have any pending patent applications, and do not currently own any rights in, or licenses to patents or copyrights that are material to the franchise, we claim copyright protection for the operating manuals, artistic designs, word combinations and other materials which we license you to use, other proprietary information and publications we own or have acquired under license from a third party, and everything concerning operating procedures. All of this is our proprietary intellectual property.

There are no infringing uses actually known to us that could materially affect your use of the copyrights, trade secrets, processes, methods, procedures, or other proprietary information described above. There are no agreements currently in effect that limit our rights to use or license the above-mentioned copyrights in any manner.

You must notify us if you learn about an infringement of or challenge to your use of these copyrighted materials. We may take the action we believe appropriate if a third party is infringing on any of our copyrights.

We will provide you with information that is confidential, proprietary, and a trade secret. Examples of this type of information include knowledge of the system and the technology, concepts or results relating to new vending technology, sources and suppliers of equipment, suitable sites for Vending Machines and, in

general, methods, Location service agreements, techniques, formulas, formats, specifications, standards, procedures, know-how, information systems, forms of agreement and actual agreements such as those providing for Locations of Vending Machines, and the entire contents of the Manuals. You must maintain the absolute confidentiality of all such information during and after the term of the Franchise Agreement. You also must not use any such information in any other business or in any manner not specifically authorized or approved in writing by us, or make copies of such information, or divulge such information to any other person except as permitted by us. You must obtain a confidentiality agreement (in a form provided by us, which form, among other provisions, will designate us as a third-party beneficiary of such covenants with the independent right to enforce them) from any other person involved in your Franchised Business who will have access to any confidential information or trade secrets.

#### **ITEM 15**

##### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

You must directly supervise the operation of your Franchised Business on a full-time basis. If you are a corporation or other entity, an owner must directly supervise the business. We must approve any person employed by you to perform any of your obligations to us or to your customers, and we may require you to have such person complete our initial training program at your expense.

If you are a corporation or other entity, we may require all of your owners to sign a guaranty. We may also require any person involved in assisting you to fulfill your obligations under the Franchise Agreement who will have access to any of our confidential information or trade secrets to sign a confidentiality agreement in a form acceptable to us. Your officers, directors, executives, members, managers, shareholders, partners, employees and owners must sign a non-competition agreement in a form acceptable to us.

You are not required to grant an equity interest to any employee or manager.

#### **ITEM 16**

##### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer and sell only those Products we specify or approve. You may not offer any Products that are not approved by us without first obtaining our written consent. You must only use the Vending Machines we sell you and only at Locations we select or approve. You must discontinue selling any Products that we at any time advise you are disapproved. You may not use alternative channels of distribution to solicit or fill orders for Vending Machines (See Item 12). We may make changes at any time to the Products you must sell. Some changes may require you to purchase new equipment in order to sell the new items. You must offer Approved Products in the manner we require. For a description of your restrictions on Products and suppliers, see Item 8 of this Disclosure Document.

If you have an exclusive Territory, your failure to purchase the agreed upon number of Additional Vending Machines may result in the loss of exclusivity in your Territory (see Item 12).

Because the relationships with Site Owners are so important, if we receive two or more (oral or written) complaints in any 12 month period about your insufficient service, whether from the Site Owner or from any representative of ours, we may discontinue your Vending Machine operations at that Location. Thereafter, we may service the Location directly or permit another franchisee to do so and may do so without compensation to you and without obligation to provide a replacement Location to you.

Except as described above and in Item 8, you are not restricted by the Franchise Agreement or any company practice or custom with respect to the Products or services which you may offer or sell or with respect to the customers to whom you may sell.

**ITEM 17**

**RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

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

**FRANCHISE AGREEMENT**

<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
a. Length of the franchise term	Section 3.1	10 years
b. Renewal or extension of the term	Section 3.2	One 5-year renewal term.
c. Requirements for franchisee to renew or extend	Section 3.2	Upon renewing, sign the then-current Franchise Agreement, be in good standing, provide prior notice, pay the \$5,000 renewal fee sign a general release and sign documents within 15 business days of the date we send them to you. We may decline to renew your franchise if we have discontinued offering new or renewal franchises in the state where your Vending Machines are located, subject to conditions. You may be asked to sign a Franchise Agreement that contains terms and conditions materially different from those in your previous Franchise Agreement.
d. Termination by franchisee	13.6	Only if we default and fail to cure within 90 days.
e. Termination by franchisor without cause	None	Not Applicable.
f. Termination by franchisor with cause	Section 13	We can terminate if you default or if events described in (g) and (h) below occur.
g. "Cause" defined – curable defaults	Section 13.2	You have 10 days to cure any default, other than those described in (h) below.
h. "Cause" defined – non-curable defaults	Section 8.4, 13.1, 18.17	Non-curable defaults by you: insolvency, assignment for creditors, bankruptcy; material misrepresentation or omission in application or report; felony convictions or involvement in conduct that reflects unfavorably on us; violation of transfer restrictions; breach of other agreement; unauthorized use of Marks or trade secrets; receipt of 2 or more notices of default in any 12 month period; failure to comply with federal, state or local regulations; suspension of or termination of any license or permit; understatement of any payment to us by 1% or more or understatement of any such payment in any amount twice in any 2 year period or failure to provide proper access to the Vending Machine statistics at any time; failure to provide us with written notice of any change of your contact information within 5 days of any such change, or failure to respond to any written request from us within the time period demanded by us in any such request; relocation of any Vending Machines without our prior written consent; continued

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		violation of any health, safety or sanitation law that presents a health or safety hazard to customers or the public; failure to stock, service or operate at least 75% of your Vending Machines for 5 consecutive days; your Vehicle is repossessed; you engage in an activity that conflicts with your obligations under the Franchise Agreement; failure to pay any amounts owed to us within 10 days after notice; failure to successfully complete the initial training program; loss of the right to service any Vending Customer due to failure to make any payment to a 3 <sup>rd</sup> party; or our receipt of 5 complaints in any 12-month period about your service, or if a Vending Customer requests that you cease providing services to any Location for cause; failure, for 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation, including Anti-Terrorism laws, and others.
i. Franchisee's obligations on termination/non-renewal	Section 14	Obligations include: pay all amounts owed to FHV; cease purchasing Products from our suppliers and cease identifying yourself as affiliated with FHV, cease using Marks, trade secrets, technology and return the Manuals, remove all Marks from the Vending Machines and your Vehicle, and cancel all fictitious or assumed names relating to the Marks; comply with any other requirements in the Manuals; and others (see (r) below). If you commit a default under the Franchise Agreement prior to the installation of any Vending Machines, we may terminate the Franchise Agreement and retain your deposit.
j. Assignment of contract by franchisor	Section 15.1	No restriction on our right to assign.
k. "Transfer" by franchisee—definition	Section 15.2	Includes transfer of rights under Franchise Agreement, transfer of your Franchised Business or its assets, and transfer of equity or interest in you.
l. Franchisor approval of transfer by franchisee	Section 15.2	We must approve any assignment or transfer.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
m. Conditions for franchisor approval of transfer	Section 15.2	You must give us prior written notice describing the terms of the transfer at least 60 days in advance of the proposed Transfer; you must be in good standing; the sale and purchase agreement between the parties must not damage the goodwill of the System, proposed transferee must meet our standards; you and your principals must sign a general release of us; proposed transferee must obtain all requisite licenses and consents; proposed transferee must sign the then-current form of Franchise Agreement and guaranty; proposed transferee must expressly assume your obligations under the Franchise Agreement in writing; pay a transfer fee of \$5,000; the proposed transferee or the individual designated by the proposed transferee to manage the day-to-day operations of your Franchised Business must successfully complete a training program and others.
n. Franchisor's right of first refusal to acquire your business	Section 15.3	We can match any offer for a proposed transfer.
o. Franchisor's option to purchase your business	None	Not Applicable.
p. Death or disability of franchisee	Section 15.4	Within 6 months after death or proven disability, heirs or legal representatives may take over or assign to a third party the interest of the disabled or deceased person, subject to the transferee's satisfaction of the prerequisites for approving other assignees, as described in (m) above.
q. Non-competition covenants during the term of the franchise	Section 8.6	You may not engage in any business or activity that will conflict with your obligations under the Franchise Agreement, including involvement in a business engaged in vending or office refreshment services.
r. Non-competition covenants after the franchise is terminated or expires	Section 14.3	Non-competition obligations continue for 2 years after the Franchise Agreement terminates, expires or is assigned, you may not advise, operate, engage in, or have any interest or relationship with a business which provides vending services at any site which is within 25 miles of any Location.  If you violate the post-term covenant not to compete, you must pay us, throughout the 2 year period following the termination, transfer, or expiration of your Franchise Agreement, 5% of the gross revenue of any business which provides vending services at any site within 25 miles of any Location.
s. Modification of the agreement	Sections 7, 18.4, 18.9	Generally, no modifications except in writing signed by both parties, the System and the operations manual are subject to change; a court may also modify an unenforceable provision to the extent necessary to make it enforceable.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
t. Integration/merger clause	Section 18.6	Only the terms of the Franchise Agreement and any addendum are binding. Any representations or promises outside of the Disclosure Document and the Franchise Agreement may not be enforceable.
u. Dispute resolution	Section 17.4, 17.5	Most disputes between the parties will first be submitted to good faith discussions, then mediation; waiver of jury trial; recovery limited to actual damages sustained.
v. Choice of forum	Section 17.2	California, in the county in which Franchisor's principal place of business is located, which is currently San Diego, California.
w. Choice of law	Section 17.1	California law applies, except the Lanham Act will also apply to provisions concerning trademarks, trade names, service marks, slogans, copyrights, designs, emblems, logos, trade dress, trade secrets and commercial symbols.

**APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT C ATTACHED TO THIS DISCLOSURE DOCUMENT.**

**ITEM 18**

**PUBLIC FIGURES**

We do not use any public figure to promote its franchises.

**ITEM 19**

**FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of franchises. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing franchise, however, we may provide you with the actual records of that franchise. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our Chief Executive Officer, Jolly Backer, at 9605 Scranton Road, Suite 350, San Diego, California 92121, telephone (858) 210-4200, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1  
SYSTEM-WIDE OUTLET SUMMARY  
FOR YEARS 2009 TO 2011

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR*	OUTLETS AT THE END OF THE YEAR*	NET CHANGE (+ or -)
Franchised	2009	0	0	0
	2010	0	72**	+72**
	2011	72	645	+573
Company Owned	2009	0	0	0
	2010	0	0	0
	2011	0	30	+30
Total Outlets	2009	0	0	0
	2010	0	72**	+72**
	2011	72	675	+603

\*"Outlets" means Vending Machines.

\*\* Two of these franchises were sold in Maryland in 2010, but opened in 2011.

TABLE NO. 2  
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS  
(OTHER THAN FRANCHISOR OR AN AFFILIATE)  
FOR YEARS 2009 TO 2011

STATE	YEAR	NUMBER OF TRANSFERS
Louisiana	2009	0
	2010	0
	2011	1
Total Outlets	2009	0
	2010	0
	2011	1



**TABLE NO. 3  
STATUS OF FRANCHISED OUTLETS  
FOR YEARS 2009 TO 2011**

STATE	YEAR	OUTLETS AT START OF YEAR*	OUTLETS OPENED*	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS - OTHER REASONS	OUTLETS AT END OF THE YEAR*
<b>Alabama</b>								
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	10	0	0	0	0	10
<b>Arkansas</b>								
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	10	0	0	0	0	10
<b>Arizona</b>								
	2009	0	0	0	0	0	0	0
	2010	0	5	0	0	0	0	5
	2011	5	21	0	0	0	0	26
<b>California</b>								
	2009	0	0	0	0	0	0	0
	2010	0	3	0	0	0	0	3
	2011	3	49	0	0	0	5	47
<b>Colorado</b>								
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	12	0	0	0	0	12
<b>Connecticut</b>								
	2009	0	0	0	0	0	0	0
	2010	0	4	0	0	0	0	4
	2011	4	21	0	0	0	5	20
<b>Florida</b>								
	2009	0	0	0	0	0	0	0
	2010	0	10	0	0	0	0	10
	2011	10	26	12	0	0	0	24
<b>Georgia</b>								
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	22	0	0	0	0	22

<b>Illinois</b>								
	2009	0	0	0	0	0	0	0
	2010	0	9	0	0	0	0	9
	2011	9	12	0	0	0	0	21
<b>Kansas</b>								
	2009	0	0	0	0	0	0	0
	2010	0	10	0	0	0	0	10
	2011	10	10	0	0	0	10	10
<b>Kentucky</b>								
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	20	0	0	0	0	20
<b>Louisiana</b>								
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	40	0	0	0	0	40
<b>Massachusetts</b>								
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	26	0	0	0	0	26
<b>Maryland</b>								
	2009	0	0	0	0	0	0	0
	2010	0	2**	0	0	0	0	2**
	2011	2	22	0	0	0	0	24
<b>Michigan</b>								
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	5	0	0	0	0	5
<b>Missouri</b>								
	2009	0	0	0	0	0	0	0
	2010	0	3	0	0	0	1	2
	2011	2	8	0	0	0	0	10
<b>Montana</b>								
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	25	0	0	0	0	25
<b>North Carolina</b>								
	2009	0	0	0	0	0	0	0
	2010	0	5	0	0	0	0	5
	2011	5	25	0	0	0	0	30

<b>New Jersey</b>								
	2009	0	0	0	0	0	0	0
	2010	0	10	0	0	0	0	10
	2011	10	24	0	0	0	0	34
<b>Nevada</b>								
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	16	0	0	0	0	16
<b>New York</b>								
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	17	0	0	0	0	17
<b>Ohio</b>								
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	10	0	0	0	0	10
<b>Oklahoma</b>								
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	36	0	0	0	0	36
<b>Oregon</b>								
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	10	0	0	0	0	10
<b>Pennsylvania</b>								
	2009	0	0	0	0	0	0	0
	2010	0	5	0	0	0	0	5
	2011	5	0	5	0	0	0	0
<b>Tennessee</b>								
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	22	0	0	0	0	22
<b>Texas</b>								
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	58	0	0	0	0	58
<b>Vermont</b>								
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	28	0	0	0	0	28

<b>Virginia</b>								
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	10	0	0	0	0	10
<b>Washington</b>								
	2009	0	0	0	0	0	0	0
	2010	0	9	0	0	0	0	9
	2011	9	2	0	0	0	0	11
<b>Canada</b>								
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	10	0	0	0	0	10
<b>Total Outlets</b>								
	2009	0	0	0	0	0	0	0
	2010	0	75	0	0	0	1	74
	2011	74	607	17	0	0	20	644

\*\*\*"Outlets" means Vending Machines.

\*\* These 2 Maryland locations were sold in 2010 but opened in 2011.

**TABLE NO. 4  
STATUS OF COMPANY OWNED OUTLETS  
FOR YEARS 2009 TO 2011**

STATE	YEAR	OUTLETS AT START OF YEAR*	OUTLETS OPENED*	OUTLETS REACQUIRED FROM FRANCHISEE*	OUTLETS CLOSED*	OUTLETS SOLD TO FRANCHISEE*	OUTLETS AT END OF THE YEAR*
N/A							
	2009	0	0	0	0	0	0
	2010	0	0	0	0	0	0
	2011	0	15*	30	0	14	30**

\*\*\*"Outlets" means Vending Machines.

\*\*1 company owned machine was purchased but not installed at the end of 2011.

**TABLE NO. 5  
PROJECTED OPENINGS AS OF  
DECEMBER 31, 2011**

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED*	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR**	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR
Arkansas	1	1	0
California	4	4	0
Colorado	2	2	0
Georgia	1	1	0
Massachusetts	2	2	0
Maryland	2	2	0
Maine	1	1	0
Michigan	1	1	0
Missouri	1	1	0
North Carolina	1	1	0
New Hampshire	1	1	0
New Jersey	1	1	0
Nevada	1	1	0
New York	4	4	0
Ohio	2	2	0
Oregon	1	1	0
Puerto Rico	1	1	0
South Carolina	1	1	0
Texas	5	5	0
Virginia	3	3	0
Canada	5	5	0
<b>Total</b>	<b>41</b>	<b>41</b>	<b>0</b>

\*These figures represent the number of Franchise Agreements that were signed in 2011; however, the Vending Machines covered by these Franchise Agreements were not in operation on December 31, 2011. These figures do not represent the number of Vending Machines that will become operational under these Franchise Agreements.

\*\*These figures represent the number of Franchise Agreements we anticipate entering into in 2012, and do not represent the number of Vending Machines that will become operational under 2012 Franchise Agreements.

We began offering franchises for sale on April 19, 2010. During the last 3 years, some of our franchisees have signed Confidentiality Agreements. In some instances, current and former franchises may sign provisions restricting their ability to speak openly about their experience with the Fresh Healthy Vending System. You may wish to speak with current and former franchisees, but be aware that not all these franchisees will be able to communicate with you.

Attached as **Exhibit H** is a current list of the names, addresses and phone numbers of our current franchisees as of December 31, 2011. Also included in **Exhibit H** are the names, addresses and last known telephone numbers of any franchisee who had a Franchise Agreement terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased doing business during the fiscal year ended on December 31, 2011, or who has not communicated with us within 10 weeks of the application date of our application for registration or renewal.

Each franchisee operates more than one Vending Machine at various Locations under his or her Franchise Agreement.

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

There are no independent trademark-specific franchisee organizations associated with the franchise system being offered that have asked to be included in this Disclosure Document.

**ITEM 21**

**FINANCIAL STATEMENTS**

Attached as **Exhibit G** to this Disclosure Document are our audited Financial Statements for the period from February 8, 2010 (date of inception) through December 31, 2010 and our audited financial statements for the period from January 1, 2011 through December 31, 2011. Our fiscal year-end is December 31.

**ITEM 22**

**CONTRACTS**

The following agreements are attached to this Disclosure Document:

**Exhibit A: Franchise Agreement**

**Exhibit D: Confidentiality Agreement**

**ITEM 23**

**RECEIPTS**

2 copies of an acknowledgment of your receipt of this Disclosure Document appear as **Exhibit I**. Please return one copy to us and retain the other for your records.

**FRESH HEALTHY VENDING LLC  
DISCLOSURE DOCUMENT  
EXHIBIT A**

**FRANCHISE AGREEMENT**

**FRESH HEALTHY VENDING LLC**

**FRANCHISE AGREEMENT**



**FRESH HEALTHY VENDING LLC  
FRANCHISE AGREEMENT  
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EXHIBIT C	ENTITY INFORMATION
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EXHIBIT F	ADDITIONAL VENDING MACHINE AMENDMENT

**FRESH HEALTHY VENDING LLC  
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (this “**Agreement**”) is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “**Effective Date**”) by and between **FRESH HEALTHY VENDING LLC**, a California limited liability company (“**Franchisor**”), and \_\_\_\_\_, a(n) \_\_\_\_\_ (“**Franchisee**”), with reference to the following facts:

A. Franchisor has the right to license the use of certain trademarks, trade names, service marks, designs, emblems, logos, graphics, slogans, copyrights, trade dress, Trade Secrets, commercial symbols and other indicia of origin including, without limitation, the mark “**Fresh Healthy Vending** ” and any and all revisions, modifications and additions thereto, whether or not recorded or registered with the United States Patent and Trademark Office or any other local, state, federal or foreign agency, registrar or body (the “**Marks**”).

B. Franchisor has developed a System for the ownership and operation of vending machines which dispense a variety of healthy, natural and organic snack food and beverage products (“**Snack Products**” and coffee products (“**Coffee Products**”) at sites such as business offices, hotels, hospitals, colleges and universities, and office and in-plant food service facilities (collectively “**Vending Customers**”).

C. Franchisor desires to grant, and Franchisee wishes to obtain, the right and license to operate a [Fresh Healthy Vending snack and beverage vending machine business (a “**Snack Vending Machine Business**”) AND/OR [a Fresh Healthy Vending coffee vending machine business (a “**Coffee Vending Machine Business**”)], as a franchisee of Franchisor using the Marks, the Manuals and the Trade Secrets in strict accordance with the System and to acquire, operate, service, maintain, repair, clean, restock and use the [snack vending machines (“**Snack Vending Machines**”) AND/OR [coffee vending machines (“**Coffee Vending Machines**”)]] at certain designated Locations within a designated geographic Territory to be described on **Exhibit A**. For purposes of this Agreement, “**Franchised Business**” means a Snack Vending Machine Business and a Coffee Vending Machine Business, “**Products**” means Snack Products and Coffee Products, and “**Vending Machines**” means Snack Vending Machines and Coffee Vending Machines, unless the context indicates or infers otherwise.

**NOW, THEREFORE, IT IS AGREED:**

**1. DEFINED TERMS**

The meanings of capitalized terms used in this Agreement are set forth in Recitals A, B and C and Article 19.

**2. FRANCHISEE APPOINTMENT**

**2.1 Grant**

(1) Franchisor hereby grants and Franchisee accepts a license to use the Marks and System only at the Locations and only in connection with the operation of the Vending Machines in the Territory. Franchisee shall not sublicense, sublease, subcontract or enter any management agreement for the right to operate the Vending Machines or to use the System.

(2) Franchisor shall obtain Locations for Primary Vending Machines and Additional Vending Machines in the Territory which satisfy the Site Criteria set forth in the Manuals. If Franchisee rejects a Location that satisfies the Site Criteria, Franchisee nonetheless acknowledges and agrees that (i) a Rejected Location shall qualify as an Approved Location for purposes of Franchisor’s satisfaction of its obligation to obtain Locations for the Vending Machines as set forth in this Section 2.1 and in Section 5.2, (ii) Franchisee shall pay Franchisor a Rejected Location Procurement Fee, if applicable, for a Rejected Location, (iii) and Franchisor shall be entitled to an Additional Extension Period to replace a Rejected Location. Franchisor may, in its discretion, but shall not be required to, unilaterally increase the size of the Territory if Franchisor determines that expansion is necessary to obtain the requisite number of qualified Locations for Franchisee.

(3) Franchisee shall have the right to suggest Locations for Primary Vending Machines and Additional Vending Machines in the Territory which satisfy the Site Criteria set forth in the Manuals, which must be submitted to Franchisor by Franchisee for Franchisor's written approval; however, under no circumstances may Franchisee, without submission to, and approval by, Franchisor obtain Locations for the Vending Machines. Franchisor shall approve or reject Locations suggested by Franchisee within a reasonable time period after Franchisor's receipt of all required information necessary for Franchisor to assess Franchisee's suggested Locations. **FRANCHISOR MUST APPROVE AND OBTAIN ALL LOCATIONS FOR THE VENDING MACHINES.**

(4) Either Franchisee or Franchisor, on Franchisee's behalf, shall enter into Location Agreements with Site Owners for installation of the Vending Machines. Franchisee shall thereafter fulfill all of Franchisee's obligations under the Location Agreements and shall service, maintain, repair, clean and restock the Vending Machines in accordance with the terms of the Location Agreements, the Manuals and this Agreement. Franchisee acknowledges that the Location Agreements are subject to change from time to time and may vary among Locations to accommodate Site Owners. Once Franchisee accepts the Location, Franchisee shall assume all liability with respect to the Location, including its obligations to the Site Owners, and all service, maintenance and restocking requirements.

(5) Franchisor's selection or acceptance of Locations for the Vending Machines shall not be construed to insure or guarantee profitable operation of the Vending Machines by Franchisee or any specific amount of gross revenue from the Vending Machines at any specific Location. Franchisor makes no warranty, representation or guaranty of any kind with respect to the quality or number of the Locations that Franchisor may provide for Franchisee following the Effective Date, or the success, gross revenues or profitability of any Vending Machine situated at any Location. Franchisee acknowledges and agrees that the gross revenue of any Vending Machine can change significantly and frequently, based on a variety of factors such as increased competition, different Product offerings, changes in consumer traffic, location, Site Owners going out of business, relocating, downsizing, among others, and that Franchisor shall have no responsibility therefor. Franchisee further acknowledges and agrees that Franchisee's right to operate and service the Vending Machines at the Locations is dependent on the continuing permission of the Site Owner and that no assurance is given by Franchisor that any Site Owner will continue to permit Franchisee to do so for any period of time.

**2.2 Franchisor's Reservation of Rights.** Franchisor retains the right, among others, in any manner and on any terms and conditions that Franchisor deems advisable, and without granting Franchisee any rights therein:

(1) To own, acquire, establish and operate, and license others to own, acquire, establish and operate, a Fresh Healthy Vending business or vending machine at any location within and outside of the Territory, if Franchisee has not been granted exclusive rights in the Territory.

(2) To own, acquire, establish and/or operate, and license others to establish and operate, businesses under other proprietary marks or other systems, whether such businesses are the same, similar, or different from the Franchised Business, at any location, whether inside or outside of the Territory, except that Franchisor shall not install any vending machines using the Marks or other proprietary marks in Franchisee's Location.

(3) To license others to sell or distribute any Products or services which bear any proprietary marks, including the Marks, at any designated location, whether inside or outside of the Territory.

(4) To produce, license, distribute and market Fresh Healthy Vending branded Products, clothing, souvenirs, and novelty items through any outlet (regardless of its proximity to the Franchised Business) including grocery stores, supermarkets and convenience stores and through any distribution channel, at wholesale or retail, including by means of the Internet, mail order catalogs, direct mail advertising and other distribution methods.

(5) To own, acquire, establish and/or operate and grant others the right to develop, own, operate and issue franchises and licenses to others to develop, own and operate other methods and channels of distribution under different marks and branding or utilizing the Marks and the System, including, without limitation, toll-free telephone numbers, domain names, URLs, on-line computer networks and services, the

Internet, kiosks, carts, concessions, satellite units, other mobile, remote, limited service or non-permanent facilities or other retail operations as a part of larger retail venues such as department stores, supermarkets, shopping malls or in public areas such as amusement parks, airports, train stations, public facilities, college and school campuses, arenas, stadiums, hospitals, office buildings, convention centers, airline terminals and military bases.

(6) To install additional Vending Machines at any Location within or outside of the Territory if Franchisee is unable or unwilling to satisfy a Site Owner's request to do so. In this regard, if a Site Owner requires or requests additional Vending Machines, Franchisor shall give Franchisee thirty (30) days prior written notice of the opportunity to install the additional Vending Machines at the Location. If Franchisee does not wish to exercise its right to install the additional Vending Machines at the Location, or fails to respond to Franchisor within thirty (30) days after receipt of Franchisor's notice, Franchisor shall have the right to install the additional Vending Machines itself or to assign its rights to do so to a third party, including another Fresh Healthy Vending franchisee, and thereby directly or indirectly compete with Franchisee at a Location.

(7) To own, acquire, establish, and/or operate, and license others to own, acquire, establish and operate, a Coffee Vending Machine business at any location within or outside of the Territory even if Franchisee operates a Snack Vending Machine business in the Territory, and to own, acquire, establish, and/or operate, and license others to own, acquire, establish and operate, a Snack Vending Machine business at any location within or outside of the Territory even if Franchisee operates a Coffee Vending Machine business in the Territory.

### 3. TERM AND RENEWAL

3.1 Initial Term. The Initial Term shall be a period of 10 years from the Effective Date, unless sooner terminated in accordance with the provisions of this Agreement.

3.2 Renewal Terms. Franchisee shall have an option to renew its license to operate the Franchised Business for one 5 year Renewal Term, subject to its satisfaction of all of the following conditions:

(1) Franchisee shall pay the Renewal Term Fee on or before the effective date of the commencement of the Renewal Term.

(2) Franchisee has been throughout the Term, and at the expiration of the Term, still is, in full compliance with this Agreement, and all other agreements between Franchisee and Franchisor.

(3) Franchisee executes and delivers a general release of all known claims against Franchisor, and its respective officers, shareholders, directors, employees, agents, representatives and affiliates in a form acceptable to Franchisor.

(4) Franchisor and Franchisee shall have agreed on Franchisee's exclusivity rights in the Territory and the number of Additional Vending Machines to be purchased by Franchisee during the Renewal Term as an addition to Exhibit B.

(5) Franchisee shall provide Franchisor with a Renewal Notice at the expiration of the Term.

(6) Franchisee shall sign and return to Franchisor any documents necessary for the Renewal Term within 15 days after Franchisor has delivered them to Franchisee, including a new franchise agreement in its then-current form.

3.3 Waiver of Renewal Rights. If Franchisee fails to perform any of the acts, or deliver the Renewal Notice required pursuant to the provisions of Section 3.2 in a timely fashion, such failure shall (i) be deemed an election by Franchisee not to exercise its renewal right, (ii) automatically cause Franchisee's renewal rights to lapse and expire, and (iii) cause this Agreement to terminate at the end of Initial Term.

**3.4 Notice Required by Law.** If Applicable Law requires Franchisor to give notice to Franchisee prior to the expiration of the Initial Term or Renewal Term, as the case may be, this Agreement shall remain in effect on a week-to-week basis until Franchisor has given the notice required by such Applicable Law. If Franchisor is not offering new franchises, is in the process of revising, amending or renewing its form of franchise agreement or disclosure document, or is not lawfully able to offer Franchisee its then-current form of franchise agreement, at the time Franchisee delivers its Renewal Notice, Franchisor may, in its discretion, (i) offer to renew this Agreement upon the same terms set forth in Section 3.2, or (ii) offer to extend the Initial Term or Renewal Term, as the case may be, on a week-to-week basis for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer its then-current form of franchise agreement or disclosure document.

#### 4. **FEES**

**4.1 Initial Franchise Fee.** On the Effective Date, Franchisee shall pay to Franchisor an Initial Franchise Fee for the Vending Machines in the amount set forth on Exhibit B. Franchisee shall purchase a minimum of 10 Vending Machines and the Initial Franchise Fee shall be payable in addition to the Purchase Price of the Vending Machines (as described in Article 5 below). The Initial Franchise Fee shall be deemed fully earned by Franchisor on the Effective Date and shall not be refundable, in whole or in part, upon any expiration or termination of this Agreement, at any time, or under any other circumstances.

#### **4.2 Royalty Fees and Advertising Fees.**

4.2.1 Franchisee shall pay Franchisor a Royalty Fee equal to 6% of the Monthly Gross Revenue of each Vending Machine that has 100 or more Total Weekly Transactions during any given week of a month during the Term. The Royalty Fee shall be payable on the entire Monthly Gross Revenue of each Vending Machine that has 100 or more Total Weekly Transactions during any given week in a month during the Term. For purposes of calculating the Total Weekly Transactions, “**weekly**” shall mean a calendar week of Sunday through Saturday. For weeks that overlap between 2 different months, Franchisee shall pay the Royalty Fee based on the Monthly Gross Revenue for the month in which the week began.

4.2.2 Franchisee shall pay an Advertising Fee to the Advertising Fund on January 1 of each year in the amount set forth on Exhibit B for each Vending Machine owned by Franchisee and in operation at a Location any time during the prior Calendar Year. The Advertising Fee for each Vending Machine shall be prorated based upon the number of months each Vending Machine is in operation at a Location during the previous Calendar Year.

**4.3 Time of Payments.** Royalty Fees shall be paid on the tenth day of each month for the Monthly Gross Revenue of the Vending Machines during the previous month. All payments shall be accompanied by the reports and statements required under Section 8.15. All reports and payments not actually received by Franchisor on or before the tenth day of each month shall be deemed overdue, unless the same are postmarked no more than one day before their due date. Franchisee shall pay to Franchisor, immediately upon demand, in addition to the any amount overdue, interest on those amounts from the date payment was due until paid, at the greater of 10% per annum, calculated monthly, or at the maximum interest rate permitted by law. In addition, Franchisor shall have the right of set-off to withdraw or retain, from time to time and without notice to Franchisee, any amounts due and unpaid to Franchisor from Franchisee, from payments otherwise due to Franchisee. Franchisee shall not be entitled to set-off any payments due to Franchisor under this Agreement against any monetary claim Franchisee may believe it has against Franchisor.

**4.4 Direct Debit Deductions and Processing of Credit Card Sales.** Franchisee hereby authorizes Franchisor to initiate debit entries and/or credit collection entries to Franchisee’s designated primary business operating checking or savings account or to establish a form of credit card authorization for the payment of Royalty Fees and all other sums that may become due to Franchisor, or its affiliates, from Franchisee. If Franchisor elects to utilize either method of payment, Franchisee shall immediately execute all authorizations as Franchisor, its bank and/or Franchisee’s bank or credit card provider shall require, and shall make funds available for withdrawal by Franchisor by electronic transfer or a charge against the credit card on the tenth day of each month throughout the Term.

**4.5 Reimbursement of Monies Paid on Behalf of Franchisee.** Franchisee shall pay to Franchisor, within 15 days of any written request by Franchisor accompanied by reasonable substantiating information, all monies which Franchisor has paid, or has become obligated to pay, on behalf of Franchisee, by consent or otherwise, under this Agreement.

**4.6 Application of Fees.** Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments made by Franchisee to any indebtedness of Franchisee for Royalty Fees, interest or otherwise, in such amounts and in such manner as Franchisor shall determine.

**4.7 Gross-Up Fees.** To insure that Franchisor receives the full amount of Royalty Fees to which Franchisor may be entitled, Franchisee shall pay Franchisor, upon demand, whether in arrears, in advance, in a lump sum or in the same manner as Royalty Fees are paid to Franchisor, the amount of all (i) credit card service charges paid by Franchisor to accept payments from Franchisee by credit card, and (ii) taxes paid by Franchisor to any governmental authority on revenue earned or collected by Franchisor based upon Franchisee's use of Franchisor's intellectual property or other intangibles or based upon the existence of this Agreement, within the governmental authority's domain during each of Franchisor's fiscal years throughout Term.

**4.8 Rejected Location Procurement Fee.** Franchisee shall pay Franchisor, upon demand, a Rejected Location Procurement Fee in the amount set forth on **Exhibit B** for Franchisor's services provided to identify Locations and for Rejected Locations.

**4.9 Security Interest.**

4.9.1 Franchisee hereby grants Franchisor a security interest in and to all Vending Machines, equipment, inventory, supplies and vehicles located at or used in connection with the Franchised Business, now or hereafter acquired by Franchisee, together with all accounts, payment intangibles, attachments, accessories, additions, substitutions and replacements, all cash and non-cash proceeds derived from insurance or the disposition of such assets, all rights of Franchisee to use the Marks, trade names, trade styles, patents, copyrights and their registrations, trade secret information and other proprietary rights, and all rights granted, owned or licensed to Franchisee under this Agreement for the use of the Marks, trade names, trade styles, patents, copyrights, trade secret information and other proprietary rights, to secure payment and performance of all debts, liabilities and obligations of any kind, including payment obligations for the purchase of Products, whenever and however incurred, from Franchisee to Franchisor. Franchisee hereby authorizes Franchisor to, prepare and file all Uniform Commercial Code financing statements and other documents necessary or desirable to evidence, perfect and continue the priority of this security interest under the Uniform Commercial Code wherever applicable.

4.9.2 If Franchisee is in good standing under this Agreement and all other agreements between Franchisor or its affiliates, and Franchisee, Franchisor shall, upon the written request of Franchisee, execute a written subordination of its security interest to lenders and/or lessors providing equipment or other financing for the Franchised Business.

4.9.3 If Franchisee is in Default of any of the terms and conditions of this Agreement, Franchisor may, in its discretion, exercise its rights with respect to its security interest. In such event, Franchisee shall remain liable for any deficiency remaining due to Franchisor and shall be entitled to recover any surplus which results after the application of the proceeds derived from the enforcement of the security interest.

**5. VENDING MACHINES**

**5.1 Purchase of Vending Machines.** Franchisee shall purchase the number of Vending Machines, accompanying equipment, kits, and services for the Locations only from Franchisor or its Required Suppliers as set forth on **Exhibit B**. No Vending Machine may be replaced with any vending machines purchased or leased from any third party.

**5.2 Primary Vending Machines.** The Purchase Price for the Primary Vending Machines is set forth on **Exhibit B**. On the Effective Date, Franchisee shall pay Franchisor a non-refundable deposit equal to 40% of the Purchase Price (the "**Deposit**"). Before the scheduled delivery date for the Vending Machines, Franchisee shall pay Franchisor the remaining 60% of the Purchase Price.

5.2.1 Franchisor shall deliver and install the Primary Vending Machines at the Locations within (i) 90 -120 days after the Effective Date if Franchisee purchases 10 Primary Vending, (ii) 121 – 150 days after the Effective Date if Franchisee purchases 11 - 20 Primary Vending Machines, and (iii) 151 - 180 days after the Effective Date if Franchisee purchases 21 - 30 Primary Vending Machines, subject to Franchisor's rights to an Automatic Extension Period.

5.2.2 If Franchisor does not deliver and install all Primary Vending Machines at the Locations within the applicable time period set forth in Section 5.2.1, Franchisee shall nonetheless pay Franchisor the full Purchase Price for all Primary Vending Machines for Approved Locations without set-off or deduction on or before the expiration date of the Automatic Extension Period. Franchisee shall pay Franchisor a Delivery Fee for all Vending Machines and Relocated Vending Machines upon delivery as set forth on Exhibit B.

5.2.3 Franchisee shall not be entitled to any damages or fees nor shall Franchisee be entitled to terminate this Agreement if Franchisor fails to obtain Locations for the Primary Vending Machines within 90 days after the Effective Date or within any applicable Automatic Extension Period or Additional Extension Period, if Franchisor has made reasonable efforts to obtain Locations for the Primary Vending Machines within those time periods.

**5.3 Relocated Vending Machines.** Franchisee shall not relocate any Vending Machine without Franchisor's prior written approval of the new Location for the Relocated Vending Machine. Franchisee shall provide Franchisor with a written request to relocate any Vending Machines. Franchisor will obtain, or after notification from Franchisee, approve and obtain, Locations for Franchisee for Relocated Vending Machines within 60 days after Franchisee's receipt of Franchisor's consent to of the relocation, subject to Franchisor's rights to an Automatic Extension Period and an Additional Extension Period. Upon Franchisor's written approval of a Location for Relocated Vending Machine, Franchisee shall pay Franchisor a Relocation Procurement Fee as set forth on Exhibit B for the services provided by Franchisor to obtain a Location for each Relocated Vending Machine. If Franchisor is unable to obtain Locations for Relocated Vending Machines, Franchisee must, nonetheless, comply with all of its obligations under this Agreement, including its obligations with respect to all Vending Machines then in service and Franchisee's commitment to acquire Additional Vending Machines. All Relocated Vending Machines shall be moved by Franchisee at its own expense. Each Location for Relocated Vending Machines must comply with the Site Criteria for Vending Machines as set forth in the Manuals.

**5.4 Additional Vending Machines.** If applicable, Franchisee shall purchase from Franchisor during each Calendar Quarter during the Initial Term, the number of Additional Vending Machines agreed upon by the Parties in the Addendum attached as Exhibit F. Franchisor shall install the Additional Vending Machines within the time periods agreed upon by the Parties in the Addendum attached as Exhibit F. Franchisor shall deliver and install the Additional Vending Machines within the time periods agreed upon by the Parties as stated in Exhibit F, subject to Franchisor's rights to an Automatic Extension Period or Additional Extension Period. Franchisee's operation of the Additional Vending Machines shall be governed by the terms of this Agreement. If, for any reason, Franchisee fails to purchase the required number of Additional Vending Machines during any Calendar Quarter during the Term, Franchisor shall have the right to terminate Franchisee's exclusive rights in the Territory, if Franchisee has exclusive rights in the Territory, for the remainder of the Term then in effect upon 30 days prior written notice to Franchisee. Upon termination of Franchisee's exclusive rights in the Territory, Franchisor shall have the absolute right to grant unlimited rights for the operation of Vending Machines in the Territory to other Fresh Healthy Vending franchisees.

**5.5 Warranties on Vending Machines.** Franchisor shall pass through to Franchisee all manufacturers' warranties for the Vending machines that are granted to Franchisor. Franchisor makes no warranty to Franchisee with respect to the Vending Machines, either expressed or implied, including, without limitation, implied warranties of merchantability or fitness for a particular purpose. Franchisee shall be responsible for all freight and service fees related to parts delivered and/or installed under warranty.

## **6. INITIAL TRAINING PROGRAM AND ADDITIONAL TRAINING**

**6.1 Initial Training Program.** Franchisor shall provide Franchisee, or if Franchisee is an Entity, to an Owner of Franchisee, with an Initial Training Program at the time designated by Franchisor at either

Franchisee's local vending machine distributor's office or Franchisor's corporate headquarters. Franchisee, or its Owner, as applicable, shall complete Franchisor's Initial Training Program to the satisfaction of Franchisor at least 10 days before commencing operation of the Franchised Business. The Initial Franchise Fee includes training for 2 persons. Any additional persons attending the Initial Training Program shall pay Franchisor an Additional Initial Training Program Fee.

**6.2 Remedial Training.** If Franchisor determines it to be necessary, Franchisor shall provide Franchisee with a Remedial Training Program. Franchisee will pay Franchisor \$1,000 per attendee per day to defray the Direct Costs of Franchisor in providing the Remedial Training Program, whether or not Franchisee attends the Remedial Training Program.

**6.3 Additional Training Courses.** Franchisor may require Franchisee or its representative to attend Additional Training Courses, or similar continuing education related to the Franchise from time to time and to pay Franchisor an Additional Training Fee to defray the Direct Costs of Franchisor in providing the Additional Training Courses. Franchisor may require Franchisee to attend webinars at no charge. Franchisee shall complete all additional training courses and webinars to the satisfaction of Franchisor.

**6.4 Franchisee Conference.** Franchisor may hold a Franchisee Conference for all Fresh Healthy Vending franchisees from time to time. Each franchisee, including Franchisee, shall pay Franchisor a Franchisee Conference Fee in the amount set forth on **Exhibit B** to reimburse Franchisor for the Direct Costs incurred for a Franchisee Conference. Franchisee shall pay the Franchisee Conference Fee upon demand at least 30 days before the date of Franchisee Conference, whether or not Franchisee attends the Franchisee Conference. Franchisee and Franchisee's representatives shall each attend each Franchisee Conference as Franchisor may require from time to time.

**6.5 Travel, Lodging and other Expenses.** Franchisee shall pay any and all other expenses incurred by Franchisee or its Owners to attend the Initial Training Program, any Remedial Training Programs, any Additional Training Courses and each Franchisee Conference, including, without limitation, the costs of transportation, lodging, meals, training materials and all wages payable to Franchisee's -representatives in attendance.

## **7. MANUALS**

Franchisor shall lend a copy of, or provide access to, Franchisor's proprietary and confidential Operations Manuals to Franchisee for use during the Term. The Manuals may be mailed, e-mailed, made available for download from Franchisor's website, or franchise internet portal, or otherwise delivered to Franchisee. The Manuals shall contain mandatory specifications, standards, operating procedures and rules for the Franchised Business. All specifications, standards, operating procedures and rules in the Manuals, or otherwise communicated to Franchisee in writing, shall constitute obligations under this Agreement as if fully set forth in this Agreement. The Manuals may be modified from time to time to reflect changes to this Agreement and to the standards of authorized services or the System. All modifications to the Manuals shall be binding upon Franchisee upon being mailed, e-mailed, made available for download from Franchisor's website, or franchise internet portal, or otherwise delivered to Franchisee. Franchisee shall accept, implement and adopt any such modifications at Franchisee's own cost. The Manuals are, and shall remain, the property of Franchisor. Franchisee shall promptly return the Manuals to Franchisor upon termination or expiration of this Agreement. If Franchisee loses, misplaces or otherwise no longer has possession of the Manuals, Franchisee shall pay Franchisor a Manual Replacement Fee.

## **8. OBLIGATIONS OF FRANCHISEE**

### **8.1 Products and Suppliers.**

(i) Franchisee shall stock and service the Vending Machines with the Required Products strictly in accordance with the standards and specifications described in the Manuals. Franchisor shall have the right at any time to add to, or subtract from, the Required Products. The Required Products may vary depending on the Locations of the Vending Machines. Franchisee shall obtain the Required Products only from Required Suppliers. Franchisee shall not begin operations of the Franchised Business without Franchisor' prior written approval to do so.



(ii) Franchisee may stock and service the Snack Vending Machines with Snack Products other than the Required Products, provided that these products are approved in advance by Franchisor before any use in the Vending Machines. All Approved Products must be compatible with the Required Products and must be purchased only from Approved Suppliers. If Franchisee desires to procure Products from a supplier other than a Required Supplier, Franchisee shall (a) identify the name and address of the supplier, (b) contain such information as may be requested by Franchisor or required to be provided pursuant to the Manuals, and (c) identify the proposed Approved Products. Franchisor may request that the proposed supplier furnish Franchisor, at no cost to Franchisor, Product samples and other information as Franchisor may require. If Franchisor does not approve a proposed supplier within 7 - 14 days after receipt of all information and other items requested by Franchisor, such supplier shall be deemed disapproved as a supplier of the proposed Products described in such notice. Nothing in this Section 8.1 shall require Franchisor to approve any supplier. Franchisor may revoke its approval of an Approved Supplier upon any failure to continue to meet any of Franchisor's criteria. Franchisee or the proposed supplier shall reimburse Franchisor for Franchisor's costs in reviewing the application of the supplier and all current and future reasonable costs and expenses, including travel and living costs, related to inspecting the suppliers' Products, and shall pay Franchisor, in advance, a Product Testing Fee, before Franchisor inspects the supplier's Products.

(iii) All Required Products purchased from Franchisor shall be purchased in accordance with the purchase order format issued from time to time by Franchisor. Franchisor may change the prices, delivery terms and other terms relating to its sale of Required Products to Franchisee on prior written notice and may discontinue the sale of any Required Products at any time if in Franchisor's judgment continued sale becomes unfeasible, unprofitable, or otherwise undesirable. All Required Product orders by Franchisee shall be subject to acceptance by Franchisor at Franchisor's designated offices and Franchisor reserves the right to accept or reject, in whole or in part, any order placed by Franchisee. Franchisor, in its sole discretion, may establish the credit terms, if any, upon which it will accept Franchisee's orders.

(iv) All orders for Required Products purchased from Franchisor shall be paid for in advance of their delivery date by electronic funds transfer or other automatic payment mechanism that Franchisor may designate ("EFT") at Franchisee's sole cost and expense. Franchisee shall instruct its bank to pay the purchase price for the Required Products from Franchisee's bank account directly to a bank account designated by Franchisor by EFT as set forth herein and in the Manuals. On the Effective Date, Franchisee shall execute such authorizations as Franchisor, its bank and Franchisee's bank shall require. Franchisee shall make funds available for withdrawal by Franchisor by EFT as Franchisor shall designate throughout the Term. Franchisee shall maintain a single bank account for these payments and shall maintain sufficient balances in the account to pay for the Required Products. Franchisee shall not alter or close this account without Franchisor's prior written approval. Any failure by Franchisee to implement and/or maintain the EFT system in strict accordance with this Agreement and the Manuals shall constitute a material Default.

(v) Each order placed by Franchisee for any Required Products shall be deemed to incorporate all of the terms and conditions of this Agreement, shall be deemed subordinate to this Agreement in any instance where any term or condition of such order conflicts with any term or condition of this Agreement, and shall include such information as Franchisor may from time to time specify, and shall be submitted on such form of purchase order as may be prescribed by Franchisor from time to time.

(vi) Franchisor shall not be liable to Franchisee on account of any delay or failure in the delivery or shipment of Required Products caused by Force Majeure or other events or circumstances beyond Franchisor's reasonable control including such events as labor or material shortages, conditions of supply and demand, import/export restrictions, or disruptions in Franchisor's supply sources. Franchisor makes no warranty to Franchisee with respect to the Required Products, either expressed or implied, including, without limitation, implied warranties of merchantability or fitness for a particular purpose.

(vii) Franchisor may act as a Required Supplier of Required Products purchased by Franchisee and may designate itself as the sole Required Supplier of any Required Products. On the expiration or termination of this Agreement, or in the event of any Default by Franchisee, Franchisor shall not be obliged to fill or ship any orders then pending or, in the case of termination or non-renewal, orders made any time thereafter by Franchisee, and Franchisor shall deliver only such quantity of Required Products as is reasonably necessary to supply Franchisee's needs prior to the expiration or termination date of this Agreement.

(viii) The Required Suppliers, Approved Suppliers and their distributors must approve the location designated by Franchisee for the delivery of Required Products and Approved Products, as applicable.

**8.2 Standards of Service and Operation.** Franchisee shall in all dealings with all Vending Customers and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee shall not deviate from the standards, specifications and operating procedures specified in this Agreement and the Manuals in order to ensure uniformity and quality of services and Products offered to the public under the Marks. Franchisee or its employees shall wear uniforms with the Marks as purchased from Franchisor's Required Supplier while servicing any Vending Machines, and shall maintain personal hygiene and appearance at professional levels at all times in accordance with the Manuals. Franchisee shall obtain and maintain in full force and effect all required health and sanitation licenses, permits and certificates relating to the operation of the Vending Machines and shall operate the Vending Machines in full compliance with all applicable laws, ordinances and regulations including, without limitation, all government regulations relating to dispensing of Snack Products and/or Coffee Products.

**8.3 Service Calls.** Franchisee shall respond to all service calls from Vending Customers within 24 hours. Franchisor may, at any time at its sole discretion, dispatch a mechanic or other serviceman to a Location without notice to Franchisee to minimize damage to a Vending Machine or to prevent the loss of a Vending Customer. If Franchisor does so, Franchisee shall pay to Franchisor, upon demand, the Service Fee and any other costs associated with the service provided at the Location. Subject to Section 8.10, if any Vending Machine is not operating properly, Franchisee shall repair any such Vending Machine within 5 business days after learning of any operation problem, or immediately provide satisfactory written notice to Franchisor as to Franchisee's inability to repair any such Vending Machine. Upon delivery of written notice by Franchisee to Franchisor regarding Franchisee's inability to repair the Vending Machine, Franchisee shall cooperate with and assist Franchisor in repairing the Vending Machine in a timely manner. Franchisee shall pay for all costs related to repairing the Vending Machine. If the Parties are unable to repair the Vending Machine to Franchisor's satisfaction, Franchisor may require Franchisee to remove that Vending Machine from the Location, at Franchisee's expense, within 5 days after written demand by Franchisor to do so. Failure to repair a Vending Machine or provide written notice to Franchisor as set forth in this Section 8.3, shall be deemed a material breach of this Agreement.

**8.4 Termination For Unsatisfactory Service.** Franchisee shall, at all times, provide first class service to all Vending Customers. If Franchisor receives 5 or more documented, verified, and unresolved Vending Customer complaints in any 12 month period from any Vending Customer regarding Franchisee's failure to satisfactorily perform at any Location in accordance with the standards, specifications and operating procedures set forth in this Agreement and the Manuals, Franchisor may (i) require Franchisee to stop serving such Locations, (ii) serve the Location directly or reallocate the servicing of the Location to another Fresh Healthy Vending franchisee, or (iii) terminate this Agreement, without compensation to Franchisee and without obligation to provide a replacement Location to Franchisee.

**8.5 Purchase and Payment Obligations.** Franchisee shall fulfill Franchisee's purchase and payment obligations as set forth on Exhibit B attached to this Agreement. If Franchisee fails to do so, Franchisor shall have the right to (i) terminate this Agreement, (ii) immediately terminate Franchisee's exclusive rights in the Territory for the remainder of the Term then in effect upon 30 days prior written notice to Franchisee, if Franchisee has exclusive rights in the Territory and (iii) and retain Franchisee's Deposit for Primary Vending Machines and/or Additional Vending Machines as liquidated damages for Franchisee's failure to fulfill its purchase and payment obligations. Upon termination of Franchisee's exclusive rights in the Territory, Franchisor shall have the absolute right to grant unlimited rights for the operation of Vending Machines in the Territory to other Fresh Healthy Vending franchisees.

**8.6 Supervision; Duty to Diligently Carry Out Obligations.** The operation of each Vending Machine shall be under the direct supervision of Franchisee or an Owner of Franchisee. Neither Franchisee nor any Owner of Franchisee shall engage in any business or other activity that involves vending machine services during the Term. Neither Franchisee nor any Owner shall use the Marks, the Manuals, the System, the Required Products or the Trade Secrets, for any purpose other than fulfilling Franchisee's obligations under this Agreement.

**8.7 System Changes.** Franchisor may, from time to time, upon notice to Franchisee, add to, subtract from or otherwise modify or change Franchisee's obligations under the System, including, without limitation, adoption of new or modified Marks, services, new types of Vending Machines or new techniques relating to the promotion and marketing of vending services. Franchisee shall promptly accept and implement all such additions, modifications and changes at Franchisee's sole cost and expense, provided however, that unless required by law, Franchisor shall not require a System change whose costs exceed 20% of the Purchase Price of a Vending Machine, in the aggregate, per year.

**8.8 Authorization to Release Information.** Franchisee hereby authorizes (and agrees to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, contractors, vendors and other persons or entities with whom Franchisee does business to disclose to Franchisor any financial information in their possession relating to Franchisee or the Franchised Business which Franchisor may request. Franchisee further authorizes Franchisor to disclose to prospective franchisees or other third parties data from Franchisee's reports if Franchisor determines, in Franchisor's sole discretion, that such disclosure is necessary or advisable.

**8.9 Compliance with Applicable Law.** Prior to beginning operations, Franchisee shall obtain all required Permits for the operation of the Franchised Business. Franchisee shall maintain all such Permits in full force and effect throughout the Term. Franchisee shall operate in full compliance with all Applicable Laws. Immediately upon receipt of any citation, notice, complaint or other indication that Franchisee has violated any Applicable Law, Franchisee shall immediately notify Franchisor and transmit copies of all such citations, notices, complaints or other such indications to Franchisor. Franchisee shall be responsible for and shall bear the costs to comply with any such citation, notice or complaint.

**8.10 Maintenance and Condition of Vending Machines.** Franchisee shall maintain the physical and mechanical condition, appearance and efficient operation of all Vending Machines as required by the Manuals. All maintenance of the Vending Machines shall be performed by Franchisee, Required Suppliers or Approved Suppliers.

**8.11 Computer and Office Equipment.** On the Effective Date, Franchisee shall either own, purchase or have access to a laptop or desktop computer system loaded with certain commercially available software. The computer system shall be equipped with Ethernet and USB ports and shall be capable of sending and receiving e-mails to and from Franchisor. Franchisee shall also own a mobile telephone with SMS capacity. Franchisee shall maintain and repair the computer and mobile telephone equipment and obtain any upgrades or updates Franchisor requires with respect to such equipment.

**8.12 Vending Machine Statistics.** All Vending Machines must feature remote reporting systems of Vending Machine Statistics approved by Franchisor, in its sole and absolute discretion. Franchisee shall, at all times during the Term, provide Franchisor with direct and uninterrupted access to the Vending Machines' computer systems, remote reporting systems and the files stored in the Vending Machines via any and all means specified by Franchisor. Franchisee shall in no way interfere with Franchisor's absolute right to collect Vending Machine Statistics nor shall Franchisee turn off or otherwise disable any Vending Machine's remote reporting system at any time. Breach of this Section 8.12 shall constitute a material breach of this Agreement and shall be the basis for the immediate termination of this Agreement.

**8.13 Storage Facility.** On or before the Effective Date, Franchisee shall either own, acquire or have access to a Storage Facility which conforms to the storage facility guidelines in the Manuals and which satisfies all health department requirements and Applicable Law for handling fresh food and beverages.

**8.14 Taxes.** Franchisee shall pay all taxes assessed against Franchisee, including, without limitation, unemployment taxes, sales taxes, use taxes, withholding taxes, excise taxes, personal property taxes, intangible property taxes, gross receipt taxes, or any similar taxes or levies, imposed upon or required to be collected or paid by Franchisee.

**8.15 Location Commissions.** Franchisee shall pay the Location Commissions due under the Location Agreements directly to the Site Owners on the last day of each month and shall accompany each payment with a report reflecting all Monthly Gross Revenue of the Vending Machines during the previous month. Franchisee

shall likewise provide Franchisor with a copy of each monthly report of Monthly Gross Revenue on the tenth day of each month for the previous month.

**8.16 Vehicle.** Following the Effective Date, unless Franchisee is currently an owner or lessee of a van or other large vehicle, Franchisee shall purchase or lease a Vehicle meeting the Franchisor's specifications as set forth in the Manual, which may include make, model, color, age and mechanical condition. Franchisee shall maintain the physical and mechanical condition, appearance and efficient operation of the Vehicle as required by the Manuals and Applicable Law.

**8.17 Inspection of Business Operations.** Franchisor shall have the right to inspect the Vending Machines, the Locations, the Vehicle and any storage facility at any time to ensure compliance with the Manuals and this Agreement. Franchisee shall fully cooperate with Franchisor in conducting, supervising or observing any such inspection.

## 9. INSURANCE

**9.1 Coverage.** Franchisee shall procure, before commencing the Franchised Business, and shall maintain in full force and effect at all times during the Term, at Franchisee's expense, an insurance policy or policies protecting Franchisee, Franchisor, the Site Owner of each Location, and each of their respective partners, affiliates, shareholders, officers, directors, agents, and employees, and Franchisee's Vending Customers, against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the operation of the Franchised Business including, without limitation, the use and operation of all Vending Machines and all vehicles used by the Franchised Business, as well as employer's liability and workers' compensation. Such policy or policies shall (i) name Franchisor and the other insureds as additional insureds with primary non-contributory coverage, (ii) comply with the requirements prescribed by Franchisor in the Manuals at the time such policies are obtained and as required in any agreement between Franchisee or Franchisor and a Vending Customer, (iii) be primary to any insurance coverage obtained by Franchisor, and (iv) contain a waiver by Franchisee and Franchisee's insurers of their rights of subrogation against Franchisor and the other insureds.

**9.2 Certificates.** At least 10 days before the time any insurance is first required to be carried by Franchisee, and thereafter at least 30 days before the expiration of any policy, Franchisee shall deliver to Franchisor certificates of insurance ("**Certificates**") evidencing the proper types and minimum amounts of required coverage. All Certificates shall expressly provide that no less than 30 days' prior written notice shall be given to Franchisor of material alteration to or cancellation or non-renewal of the coverages evidenced by such Certificates. Certificates evidencing the insurance required by Section 9.1 shall name Franchisor and the other insureds as additional insureds, and shall expressly provide that any interest of each shall not be affected by any breach by Franchisee of any policy provisions for which such Certificates evidence coverage. Franchisee's failure to provide Franchisor with these Certificates shall be the basis for the termination of this Agreement.

**9.3 Insurance Requirements as of the Effective Date.** Franchisor's current insurance requirements are: (i) Insurers must satisfy Franchisor's criteria, including a minimum Best's Rating of A- or other comparable rating, and (ii) covered risks must include: (a) public liability for not less than \$2,000,000 per occurrence; general aggregate \$4,000,000 (or such higher amount as Franchisor may from time to time by notice determine) in connection with a single claim, (b) product liability insurance for not less than \$2,000,000 per occurrence; general aggregate \$4,000,000 (or such higher amount as Franchisor may from time to time by notice determine) in connection with a single claim, (c) workers compensation insurance must be in compliance with all State and local laws and regulations, (d) vehicle liability insurance fully comprehensive for not less than \$1,000,000 or as otherwise set forth in the Manuals (if Franchisee is required to own, purchase or lease a Vehicle pursuant to Section 8.16), and (e) coverage for such other risks as Franchisor may from time to time determine.

## 10. TRADE SECRETS

Franchisee shall maintain the absolute confidentiality of all Trade Secrets during and after the Term and shall not use any of such Trade Secrets in any other business or in any manner not specifically authorized or approved in writing by Franchisor. Franchisee shall not make copies of such information or divulge such information to any other person except as permitted in writing by Franchisor. Franchisee shall require any other person who will have access to any confidential information or Trade Secrets to sign a confidentiality

agreement in a form provided by Franchisor, which form, among other provisions, shall designate Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.

## 11. ADVERTISING

11.1 **The Advertising Fund.** The Advertising Fund, all contributions to the Advertising Fund, and any earnings from the Advertising Fund, shall be used exclusively to meet any and all costs of maintaining, administering, directing, conducting and developing the preparation of advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which Franchisor believes will enhance the image of the System, including, among other things, the costs of preparing and conducting media advertising campaigns in various media, preparation of direct mail advertising, market research, employing advertising and/or public relations agencies to assist therein, purchasing promotional items, conducting and administering promotions, providing promotional and other marketing materials and services to the franchised businesses operating under the System. The Advertising Fund shall be maintained and administered by Franchisor. Franchisor may select an affiliate, or a third party, in its sole discretion, to maintain and administer the Advertising Fund from time to time and at any time. Franchisor shall contribute up to 1% of the Royalty Fee revenue to the Advertising Fund.

11.2 **Maintenance.** Franchisee agrees and acknowledges that the Advertising Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of the System, and that Franchisor is not obligated, in administering the Advertising Fund, to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or pro rata from the advertising or promotion conducted under the Advertising Fund. All payments to the Advertising Fund shall be maintained in an account separate from the other monies of Franchisor and shall not be used to defray any expenses of Franchisor, except for such reasonable costs and overhead, if any, as each may incur in activities reasonably related to the administration or direction of the Advertising Fund and advertising programs, including, among other things, costs of personnel for creating and implementing advertising, promotional, and marketing programs. The Advertising Fund and any earnings thereon shall not otherwise inure to the benefit of Franchisor. Franchisor shall maintain separate bookkeeping accounts for the Advertising Fund. Any unused monies in the Advertising Fund at the end of a Calendar Year may be used in the next Calendar Year. A statement of the operations of the Advertising Fund as shown on the books of the Advertising Fund shall be furnished to Franchisee upon Franchisee's written request.

11.3 **Graphics Kit.** Franchisor shall provide Franchisee with a Graphics Kit for each Primary Vending Machines at no charge to Franchisee; however, Franchisee shall pay Franchisor a Graphics Kit Fee in the amount set forth on **Exhibit B** for all additional Graphics Kits purchased from Franchisor. Franchisee shall display on the Vending Machines only graphics, advertising and signage specified and approved by Franchisor in the Manuals or by written directive from Franchisor. Franchisee shall not engage in any advertising or promotional activities, including, without limitation, affixing any advertising materials to any Vending Machine, without the prior written consent of Franchisor. .

## 12. MARKS

12.1 **Ownership of Marks and Goodwill.** Franchisee's right to use the Marks is derived solely from, and subject to, the terms and conditions of this Agreement and is limited to the operation of the Franchised Business in accordance with this Agreement and the Manuals. Franchisee shall not contest or oppose, or assist anyone else to contest or oppose, directly or indirectly, Franchisor's ownership of the Marks, application for registration of the Marks, or registration of, or the validity or enforceability of any of the Marks. Franchisee's use of the Marks and any goodwill associated with the Marks shall inure to the exclusive benefit of Franchisor. Franchisee acknowledges and agrees that Franchisee's use of the Marks after the expiration or termination of this Agreement shall constitute an unauthorized use of the Mark and shall, in addition to all other remedies to which Franchisor may pursue, entitle Franchisor to recover damages for trademark infringement and counterfeiting.

12.2 **Limitations on Franchisee's Use of the Marks.** Franchisee shall not use any of the Marks or similar words or colorable imitations thereof as part of any name of any corporation, partnership, limited liability company or other business Entity, or with any other prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, or with the commercial symbols or trade dress of any other person

or Entity, nor may Franchisee use any of the Marks in connection with the sale of any unauthorized Products or service or in any other manner not expressly authorized in writing by Franchisor.

### **12.3 Defense of Marks by Franchisor**

(i) If Franchisee receives notice or learns of a claim, suit, demand or proceeding against Franchisee on account of any alleged infringement, unfair competition, or similar matter relating to Franchisee's use of the Marks, Franchisee shall promptly notify Franchisor of such claim, suit, demand or proceeding. Franchisee shall have no power, right, or authority to settle or compromise any such claim by a third party without the prior written consent of Franchisor. Franchisor may, but shall not be required to, defend, compromise or settle any such claim at Franchisor's cost and expense, using attorneys of its own choosing. If Franchisor decides to defend, compromise or settle any such claim, Franchisee shall cooperate fully with Franchisor in connection with the defense of any such claim. Franchisee irrevocably grants Franchisor authority and power of attorney to defend or settle all of such claims, demands, suits or proceedings.

(ii) If Franchisee receives notice or is informed or learns that any third party that Franchisee believes to be unauthorized to use the Marks, is using the Marks or any variants thereof, Franchisee shall promptly notify Franchisor. Thereupon, Franchisor shall, in its sole discretion, determine whether or not it wishes to undertake any action against such third party on account of said person's alleged infringement of the Marks. Franchisor shall have the sole authority and power to prosecute or settle such action. Franchisee shall render such assistance as Franchisor shall reasonably demand to carry out the prosecution of any such action including, without limitation, becoming a nominal party to any legal action. Franchisee shall have no right to prosecute any claim of any kind or nature whatsoever against such alleged infringer for or on account of said alleged infringement.

**12.4 Substitution of Marks.** Franchisor may change, revise or substitute different Marks for use in identifying the System, if the Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different Marks will be beneficial to the System. The use of the substituted Marks shall be governed by the terms of this Agreement, and Franchisor shall not compensate Franchisee for such substitution.

**12.5 Copyright.** Franchisor has developed, and may further develop during the Term, the Manuals and certain artistic designs, and certain other word combinations designated for use by Franchisee. Franchisor retains all right, title and interest thereto as provided by copyright law to the originator of works and Franchisee is licensed to use such copyrighted materials solely in accordance with the terms of this Agreement during the Term. If Franchisee develops or suggests a change or additional component of the Franchised Business, Franchisor may adopt such change or addition without compensation to Franchisee, and such change or addition shall thereupon become part of the System owned by Franchisor.

## **13. TERMINATION OF FRANCHISE AGREEMENT**

The following provisions are in addition to, and not in limitation of, any other rights and remedies Franchisor may have at law or in equity, all of which are expressly reserved. The exercise by Franchisor of any right or remedy shall not be deemed an election of remedies.

**13.1 With Notice and No Opportunity to Cure.** This Agreement shall immediately terminate on delivery of notice of termination to Franchisee by Franchisor upon the occurrence of any of the following Defaults. If Franchisee:

(i) Becomes insolvent or admits in writing Franchisee's inability to pay its debts as they mature, makes an assignment for the benefit of creditors, files a petition under any foreign, state or United States bankruptcy act, receivership statute, or the like or if such a petition is filed by a third party, or if an application for a receiver is made by anyone and is not resolved favorably within 90 days.

(ii) Has made any material misrepresentation or omission in the application for appointment as a Franchisee or in any report that Franchisee submits to Franchisor pursuant to this Agreement.

(ii) Is convicted by a trial court of or pleads no contest to a felony or other crime or offense or engages in conduct that reflects materially and unfavorably upon the operation and reputation of Franchisor, the System or the Franchised Business.

(iv) Attempts to make or makes an unauthorized assignment, encumbrance or other Transfer of Franchisee's rights or obligations under this Agreement, or attempts to make a Transfer described in Article 15 without complying with all of the prerequisites to Transfer set forth in Article 15.

(v) Is a party to any other agreement with Franchisor that is terminated because of a Default by Franchisee.

(vi) Makes any unauthorized use of the Marks or of the Trade Secrets or makes any duplication or disclosure of any Trade Secrets or contents of the Manuals.

(vii) Fails on 2 or more separate occasions in any 12 month period to comply with the terms of this Agreement, whether or not such failures to comply are corrected after notice is delivered to Franchisee and whether or not such failures to comply relate to the same or different requirements of this Agreement.

(viii) Fails to comply with any Applicable Law related to the operation of the Franchised Business and fails to remedy the same within 10 days after notification of noncompliance.

(ix) Has any Permit required for the operation of the Franchised Business suspended, terminated or interrupted; provided, however, that Franchisor may waive such a Default if Franchisee diligently pursues, and is able to renew, any such Permit within a reasonable amount of time after notice and Franchisor agrees to manage the Franchised Business in the interim period in accordance with Section 13.4.

(x) Fails to provide adequate stock, service or operate 75% of its Vending Machines in working order for a period of 5 consecutive days.

(xi) Violates the prohibition on engaging in any business or other activity that conflicts with Franchisee's obligations under this Agreement, including providing any vending services at any location which is not an Approved Location.

(xii) Loses the right to service any Vending Customer due to any failure to make any payment to any third party within 10 days after receipt of written notice from Franchisor.

(xiii) Fails to make payments of any amounts due to any Site Owner, Required Supplier or Approved Supplier within 10 days after receipt of a written notice that a payment is past due.

(xiv) Fails to make payment to Franchisor, Franchisor's affiliates, to Franchisee's suppliers or creditors, within 10 days after written demand therefor from Franchisor that any required payment is overdue, unless, with respect to Franchisee's suppliers or creditors, Franchisee notifies Franchisor of the existence of a bona fide dispute and takes immediate action to resolve it.

(xv) Understates any payment due to Franchisor by 1% or more, or understates any such payment in any amount, twice in any 2 year period

(xvi) Turns off or otherwise disables any Vending Machine's computer system, remote reporting system of files at any time or otherwise fails to provide Franchisor with direct and uninterrupted access to the Vending Machine Statistics at anytime.

(xvii) Fails provide Franchisor with Certificates evidencing the insurance coverage required by Section 9.1 within 5 days after Franchisor's written demand therefor.

(xviii) Fails to provide Franchisor with written notice of any change of Franchisee's contact information within 5 days of any such change, or fails to respond to any written request from Franchisor within the time period demanded by Franchisor in any such request.

(xix) Fails to make payments of any amounts due to any Site Owner, Required Supplier or Approved Supplier within 5 days after receipt of a written notice that a payment is past due.

(xx) Relocates any Vending Machine without Franchisor's prior written consent.

(xxi) Violates any health, safety or sanitation law, ordinance or regulation, fails any health department inspection or operates any Vending Machine in a manner that presents a health or safety hazard to its customers or the public.

**13.2 With Notice and Opportunity to Cure.** Except as otherwise provided in Section 13.1, this Agreement shall terminate upon Franchisee's failure to cure any Default under this Agreement or the Manuals within 30 days after notice thereof is delivered to Franchisee or, if such failure cannot reasonably be corrected within 30 days after written notice of such failure is delivered to Franchisee, failure to undertake diligent efforts to comply and to furnish proof acceptable to Franchisor of such efforts; provided, however, that in no event shall Franchisee's cure period exceed a total of 60 days.

**13.3 No Waiver.** The description of any Default in any notice served upon Franchisee shall in no way preclude Franchisor from specifying additional or supplemental Defaults in any action, hearing or suit relating to this Agreement or the termination hereof.

**13.4 Management of Locations Until Cure or Transfer of Business.** If Franchisor issues a notice of Default, Franchisor shall have the right (but not the obligation) to manage Franchisee's Locations until Franchisee cures all Defaults to Franchisor's satisfaction. In addition, Franchisor will charge Franchisee a Management Fee, the cost of replacement inventory and coin float. The Management Fee and inventory and coin float costs shall be paid out of the Management Fund on a weekly basis. Operation of Franchisee's Locations by Franchisor during any such period shall be on Franchisee's behalf and Franchisor shall only have a duty to use reasonable efforts and shall not be liable to any creditor of Franchisee or for any obligations incurred at any Location.

**13.5 Right to Stop Supplying Product Upon Default.** Franchisor shall have the right upon the issuance of a notice of Default to notify all Required Suppliers that the Required Suppliers have the right to stop selling Products and providing services to Franchisee until Franchisee has cured all Defaults.

**13.6 Termination by Franchisee.** If Franchisee claims that a Default has been committed by Franchisor, Franchisee shall give Franchisor written notice and 30 days to cure such Default. If Franchisor cannot reasonably cure within such 30 day period, and Franchisor is diligently continuing efforts to cure, then Franchisor shall have 60 days to cure such Default.

**13.7 Right to Retain Nonrefundable Deposit and Terminate Franchise Agreement.** If Franchisee commits any Default under this Agreement prior to the installation of any Primary Vending Machine, Franchisor shall have the right, in its sole and absolute discretion, to terminate this Agreement and to retain the Deposit. Franchisee acknowledges and agrees that Franchisee is not entitled to, nor shall Franchisee receive, any refund of the Deposit or any fees paid by Franchisee to Franchisor or a third party in connection with this Agreement if Franchisee commits a Default under this Agreement and this Agreement is subsequently terminated.

## **14. RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION**

**14.1 Payment of Amounts Owed to Franchisor.** Franchisee shall pay Franchisor within 5 days after the effective date of termination or expiration of this Agreement, all amounts due to Franchisor and all other amounts owed to Franchisor which are then unpaid.



**14.2 Marks.** After the termination or expiration of this Agreement, Franchisee shall:

(i) Remove all Marks from the Vending Machines, the Vehicle and Franchisee's other property (whether in the form of decals, graphics, signs or other indicia) and return to Franchisor all materials containing any Marks or otherwise identifying or relating to the Franchised Business within 5 days after the effective date of termination or expiration of this Agreement.

(ii) Not directly or indirectly at any time or in any manner identify Franchisee, its Owner or any business with which Franchisee or its Owner is affiliated, as a current or former franchisee or licensee of Franchisor, or as otherwise associated with Franchisor, or use any license issued to Franchisor or any Mark, any imitation thereof or other indicia in any manner or for any purpose, or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with Franchisor (other than as set forth in Section 14.2(i) above).

(iii) Take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to Franchisee's use of any Marks (other than as set forth in Section 14.2(i) above).

(iv) Comply with all further requirements set forth in the Manuals.

(v) Immediately cease to use any item associated with the System and any of Franchisor's Trade Secrets (other than as set forth in Section 14.2(i) above) in any business or otherwise and return to Franchisor (at Franchisee's expense) the Manuals and any other confidential materials which have been loaned to Franchisee, including copies of, or any component thereof, in any form.

(vi) Immediately remove all Approved Products and Required Products from all of Vending Machines.

**14.3 Post-Term Non-Competition.** Commencing upon the date of: (i) a Transfer permitted under Article 15, (ii) the expiration of this Agreement, or (iii) the termination of this Agreement (regardless of the cause for termination), and continuing for an uninterrupted period of 2 years thereafter, Franchisee shall not, without Franchisor's prior written consent, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal Entity, or any other person or legal Entity affiliated with Franchisee, own, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with any business which provides vending services at any site within 25 miles of any Location.

**14.4 Violations.** If Franchisee shall commit any violation of Section 14.3 during the 2 year period following (i) a Transfer permitted under Article 15 of this Agreement, (ii) the expiration of the Term, (iii) the termination of this Agreement (regardless of the cause for termination), or (iv) the issuance of a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of Section 14.3, in addition to all other remedies available to Franchisor, Franchisee shall pay Franchisor, throughout the 2 year period, 5% of the gross revenue of any business which provides vending services at any site within 25 miles of any Location ("**Post Termination Monthly Gross Revenue**") in violation of Section 14.3. Franchisee shall account for and pay the 5% of Post Termination Monthly Gross Revenue to Franchisor on the fifteenth day of each month on the Post Termination Monthly Gross Revenue of the competing vending machine business during the previous month. Franchisor shall have the right to audit the books and records of the competing business to confirm Franchisee's compliance with this Section 14.4, upon prior notice to Franchisee.

**14.5 Continuing Obligations.** All obligations of the Parties that expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement until they are satisfied in full or by their nature expire, except pursuant to a validly existing Franchise Agreement with Franchisor.

## 15. ASSIGNMENT, TRANSFER AND ENCUMBRANCE

**15.1 By Franchisor.** Franchisor shall have the right to Transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal Entity without the consent of Franchisee. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. In addition, Franchisee expressly affirms and agrees that Franchisor may sell its assets, the Marks, or the System, may sell its securities in a public offering or in a private placement, may merge, acquire other entities, or be acquired by another Entity, including an Entity which owns and or operates businesses which compete with the Franchised Business, and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring, each and all without the consent of Franchisee.

**15.2 By Franchisee.** The rights granted to Franchisee in this Agreement are personal and Franchisee acknowledges that Franchisor is entering into this Agreement in reliance upon and in consideration of the individual character, skill, aptitude, business ability, English language fluency, physical capacity to perform the obligations under this Agreement and financial capacity of Franchisee or, if Franchisee is an Entity, of its Owners. Accordingly, Franchisee shall not Transfer this Agreement or any interest in this Agreement or ownership of Franchisee without Franchisor's consent and without offering Franchisor a right of first refusal. Further, Franchisee shall not offer to Transfer this Agreement or any interest in this Agreement or ownership of Franchisee, without Franchisor's prior consent and shall not advertise for the Transfer of this Agreement or any interest in this Agreement or ownership of Franchisee in any media without Franchisor's prior consent. Franchisor shall conduct all advertising related to a Transfer. Any attempt at a Transfer that violates the provisions of this Article 15 shall constitute a material breach of this Agreement and shall convey no right or interest in this Agreement. If Franchisee desires or proposes to Transfer any right or interest under this Agreement to a potential Transferee, Franchisee shall first notify Franchisor in writing at least 60 days before the proposed Transfer, setting forth in detail all of the proposed terms and conditions of the Transfer, a copy of the proposed sale and purchase agreement between Franchisee and the proposed Transferee, the name and address of the proposed Transferee, and the consideration therefore. Franchisor shall not unreasonably withhold its consent to the Transfer for which it has not exercised its right of first refusal pursuant to Section 15.3, if the proposed Transfer complies with all the following pre-conditions:

(ii) At the time of the proposed Transfer, all outstanding obligations of Franchisee to Franchisor shall have been satisfied and the terms of the proposed sale and purchase agreement shall not purport to Transfer any intellectual property of Franchisor and shall not in Franchisor's sole discretion contain any terms or conditions that would damage the goodwill of the System.

(ii) The proposed Transferee and each its Owners, as the case may be, must be a United States citizen or lawful resident alien of the United States and must have sufficient literacy and fluency in the English language sufficient, in Franchisor's opinion, to communicate with employees, customers, and suppliers of Franchisor and to satisfactorily complete Franchisor's required training program and such other tests and interviews as Franchisor shall reasonably deem to be necessary or desirable. Franchisee shall provide Franchisor with such information as Franchisor may require to make a determination concerning such proposed transfer.

(iii) The sales price of the interest to be conveyed must not be so high, or the terms of the sale so onerous, that, in the judgment of Franchisor, the proposed Transferee will be unlikely to properly maintain, operate and promote the Franchised Business and meet the proposed Transferee's financial and other obligations to Franchisor, third party suppliers and creditors. This provision shall not create any liability to either Franchisee or the proposed Transferee on the part of Franchisor, in the event that Franchisor approves the Transfer and the Transferee experiences financial difficulties.

(iv) Franchisee and its Owners shall execute a general release of Franchisor and its respective current and former officers, shareholders, directors, members, managers, employees, agents, affiliates and representatives, in a form satisfactory to Franchisor.

(v) The proposed Transferee shall be duly licensed to operate the Franchised Business at all Locations, and Franchisee shall have obtained, at its or at the Transferee's expense, all requisite consents to such Transfer by any Governmental Authorities.

(vi) At Franchisor's option, the proposed Transferee shall either execute the standard form of Franchise Agreement then being offered to new franchisees (modified to reflect the remaining term and renewal term then remaining, if any, with respect to this Agreement) and other ancillary documents that Franchisor requires, the terms of which may vary from those of this Agreement, or expressly assume in writing for the benefit of Franchisor all of the obligations of Franchisee under this Agreement, whether accrued at the time of such Transfer or arising thereafter, and shall agree to be bound by all of the terms and provisions of this Agreement to the same extent and in the same manner as Franchisee; provided, however, that neither Franchisor's consent to a Transfer nor anything contained in this Agreement shall be deemed to constitute a release of Franchisee of its obligations under this Agreement.

(vii) Franchisee shall pay to Franchisor a Transfer Fee, plus Franchisor's out of pocket costs associated with the Transfer, including costs of attorneys' fees associated with the Transfer, on or before the Transfer; provided, however, that if Franchisor does not consent to the Transfer, Franchisor shall refund the Transfer Fee to Franchisee after deducting any expenses it incurred in connection with the proposed Transfer.

(viii) Before completion of a Transfer, the proposed Transferee, or its Owner designated by the proposed Transferee to manage the day-to-day operations of the Franchised Business, shall attend and complete, to Franchisor's satisfaction, the Initial Training Program. The proposed Transferee shall pay Franchisor the Transferee Training Program Fee for the first 2 persons attending the Initial Training Program and an Additional Initial Training Fee for any additional persons attending the Initial Training Program.

**15.3 Right of First Refusal.** Franchisee shall provide Franchisor with complete information on the proposed Transferee and terms of the Transfer. Within 60 days after Franchisor's receipt of this information, Franchisor shall inform Franchisee (i) whether it will exercise its right of first refusal for itself or its nominee, and (ii) if not, whether it will consent to the Transfer. If Franchisor elects to exercise its right of first refusal, Franchisor or its nominee shall accept the Transfer at the price and on the terms contained in Franchisee's notice; provided, however, that Franchisor shall not be required to perform obligations of the proposed Transferee which are merely incidental to the Transfer (e.g., employment agreements in favor of individuals, and brokers or finder's fees to be paid by the proposed Transferee to Franchisee or to any Owner of Franchisee); and provided, further, that if the purchase price specified in Franchisee's notice includes consideration other than cash and notes, Franchisor or its nominee may substitute for such other compensation cash in an amount equal to the fair market value thereof. The closing of such Transfer shall be held within 60 days following receipt by Franchisee of Franchisor's notice. If Franchisor elects not to exercise its right of first refusal and consents to the proposed Transferee, Franchisee may consummate the proposed Transfer, but only upon the terms and conditions set forth in Franchisee's notice.

**15.4 Death or Incapacity of Franchisee.** Upon Franchisee's death or Incapacity during the Term or upon the of death or Incapacity of one or more Owners of more than 50% interest in Franchisee, if Franchisee is an Entity, Franchisor, on its own initiative, or upon the written request of the Heirs, shall allow the Heirs a period of 6 months from the date of death or Incapacity to:

(i) Demonstrate that the Heirs meet Franchisor's requirements for a Transferee set forth in Section 15.2 and agree to the terms of this Agreement and confirm this by signing a Transfer or assignment agreement. At Franchisor's option, as an alternative to signing a Transfer or assignment agreement, Franchisor may require the Heirs to execute the standard form of Franchise Agreement then being offered to new franchisees (modified to reflect that Franchisor shall not collect an initial franchisee fee and to reflect the remaining term and renewal term then remaining, if any, with respect to this Agreement) and any ancillary documents that Franchisor requires, the terms of which may be different from those of this Agreement; or

(ii) Assign this Agreement to a third party acceptable to Franchisor that meets the prerequisites to Transfer set forth in Section 15.2.

## **16. INDEMNIFICATION**

**16.1 Indemnification of Franchisor.** Franchisee shall indemnify and hold harmless to the fullest extent by law, Franchisor, and its directors, officers, employees, shareholders, affiliates and agents (collectively the "**Franchisor Indemnitees**"), from any and all Indemnified Expenses incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry

(regardless of whether same is reduced to judgment) or any settlement thereof which arises directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Franchised Business, including, without limitation, claims arising as a result of the maintenance and operation of the Vehicle or the Vending Machines (collectively an "**Indemnity Event**"), and regardless of whether the same resulted from any strict or vicarious liability imposed by law on the Franchisor Indemnitees; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Franchisor Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided in this Agreement shall extend to any finding of comparative negligence or contributory negligence attributable to Franchisee). Franchisee shall give Franchisor prompt notice of any Indemnity Event of which it is aware, for which indemnification is required, and, at the expense and risk of Franchisee, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that Franchisor shall seek the advice and counsel of Franchisee. Any assumption by Franchisor shall not modify Franchisee's indemnification obligations. Franchisor may, in its sole judgment, take such actions as it seems necessary and appropriate to investigate, defend, or settle any Indemnity Event or take other remedial or corrective actions with respect thereof as may be, in Franchisor's sole judgment, necessary for the protection of the Franchisor Indemnitees or the System.

**16.2 Indemnification of Franchisee.** Franchisor shall indemnify and hold harmless to the fullest extent by law, Franchisee, and its directors, officers, employees, shareholders, affiliates and agents (collectively the "**Franchisee Indemnitees**"), from any and all compensatory, exemplary, or punitive damages, fines and penalties, attorneys' fees, experts' fees, court costs, costs associated with investigating and defending against claims, settlement amounts, judgments, and all other costs associated with any of the foregoing losses and expenses incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises directly or indirectly from, as a result of, or in connection with the System, and regardless of whether the same resulted from any strict or vicarious liability imposed by law on the Franchisee Indemnitees; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Franchisee Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided in this Agreement shall extend to any finding of comparative negligence or contributory negligence attributable to Franchisor). Franchisor shall give Franchisee prompt notice of any event of which it is aware, for which indemnification is required, and, at the expense and risk of Franchisor, Franchisee may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that Franchisee shall seek the advice and counsel of Franchisor. Any assumption by Franchisee shall not modify Franchisor's indemnification obligations. Franchisee may, in its sole judgment, take such actions as it seems necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereof as may be, in Franchisee's sole judgment, necessary for the protection of the Franchisee Indemnitees.

## **17. DISPUTE RESOLUTION**

**17.1 Choice Of Law.** This Agreement shall be interpreted and construed under the laws of California. In the event of any conflict of law, the laws of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the Franchised Business is located outside of California and such provision would be enforceable under the laws of the state in which the Franchised Business is located, then such provision shall be interpreted and construed under the laws of that state.

**17.2 Venue.** The Parties agree that any action brought by either Party against the other in any court, whether federal or state, shall be brought within the State of California in the county in which Franchisor has its principal place of business at the time the action is initiated, and the Parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

**17.3 Nonexclusivity of Remedy.** No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

**17.4 Mediation.** Before either Party may initiate any action pursuant to this Article 17, the Parties pledge to attempt first to resolve the Dispute pursuant to mediation conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association, unless the Parties agree on alternative rules and a mediator within 15 days after either Party first gives notice of mediation. Mediation shall be conducted within the State of California in the county in which Franchisor has its principal place of business at the time the action is initiated, and shall be conducted and completed within 45 days following the date either Party first gives notice of mediation unless otherwise agreed to in writing by the Parties. The fees and expenses of the mediator shall be shared equally by the Parties. The mediator shall be disqualified as a witness, expert or counsel for either Party with respect to the Dispute and any related matter. Mediation is a compromise negotiation and shall constitute privileged communications under California and other applicable laws. The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the Parties shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation. Notwithstanding anything to the contrary set forth in this Agreement, either Party that fails to reasonably cooperate in scheduling and completing a mediation within 45 days after giving or receiving notice thereof shall be precluded from recovering costs, expenses, and/or prevailing Party's attorneys' fees in any subsequent legal proceeding.

**17.5 Limitation of Adjudicative Proceedings.** The Parties irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other, whether or not there are other parties in such action or proceeding. Any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee and Franchisor, or Franchisee's operation of the Franchised Business, brought by either Party against the other, shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred. The Parties hereby waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other and agree that if of a dispute between them each shall be limited to the recovery of any actual damages sustained by it.

**17.6 Franchisor's Right To Cure Defaults.** In addition to all other remedies granted to Franchisor, if Franchisee shall Default in the performance of any of its obligations or breach any term or condition of this Agreement or any related agreement, Franchisor may, at its election, immediately or at any time thereafter, without waiving any claim for Default or breach hereunder and without notice to Franchisee, cure such Default or breach for the account and on behalf of Franchisee, and the cost to Franchisor shall be due and payable on demand and shall be deemed to be additional compensation due to Franchisor under this Agreement and shall be added to the next payment of fees that becomes due to Franchisor, at the election of Franchisor.

**17.7 Non-Disparagement.** During the Term of this Agreement and following (i) a Transfer permitted under Article 15, (ii) the expiration of the Term, or (iii) the termination of this Agreement (regardless of the cause for termination), neither Party shall make, participate, or concur in any remark or actions that are disparaging or detrimental regarding the other Party, or its affiliates, or their respective officers, directors, shareholders, managers, members, parents, predecessors, principals, employees, successors, assigns, representatives or attorneys, in any way or in any manner, including, without limitation, in any comment or posting on internet forums, social media, blogs, Facebook pages and similar sites, internet sites, newspapers, or articles, unless the same is required by an order of a court of competent jurisdiction or by other applicable legal requirements.

**17.8 Survival.** The terms of this Article 17 shall survive termination, expiration or cancellation of this Agreement.

## **18. GENERAL**

**18.1 Grammar, Headings, Exhibits and Construction.** The masculine of any pronoun shall include the feminine and the neuter thereof, and the singular of any noun or pronoun shall include the plural, or vice versa, wherever the context requires. Article and Section headings are for convenience of reference only and shall not be construed as part of this Agreement nor shall they limit or define the meaning of any provision of this Agreement. Recitals A through C and the terms of all Exhibits attached to this Agreement are incorporated into this Agreement by reference. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or

otherwise. On the contrary, this Agreement has been reviewed by both Parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of both Parties. The Parties 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.

**18.2 Non-Waiver.** No failure by either Party to take action on account of any Default of the other Party, or of a similar Default of another franchisee, whether in a single instance or repeatedly, and no course of dealing of the Parties or by Franchisor with other franchisees in variance with the terms hereof constitutes a waiver of any such Default or of the performance required of either Party by this Agreement. No express waiver by either Party of any provision or performance under this Agreement or of any Default by the other Party constitutes a waiver of any other or future provision, performance or Default. No waiver or extension of time shall be effective unless expressly contained in a writing signed by the waiving Party. Franchisor may in its discretion elect from time to time to waive obligations of Franchisee under this Agreement upon such terms and conditions as Franchisor may, in its discretion, set forth in such waiver. No acceptance of performance or payments from Franchisee shall be deemed to be a waiver by Franchisor of any preceding or succeeding breach by Franchisee of any terms or conditions of this Agreement. No mediation shall delay, suspend, or prevent either Party from exercising its right to terminate this Agreement at the time and in the manner set forth in Article 13.

**18.3 Attorneys' Fees.** The prevailing Party in any legal proceeding shall be entitled to recover as an element of such Party's cost of suit or proceeding, and not as damages, reasonable attorneys' fees to be fixed by the Court. No sum for attorneys' fees shall be counted and calculated in the amount of judgment for purposes of determining whether a Party is entitled to recover its costs or attorneys' fees.

**18.4 Invalidity and Severability.** If any provision of this Agreement is determined to be invalid or unenforceable, either in its entirety or by virtue of its scope or application to given circumstances, such provision shall be deemed modified to the extent necessary to render the same valid, or as not applicable to the given circumstances, or to be excised from this Agreement, as the situation may require, and this Agreement shall be construed and enforced as if such provision had been included in this Agreement as so modified in scope or application, or had not been included in this Agreement, as the case may be, it being the stated intention of the Parties that had they known of such invalidity or unenforceability at the time of entering into this Agreement, they would have nevertheless contracted upon the terms contained in this Agreement, either excluding such provisions, or including such provisions only to the maximum scope and application permitted by law, as the case may be.

**18.5 Notices.** All notices required to be given under this Agreement shall be in writing and shall be served in person, by Express Mail, by certified mail, by private overnight delivery or by electronic transmission. Service shall be deemed conclusively made: (i) at the time of service, if personally served, (ii) 24 hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail, (iii) upon the earlier of actual receipt or 3 calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail, (iv) 24 hours after delivery by the Party giving the notice if by private overnight delivery, and (v) one business day after electronic transmission (with confirmation copy sent by regular United States mail).

Any notice or demand to Franchisor shall be given to:

Fresh Healthy Vending LLC  
9605 Scranton Road, Suite 350  
San Diego, California 92121  
Fax: 858-210-4258

With a copy to:

Barry Kurtz, Esq.  
21650 Oxnard Street, Suite 500  
Woodland Hills, California 91367  
Fax: (818) 986-4474

Any notice to Franchisee shall be sent to the address appearing as Item 6 on **Exhibit C**, unless and until a different address has been designated by written notice to Franchisor. Either Party may change its address for the purpose of receiving notices, demands and other communications by a written notice given in the manner set forth above to the other Party.

**18.6 Entire Agreement.** This Agreement, any documents executed contemporaneously herewith which expressly reference this Agreement and any documents referred to in this Agreement constitute and contain the entire Agreement and understanding of the Parties with respect to the subject matter hereof. There are no representations, undertakings, agreements, terms, or conditions not contained or referred to in this Agreement. No officer or employee or agent of Franchisor has any authority to make any representation or promise not contained in this Agreement or in any Disclosure Document for prospective franchisees required by Applicable Law, and Franchisee agrees that it has executed this Agreement without reliance upon any such representation or promise. This Agreement supersedes and extinguishes any prior written agreement between the Parties relating to the subject matter hereof, provided that it shall not abrogate, impair, release or extinguish any debt, obligation or liability otherwise existing between the Parties. This Agreement may not be modified or amended except by a written amendment executed by both Parties. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim representations Franchisor made to Franchisee in Franchisor's Franchise Disclosure Document or in any related document that Franchisor heretofore furnished to Franchisee.

**18.7 Relationship of Parties.** Nothing contained in this Agreement shall be deemed or construed to create the relationship of principal and agent, partnership, joint venture or employment, or a fiduciary relationship, and Franchisee shall not hold itself out as an agent, legal representative, partner, subsidiary, joint venturer, servant or employee of Franchisor or any affiliate of Franchisor. With respect to all matters pertaining to the operation of the Franchised Business, Franchisee is, and shall be, an independent contractor. Neither Franchisor nor Franchisee has the right to bind or obligate the other to any obligations or debts. Franchisee is the independent owner of its business, shall be in full control thereof, and shall conduct such business in accordance with its own judgment and discretion, subject only to the provisions of this Agreement. Franchisee shall conspicuously identify itself as the independent owner of its business and as a franchisee of Franchisor. Neither Party hereto shall be obligated by, or have any liability for, any agreements, representations or warranties made by the others nor shall Franchisor be liable for any damages to any person or property, directly or indirectly, arising out of the operation of the Franchised Business, whether caused by Franchisee's negligent or willful action or failure to act.

**18.8 Time of the Essence.** In all respects, time shall be of the essence under this Agreement unless performance is prevented by an event of Force Majeure.

**18.9 Compliance with Applicable Law.** If any Applicable Law of any jurisdiction requires a greater prior notice of the termination of, or refusal to renew, this Agreement than is required under this Agreement, the prior notice or other action required by such Applicable Law shall be substituted for the notice or other requirements hereof. Such modifications to this Agreement shall be effective only in such jurisdiction and shall be enforced as originally made and entered into in all other jurisdictions. Franchisor reserves the right to challenge the applicability of any such Applicable Law.

**18.10 Entity Franchisees.** If Franchisee is an Entity, it shall, except as otherwise approved in writing by Franchisor: (i) confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to operating the Franchised Business, (ii) furnish Franchisor with its shareholders', partnership or operating agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto, (iii) maintain stop transfer instructions on its records against the Transfer of any Equity securities and shall only issue securities upon the face of which a legend, in a form satisfactory to Franchisor, appears which references the Transfer restrictions imposed by this Agreement, (iv) not issue any voting securities or securities convertible into voting securities, (v) maintain a current list of all Owners of

record and all beneficial Owners of any class of voting stock of Franchisee and furnish the list to Franchisor upon request, (vi) complete and deliver **Exhibit C** to Franchisor together with this Agreement, and (vii) notify Franchisor in writing within 10 days of any change in the information contained in **Exhibit C**.

**18.11 Approvals, Consents and Guarantees.** If Franchisee is an Entity, Franchisor shall not be bound unless all Owners of Franchisee have read and approved this Agreement and further agree that any restriction applicable to the Entity shall also apply to them individually and collectively (including the prohibition on their ability to Transfer their interests in Franchisee) and further agree, if Franchisor so requires, to personally, jointly and severally, guarantee the performance of Franchisee under the terms of this Agreement by executing the form of Guarantee in the form of **Exhibit D**. Further, Franchisor shall not be bound unless and until this Agreement is signed by an authorized officer of Franchisor.

**18.12 Exclusive Remedy.** In no event shall Franchisee make any claim for money damages based on any claim or assertion that Franchisor has unreasonably withheld or delayed any consent or approval under this Agreement. Franchisee waives any such claim for damages. Franchisee may not claim any such damages by way of setoff, counterclaim or defense. Franchisee's sole remedy for the claim will be an action or proceeding to enforce the provisions of this Agreement, for specific performance or for declaratory judgment.

**18.13 Counterparts and Electronic Copies.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Signatures transmitted electronically or by facsimile will be deemed original signatures. Electronic copies of this Agreement shall constitute and be deemed an original copy of this Agreement for all purposes, provided that such electronic copies are fully executed, dated and identical in form to the original hard copy version of this Agreement.

**18.14 Acknowledgements.** Franchisee, and its Owners, jointly and severally acknowledge that they have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution hereof, that they have obtained the advice of counsel in connection with entering into this Agreement, that they understand the nature of this Agreement, and that they intend to comply herewith and be bound hereby. Franchisor expressly disclaims making, and Franchisee and its Owners acknowledge and agree that they have not received or relied on any warranty or guarantee, express or implied, as to the potential volume, profits, expenses, or success of the Franchised Business. Franchisee and its Owners further acknowledge and agree that Franchisee has conducted an independent investigation of the Franchised Business, recognizes that the Franchised Business involves business risks, and that its success will be largely dependent upon the ability of Franchisee and if an Entity, its Owners, as independent businesspersons. Franchisee acknowledges that Franchisee has read and understood this Agreement and the Exhibits and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

**18.15 Franchise Disclosure Document.** Franchisee acknowledges that Franchisee and its Owners received a copy of the complete Fresh Healthy Vending Franchise Disclosure Document which contains a copy of this Agreement, at least 14 calendar days before the Effective Date. Franchisee and its Owners further acknowledge and agree that Franchisor has made no promises, representations, warranties or assurances to Franchisee which are inconsistent with the terms of this Agreement or Franchisor's Franchise Disclosure Document, concerning the profitability or likelihood of success of the Franchised Business, that Franchisee and its Owners have been informed by Franchisor that there can be no guarantee of success in the Franchised Business and that the business ability and aptitude of Franchisee and its Owners is primary in determining Franchisee's success.

**18.16 Atypical Terms.** Franchisee and its Owners acknowledge and agree that Franchisor may modify the offer of its franchises to other franchisees in any manner and at any time, which offers have or may have terms, conditions, and obligations which may differ from the terms, conditions, and obligations in this Agreement. Franchisee and its Owners further acknowledge and agree that Franchisor has made no warranty or representation that all Franchise Agreements previously issued or issued after this Agreement by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Franchisor may, in its reasonable business judgment and its sole and absolute discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other Franchise Agreements previously executed or executed after the Effective Date with other franchisees in a non-uniform manner.



**18.17 Anti-Terrorism Laws.** Franchisee shall comply with, and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws. Franchisee and its Owners certify, represent and warrant that none of their property or interests is subject to being blocked under any of the Anti-Terrorism Laws and that neither Franchisee nor its Owners are otherwise in violation of the Anti-Terrorism Laws. Any violation of the Anti-Terrorism Laws by Franchisee or Franchisee's employees or any "blocking" of Franchisee's assets under the Anti-Terrorism Laws constitute grounds for immediate termination of this Agreement and any other agreements Franchisee has entered into with Franchisor or any of its affiliates, in accordance with the provisions of Section 13.1. Franchisee shall notify Franchisor by telephone within 24 hours, and confirm in writing within 2 days after receiving notice of an investigation or violation of any Anti-Terrorism Laws, and notify Franchisor in writing within 3 days of the commencement of any other litigation or proceeding which may adversely affect the operation or financial condition of the Franchised Business.

## 19. DEFINITIONS

The following capitalized terms in this Agreement shall have the meanings set forth below:

"**Additional Initial Training Program Fee**" means the fee Franchisee must pay Franchisor for an Initial Training Program for more than 2 trainees, in the amount set forth on **Exhibit B**.

"**Additional Extension Period**" means an additional 60-day period after the Automatic Extension Period for any Rejected Location that satisfies the Site Criteria.

"**Additional Training Courses**" means any additional training courses provided by Franchisor after Franchisee's completion of the Initial Training Program

"**Additional Training Fee**" means the fee Franchisee must pay Franchisor for Additional Training Courses provided by Franchisor after Franchisee's completion of the Initial Training Program, in the amount set forth on **Exhibit B**.

"**Additional Vending Machine Amendment to Franchise Agreement**" means the form of Amendment attached as **Exhibit F** under which the Parties shall amend this Agreement to provide for Franchisee's purchase of Additional Vending Machines.

"**Additional Vending Machine Franchise Fee**" means the Franchise Fee that Franchisee shall pay Franchisor for Additional Vending Machines in the amount set forth on **Exhibit F**.

"**Additional Vending Machine Locations**" means the locations obtained for Additional Vending Machines acquired by Franchisee after the Effective Date.

"**Additional Vending Machines**" means Vending Machines in addition to the Primary Vending Machines acquired by Franchisee on the Effective Date.

"**Advertising Fee**" means the annual fee Franchisee must pay Franchisor on January 1 of each year for each Vending Machine owned by Franchisee and in operation at a Location at any time during the previous Calendar Year, in the amount set forth on **Exhibit B**.

"**Advertising Fund**" means the account into which the Advertising Fees are deposited and administered for advertising, marketing, public relations, and/or promotional programs and materials for the System.

"**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the USA Patriot Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war.

"**Applicable Law**" means applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, governing the operation of the

Franchised Business at the Locations, as in effect on the Effective Date, and as may be amended, supplemented or enacted from time to time.

**“Approved Location”** means a Location which complies with the Site Criteria and which is subject to a signed Location Agreement.

**“Approved Products”** means Snack Products and/or Coffee Products other than the Required Products which must be compatible with the Required Products and must be purchased only from Approved Suppliers.

**“Approved Suppliers”** means producers, manufacturers, distributors, suppliers or service providers who have not been designated by Franchisor as a Required Supplier but have been approved by Franchisor at the request of Franchisee or another franchisee of Franchisor.

**“Automatic Extension Period”** means the extension of the date for the installation of Vending Machines by Franchisor for a period of 60 days.

**“Calendar Quarter”** means the periods January 1 – March 31, April 1 – June 30, July 1 – September 30, and October 1 – December 31 during the Term.

**“Calendar Year”** means the period January 1 – December 31 during the Term.

**“Certificates”** has the meaning set forth in Section 9.2.

**“Coffee Products”** has the meaning set forth in Recital B.

**“Coffee Vending Machine Business”** has the meaning set forth in Recital C.

**“Default”** means any breach of, or failure to comply with, any of the terms or conditions of an agreement.

**“Direct Costs”** means the expenses incurred by Franchisor for training materials, travel expenses and facility expenses for Additional Training Courses, Remedial Training Programs and Franchisee Conferences.

**“Dispute”** means any controversy or claim arising out of or relating to this Agreement.

**“Effective Date”** means the date indicated in the first paragraph of this Agreement.

**“EFT”** has the meaning set forth in Section 8.4.1.

**“Entity”** means any limited liability company, partnership, trust, association, corporation or other entity which is not an individual as set forth on Exhibit C.

**“Equity”** means capital stock, membership interests, partnership rights, or other equity ownership interests of an Entity.

**“Force Majeure”** means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe), strikes, lockouts or other industrial disturbances, war, terrorist acts, riot, or other civil disturbance, epidemics, or other similar forces which Franchisee could not by the exercise of reasonable diligence have avoided which shall extend the time for performance of any obligation by one day for each day of Force Majeure, provided however, that neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any person nor Franchisee’s financial inability to perform or Franchisee’s insolvency shall be an event of Force Majeure under this Agreement, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure.

“**Franchisee Conference Fee**” means the fee that Franchisee must pay Franchisor to defray the Direct Costs to provide a Franchisee Conference.

“**Franchised Business**” has the meaning set forth in Recital C.

“**Franchisee Indemnitees**” has the meaning set forth in Section 16.2.

“**Franchisor Indemnitees**” has the meaning set forth in Section 16.1.

“**Governmental Authority**” means and includes all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

“**Graphics Kit Fee**” means the amount Franchisee must pay Franchisor for additional Graphics Kits in the amount set forth on Exhibit B.

“**Guarantee**” means the form of Guarantee attached as Exhibit D under which the Owners jointly and severally, guarantee the performance of Franchisee in favor of Franchisor under the terms of this Agreement.

“**Heirs**” means the heirs, personal representatives, or conservators of Franchisee or an Owner.

“**Incapacity**” means the condition of an individual who suffers from a physical or mental impairment, or a combination of both, rendering Franchisee, or its Owner, unable to substantially perform all Franchisee’s obligations and duties provided in this Agreement and in the Manuals, which is verifiable by medical findings and has continued or is reasonably certain to continue for at least 3 months without substantial improvement that would allow such individual to perform.

“**Indemnified Expenses**” means all compensatory, exemplary, or punitive damages, fines and penalties, attorneys’ fees, experts’ fees, court costs, costs associated with investigating and defending against claims, settlement amounts, judgments, compensation for damages to Franchisor’s reputation and goodwill, and all other costs associated with any of the foregoing losses and expenses.

“**Indemnity Event**” has the meaning set forth in Section 16.1.

“**Initial Franchise Fee**” has the meaning set forth in Section 4.1.

“**Initial Term**” means 10 years from the Effective Date.

“**Initial Training Program**” means the training program provided by Franchisor to Franchisee, or a Transferee or their Owners before turning over the operation of the Vending Machines to Franchisee or the Transferee.

“**Location Agreements**” means the agreements with, and subject to the approval of, Site Owners for the Locations in the form of Exhibit E.

“**Location Commissions**” means the percentage of net profits payable by Franchisee to Site Owners pursuant to their Location Agreement.

“**Locations**” means the sites for the Vending Machines obtained by Franchisor and agreed upon by the Parties.

“**Management Fee**” means the daily fee Franchisee must pay Franchisor as reasonable reimbursement for Franchisor’s expenses, including compensation, travel and living expenses, while Franchisor is managing the Locations after Franchisor issues a notice of Default to Franchisee, in the amount set forth on Exhibit B.

“**Manuals**” means Franchisor’s Operations Manual and Guide, and any other written directive related to the System, as the same may be amended and revised from time to time, including all bulletins, supplements

and ancillary and additional manuals and written directives established by Franchisor as in effect and amended from time to time.

“**Manual Replacement Fee**” means the fee Franchisee must pay Franchisor if Franchisee loses, misplaces or otherwise no longer has possession of the Manuals, in the amount set forth on **Exhibit B**.

“**Marks**” has the meaning set forth in **Recital A**.

“**Monthly Gross Revenue**” means all funds deposited into the Vending Machines for the purchase of Products from the Vending Machines.

“**Owner**” means any direct or indirect shareholder, member, general or limited partner, trustee, or other Equity owner of an Entity.

“**Party**” or “**Parties**” means Franchisor or Franchisee, individually, or collectively.

“**Permits**” means and include all applicable franchises, licenses, permits, registrations, certificates and other operating authority required by Applicable Law.

“**Post Termination Monthly Gross Revenue**” has the meaning set forth in **Section 14.4**.

“**Primary Vending Machines**” means the Vending Machines acquired by Franchisee on the Effective Date.

“**Purchase Price**” means the purchase price for Vending Machines in the amounts set forth on **Exhibit B**.

“**Products**” has the meaning set forth in **Recital C**.

“**Rejected Location**” means any Location that Franchisor submits to Franchisee that satisfies the Site Criteria that Franchisee rejects as a Location for whatever reason.

“**Rejected Location Procurement Fee**” means the fee that Franchisee must pay Franchisor for Rejected Locations and to find Locations for Additional Vending Machines in the amount set forth on **Exhibit B**.

“**Relocation Rights**” means Franchisee’s right to relocate the Vending Machines to Locations approved in advance by Franchisor.

“**Relocated Vending Machine**” means Vending Machines moved from a Location previously approved by Franchisor to a new Location.

“**Remedial Training Fee**” means the fee Franchisee must pay Franchisor for any Remedial Training Programs that Franchisor may provide from time to time.

“**Remedial Training Program**” means any remedial training program or assistance that Franchisor may provide, as determined by Franchisor from time to time.

“**Renewal Notice**” means written notice given by Franchisee to Franchisor no later than 30 days before the expiration of the Initial Term or any Renewal Term then in effect that Franchisee wishes to renew this Agreement for a Renewal Term at the expiration of the Initial Term or any Renewal Term then in effect.

“**Renewal Term**” means a period of 5 years.

“**Renewal Term Fee**” means the amount set forth on **Exhibit B**.

**“Required Products”** means all Snack Products and/or Coffee Products designated by Franchisor as mandatory Products to be dispensed from the Vending Machines, as set forth in the Manuals, subject to change by Franchisor from time to time.

**“Required Supplier”** means a producer, manufacturer, distributor, supplier or service provider designated for use by Franchisor, which may include Franchisor.

**“Restricted Persons”** means Franchisee, and each of its Owners, and the respective officers, directors, and managers of each of them, and the spouse and family members who live in the same household of each of the foregoing who are individuals.

**“Royalty Fees”** means the monthly fees payable to Franchisor calculated in the manner set forth in Section 4.2.2 and on Exhibit B.

**“Service Fees”** means the fees Franchisor must pay Franchisor if Franchisor services the Vending Machines for Franchisee in the amount set forth on Exhibit B.

**“Site Criteria”** means the site criteria and requirements for Locations as set forth in the Manuals, as the same may be changed from time to time.

**“Site Owners”** means the owners or lessors of the Locations.

**“Snack Products”** has the meaning set forth in Recital B.

**“Snack Vending Machine Business”** has the meaning set forth in Recital C.

**“Storage Facility”** means the facility which conforms to the storage facility guidelines in the Manuals and which satisfies all health department requirements and Applicable Law for handling Snack Products and/or Coffee Products.

**“System”** means Franchisor’s operating methods and business practices related to the Fresh Healthy Vending Machine business, and the relationship between Franchisor and its franchisees, including graphics, trade dress, specifications for equipment and uniforms, defined Product offerings, restrictions on ownership, standard operating and administrative procedures, management and technical training programs, all as Franchisor may modify the same from time to time.

**“Term”** means the Initial Term and each Renewal Term, unless the context indicates otherwise.

**“Territory”** means the geographic area in which the Locations are located which is described on Exhibit A.

**“Trade Secrets”** means proprietary and confidential information, including information concerning the Marks, knowledge of the System and the Required Products, concepts or results relating to new vending technology, sources and suppliers of equipment, suitable sites for Vending Machines and, in general, methods, techniques, formulas, formats, specifications, standards, procedures, know-how, information systems, forms of agreement and actual agreements and the entire contents of the Manuals, that is proprietary, confidential or a trade secret of Franchisor, excluding information that is or becomes a part of the public domain through publication or communication by third parties not bound by any confidentiality obligation or that Franchisee can show was already lawfully in Franchisee’s possession before receipt from Franchisor.

**“Total Weekly Transactions”** means the weekly number of sales transactions of a Vending Machine used to calculate the amount of Royalty Fees payable by Franchisee in accordance with Exhibit B.

**“Transfer”** means any voluntary, involuntary, direct or indirect assignment, sale, division, encumbrance, hypothecation, mortgage, pledge or other transfer by Franchisee of any interest in this Agreement, in the Franchised Business, or its assets or of the ownership of Franchisee, if Franchisee is a corporation, partnership, limited liability company or other Entity.

“**Transferee**” means a person or Entity to whom a Transfer is made.

“**Transfer Fee**” means the fee payable by Franchisee to Franchisor upon the Transfer of the Franchised Business, in the amount set forth on **Exhibit B**.

“**Transferee Training Program Fee**” means the fee a Transferee must pay Franchisor for the Initial Training Program provided to a Transferee or its Owners before turning over the operation of the Vending Machines to the Transferee, in the amount set forth on **Exhibit B**.

“**Vehicle**” means a vehicle meeting the specifications set forth in the Manual with an approved cold storage unit inside for the safe transportation of fresh Snack Products and/or Coffee Products.

“**Vending Customers**” has the meaning set forth in **Recital B**.

“**Vending Machines**” means the Additional Vending Machines, the Primary Vending Machines and the Relocated Vending Machines, as the case may be, unless the context indicates otherwise.

“**Vending Machine Statistics**” means statistical data for total sales, inventory, sales by Product, number of machines and machine locations, and sales by major Product category.

**IN WITNESS WHEREOF**, the Parties have executed this Agreement as of the date first shown above.

**FRANCHISOR:**

FRESH HEALTHY VENDING LLC,  
A California limited liability company

By: \_\_\_\_\_

Its: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
[ ] an individual;  
[ ] a \_\_\_\_\_ general partnership;  
[ ] a \_\_\_\_\_ limited partnership;  
[ ] a \_\_\_\_\_ limited liability company;  
[ ] a \_\_\_\_\_ corporation

By: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT A  
FRANCHISE INFORMATION**

**TERRITORY:**

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**EXCLUSIVE:**

YES

NO

**VENDING MACHINES:**

SNACK VENDING MACHINES

COFFEE VENDING MACHINES

**FRANCHISOR:**

FRESH HEALTHY VENDING LLC,  
A California limited liability company

By: \_\_\_\_\_

Its: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

- an individual;
- a \_\_\_\_\_ general partnership;
- a \_\_\_\_\_ limited partnership;
- a \_\_\_\_\_ limited liability company;
- a \_\_\_\_\_ corporation

By: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT B  
FEES AND CHARGES**

TYPE OF FEE*	AMOUNT	SECTION REFERENCE IN FRANCHISE AGREEMENT
<b>Initial Franchise Fee</b>	\$ _____ (\$1,000 per Vending Machine)	4.1
<b>Purchase Price* for _____ Snack Vending Machines and/or _____ Coffee Vending Machines (minimum of 10 Vending Machines) (includes coin mechanism, bill acceptor, graphics kits, cashless payment system, and lightbox (machine signage))</b>	\$ _____	5.2
<b>Royalty Fee</b>	6% of the Monthly Gross Revenue of each Vending Machine that has 100 or more Total Weekly Transactions during any given week of a month during the Term.	4.2.1
<b>Advertising Fee</b>	\$75 per Vending Machine per year	4.2.2
<b>Additional Initial Training Program Fee</b>	\$250 per person	6.1
<b>Additional Training Fee</b>	\$250 per person	6.3
<b>Franchisee Conference Fee</b>	\$500 per person	6.4
<b>Delivery Fee</b>	\$120 per hour	5.2
<b>Graphics Kit Fee</b>	\$350 each	11.3
<b>Renewal Term Fee</b>	\$5,000	3.2.1
<b>Rejected Location Procurement Fee</b>	\$1,000 per Vending Machine Location	4.8
<b>Relocation Procurement Fee</b>	\$1,000 per Vending Machine (does not include the Delivery Fee) unless Franchisee purchases the Relocation Rights on the Effective Date. If Franchisee purchases Relocation Rights on the Effective Date, Franchisee's Relocation Procurement Fee will be as follows:  Up to 5 Relocations: \$650 per Vending Machine  Up to 3 Relocations: \$800 per Vending Machine	5.3
<b>Management Fee</b>	\$20 per day per Vending Machine	13.4
<b>Manual Replacement Fee</b>	\$100	7
<b>Service Fee</b>	\$120 per hour	8.3
<b>Transfer Fee</b>	\$5,000	15.2(vii)



TYPE OF FEE*	AMOUNT	SECTION REFERENCE IN FRANCHISE AGREEMENT
Transferee Training Program Fee	\$250 per person	15.2(viii)

\*All fees are nonrefundable unless described otherwise in the Franchise Agreement.

Number of Vending Machines**	Price per Snack Vending Machine	Total Purchase Price for Snack Vending Machines	Price per Coffee Vending Machine	Total Purchase Price for Coffee Vending Machines
10	\$11,000	\$110,000	\$15,000	\$150,000
11 to 19	\$10,500	\$120,500 - \$204,500	\$14,500	\$164,500 - \$280,500
20 to 29	\$10,000	\$200,000 - \$290,000	\$14,000	\$294,500- \$406,500
30+	\$9,750	\$292,500	\$13,500	\$405,000

\*\*Franchisee may purchase a combination of Snack Vending Machines and Coffee Vending Machines if the total number of Vending Machines that Franchisee purchases is 10 or more.

Franchisee's first 10 Snack Vending Machines will be sold to Franchisee for \$11,000 each. If Franchisee purchases between 11 to 19 Snack Vending Machines, Franchisee's Purchase Price will be \$11,000 each for Snack Vending Machines 1 through 10 and \$10,500 each for Snack Vending Machines 11 through 19. If Franchisee purchases 20 to 29 Snack Vending Machines, Franchisee's Purchase Price will be \$10,000 for each Snack Vending Machine. If Franchisee purchases 30 or more Snack Vending Machines, Franchisee's Purchase Price will be \$9,750 for each Snack Vending Machine.

Franchisee's first 10 Coffee Vending Machines will be sold to Franchisee for \$15,000 each. If Franchisee purchases between 11 to 19 Coffee Vending Machines, Franchisee's Purchase Price will be \$15,000 each for Coffee Vending Machines 1 through 10 and \$14,500 each for Coffee Vending Machines 11 through 19. If Franchisee purchases 20 to 29 Coffee Vending Machines, Franchisee's Purchase Price will be \$14,000 for each Coffee Vending Machine. If Franchisee purchases 30 or more Coffee Vending Machines, Franchisee's Purchase Price will be \$13,500 for each Coffee Vending Machine.

**Additional Vending Machine Requirements During Initial Term.** During the Initial Term, Franchisee shall purchase all Additional Vending Machines at the Purchase Prices set forth above. The Purchase Price for each Additional Vending Machine will include a coin mechanism, bill acceptor, graphics kits, cashless payment system, and lightbox (machine signage). Franchisee shall purchase the Additional Vending Machines from Franchisor during each Calendar Quarter of the Initial Term for installation at Locations on or before the dates agreed upon by the Parties in **Exhibit F**.

(SIGNATURE PAGE FOLLOWS)

**FRANCHISOR:**

FRESH HEALTHY VENDING LLC,  
A California limited liability company

By: \_\_\_\_\_

Its: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

- an individual;
- a \_\_\_\_\_ general partnership;
- a \_\_\_\_\_ limited partnership;
- a \_\_\_\_\_ limited liability company;
- a \_\_\_\_\_ corporation

By: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT C  
ENTITY INFORMATION**

If Franchisee is an Entity, Franchisee represents and warrants that the following information is accurate and complete in all material respects:

- (1) Franchisee is a (check as applicable):  
 corporation  
 limited liability company  
 general partnership  
 limited partnership  
 Other (specify): \_\_\_\_\_

(2) Franchisee shall provide to Franchisor concurrently with the execution hereof true and accurate copies of its entity records: Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing ("**Entity Records**").

(3) Franchisee promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee.

(4) The name and address of each of Franchisee and its Owners for purposes of Section 18.5 of the Franchise Agreement and their ownership interests in Franchisee are:

NAME	ADDRESS	PERCENTAGE OWNERSHIP INTEREST

(5) The names, addresses and titles of Franchisee's Owners who will be devoting their full time to the Franchised Business:

NAME	ADDRESS	TITLE

(6) The address where Franchisee's Financial Records, and Entity Records are maintained is: \_\_\_\_\_.

**FRANCHISOR:**

FRESH HEALTHY VENDING LLC,  
A California limited liability company

By: \_\_\_\_\_

Its: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
 an individual;  
 a \_\_\_\_\_ general partnership;  
 a \_\_\_\_\_ limited partnership;  
 a \_\_\_\_\_ limited liability company;  
 a \_\_\_\_\_ corporation

By: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT D**  
**GUARANTEE**

**EXHIBIT D**  
**GUARANTEE**

As an inducement to **FRESH HEALTHY VENDING LLC**, A California limited liability company ("**Franchisor**") to execute the Franchise Agreement with \_\_\_\_\_ ("**Franchisee**") dated \_\_\_\_\_, 20\_\_, and in consideration of Franchisor executing the Franchise Agreement, Guarantors jointly and severally agree as follows:

A. Guarantors shall pay or cause to be paid to Franchisor all monies payable by Franchisee under the Franchise Agreement on the date and in the manner required for payment.

B. Guarantors unconditionally guarantee full performance and discharge by Franchisee of all of the obligations of Franchisee under the Franchise Agreement on the date and in the manner required.

C. Guarantors shall indemnify and save harmless Franchisor, and each of their respective shareholders, directors, employees, affiliates and agents (collectively "**Indemnitees**") against and from all losses, damages, costs, and expenses which the Indemnitees may sustain, incur, or become liable for by reason of the failure for any reason whatsoever of Franchisee to pay the monies payable pursuant to the Franchise Agreement or to do and perform any other act, matter or thing required by the Franchise Agreement, and any act, action, or proceeding of or by Franchisor for or in connection with the recovery of monies or the obtaining of performance by Franchisee of any other act, matter or thing required by the Franchise Agreement.

D. Franchisor shall not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Guarantors, and the enforcement of such obligations may take place before, after, or contemporaneously with, enforcement of any debt or obligation of Franchisee under the Franchise Agreement.

E. Without affecting the Guarantors' obligations under this Guaranty, Franchisor, without notice to the Guarantors, may extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. Guarantors waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

F. Guarantors' obligations under this Agreement shall remain in full force and effect, and shall be unaffected by: (i) the unenforceability of the Franchise Agreement against Franchisee, (ii) the termination of any obligations of Franchisee under the Franchise Agreement by operation of law or otherwise, (iii) the bankruptcy, insolvency, dissolution, or other liquidation of Franchisee, including, without limitation, any surrender or disclaimer of the Franchise Agreement by the trustee in bankruptcy of Franchisee, (iv) Franchisor's consent or acquiescence to any bankruptcy, receivership, insolvency, or any other creditor's proceedings of or against Franchisee, or by the winding-up or dissolution of Franchisee, or any other event or occurrence which would have the effect at law of terminating the existence of Franchisee's obligations before the termination of the Franchise Agreement, or (v) by any other agreements or other dealings between the Parties having the effect of amending or altering the Franchise Agreement or Franchisee's obligations under this Agreement, or by any want of notice by Franchisor to Franchisee of any Default of Franchisee or by any other matter, thing, act, or omission of Franchisor whatsoever.

G. ALL DISPUTES INVOLVING A GUARANTOR (WHETHER OR NOT RELATED TO THIS GUARANTEE) SHALL BE ADJUDICATED AND RESOLVED IN ACCORDANCE WITH THE PROVISIONS APPLICABLE TO FRANCHISEE WHICH ARE SET FORTH IN SECTION 17 OF THE FRANCHISE AGREEMENT, WHICH SECTION, AMONG OTHER THINGS, INCLUDES MEDIATION OF MOST DISPUTES, A MUTUAL WAIVER OF TRIAL BY JURY IN ANY COURT PROCEEDINGS, LIMITATIONS ON THE TIME WITHIN WHICH TO COMMENCE AN ACTION, AND A WAIVER TO THE EXTENT PERMITTED BY LAW OF ANY RIGHT TO OR CLAIM OF ANY PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL DAMAGES.

H. The provisions of Section 18.5 of the Franchise Agreement shall apply to any notice to either Party, except that notice to Guarantors shall be as follows:

Name

Address

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

IN WITNESS WHEREOF, each of the undersigned has signed this Guaranty on the date set forth adjacent to his or her signature.

**GUARANTORS:**

\_\_\_\_\_

Dated: \_\_\_\_\_

\_\_\_\_\_

Dated: \_\_\_\_\_

**EXHIBIT E**  
**LOCATION AGREEMENT**



### Fresh Healthy Vending Machine Agreement

This Agreement is entered into by and between

'Operator' \_\_\_\_\_ Contact Name \_\_\_\_\_ and,

'Customer' \_\_\_\_\_ Contact Name \_\_\_\_\_

#### TERMS

1. Operator has a principal place of business at:

Address: \_\_\_\_\_ City \_\_\_\_\_

State \_\_\_\_\_ Zip \_\_\_\_\_ Ph \_\_\_\_\_ Email \_\_\_\_\_

Operator is engaged in the business of installing and operating automatic healthy vending machines at various locations.

2. Customer is the owner and operator of a business establishment located at:

Address: \_\_\_\_\_ City \_\_\_\_\_

State \_\_\_\_\_ Zip \_\_\_\_\_ Ph \_\_\_\_\_ Email \_\_\_\_\_

3. Operator desires to install \_\_\_\_ **Fresh Healthy** vending machines on the premises of Customer for the sale of health food items both snack and beverage.

4. Customer hereby grants to Operator the right and privilege to install, operate, and maintain **Fresh Healthy** vending machines on the premises of Customer.

#### INSTALLATION OF MACHINES

5. Operator shall install on the premises of the Customer at such locations as are mutually agreed upon by the parties.

#### COMPENSATION

6. Operator shall pay to Customer (insert commission) \_\_\_\_%( net) for the exclusive right to sell assorted "healthy" snack and beverages provided from sales through the vending machines

#### RECORDS AND STATEMENTS

7. Operator shall maintain a complete and accurate record of all sales made through the **Fresh Healthy** vending machines located on the premises of Customer and covered by this Agreement and shall within submit a statement of such sales and of the commissions due the Customer. Payment in full for such commissions due shall be paid on the last day of each calendar month.

#### TERM

8. This Agreement shall commence upon delivery and installation of the first vending machine/s and shall be for a



term of \_\_12, \_\_24, \_\_36 months from the commencement date. This agreement shall be renewed automatically and continue for successive periods, unless notice of termination is given by either party to the other within a 45 day written notice without penalty.

### OWNERSHIP OF MACHINES

9. It is understood and agreed by and between the parties that the **Fresh Healthy** vending machines installed on the premises of Customer by Operator are and shall remain the property of Operator. Upon termination of this Agreement by any means, Operator shall have the right without further notice to Customer to remove any and all **Fresh Healthy** vending machines belonging to Operator.

### SELECTION AND PRICING

10. Operator shall keep the **Fresh Healthy** vending machines stocked at all times with sufficient quantities of assorted snacks and beverages to ensure continuous service to patrons of Customer. Operator will seek to offer the patrons of Customer a wide selection of brands at competitive prices and will also be willing to offer products at the suggestion of the Customer or its customers.

### MAINTENANCE AND SERVICE

11. Operator shall regularly inspect, service, clean, and maintain the described **Fresh Healthy** vending machines and shall keep them operating and in good working order at all times promptly maintaining them in a clean and sanitary condition in accordance with all applicable federal, state and local laws.

### INSURANCE

12. Operator shall obtain both Product Liability and Public Liability insurance policies. A copy of this policy can be provided upon request.

### TERMINATION OF AGREEMENT

13. This Agreement may be terminated by either party if the other party defaults in the performance of an obligation or materially breaches any of the terms or conditions of this Agreement and fails to cure such default or breach within 3 days after service of written notice upon him of such default or breach.

### LOCATION INFORMATION

- Number of vending machines presently in your location: \_\_\_\_\_
- Any contracts with current vending: YES \_\_\_ NO \_\_\_
- Number of staff / students \_\_\_\_\_
- Visitors per day that have access to the vending machines: \_\_\_\_\_

### SIGNATURES

Customer Name: \_\_\_\_\_

Customer Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Operator Name: \_\_\_\_\_

Operator Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT F**  
**ADDITIONAL VENDING MACHINE AMENDMENT TO FRANCHISE AGREEMENT**

**EXHIBIT F**  
**ADDITIONAL VENDING MACHINE AMENDMENT TO FRANCHISE AGREEMENT**

THIS ADDITIONAL VENDING MACHINE AMENDMENT TO FRANCHISE AGREEMENT (this “**Amendment**”) is made and entered into as \_\_\_\_\_ (the “**Effective Date**”), by and between **FRESH HEALTHY VENDING LLC**, a California limited liability company (“**Franchisor**”), and \_\_\_\_\_ (“**Franchisee**”), with reference to the following facts:

A. On \_\_\_\_\_, Franchisor and Franchisee entered into a Franchise Agreement (the “**Franchise Agreement**”) pursuant to which Franchisor granted Franchisee the right to operate a Fresh Healthy Vending business using the mark “**Fresh Healthy Vending**” in accordance with the Fresh Healthy Vending System. Capitalized terms used but not defined in this Amendment shall have the meaning ascribed to such term in the Franchise Agreement.

B. Franchisor and Franchisee desire to amend the Franchise Agreement on the terms and conditions set forth in this Amendment.

**NOW, THEREFORE, IT IS AGREED:**

1. **ADDITIONAL VENDING MACHINES.**

1.1 **Number of Additional Vending Machines.** Franchisee shall purchase \_\_\_\_\_ Additional [Snack] AND/OR [Coffee] Vending Machines from Franchisor during each Calendar Quarter of the Initial Term to be installed at Locations on or before the following dates:

DATE	NUMBER
<b>TOTAL</b>	

1.2 **Additional Vending Machine Franchise Fee.** On the Effective Date of this Amendment, Franchisee shall pay Franchisor the Additional Vending Machine Franchise Fee in the amount of \$\_\_\_\_\_, calculated at \$1,000 per Additional Vending Machine. The Additional Vending Machine Franchise Fee is payable to Franchisor in addition to the Purchase Price of the Additional Vending Machines and all other applicable fees described in the Franchise Agreement. The Additional Vending Machine Franchise Fee shall be deemed fully earned by Franchisor upon execution of this Amendment by both Parties and shall not be refundable, in whole or in part, upon any expiration or termination of this Amendment, at any time, or under any other circumstances.

1.3 **Additional Vending Machine Purchase Price.** The Purchase Price for each Additional Vending Machines is \$\_\_\_\_\_ (the “**Additional Vending Machine Purchase Price**”). Franchisee shall pay Franchisor a non-refundable deposit equal to 40% of the Additional Vending Machine Purchase Price on the Effective Date. Franchisee shall pay Franchisor the remaining 60% of the Additional Vending Machine Purchase Price before the scheduled delivery date of the Additional Vending Machines.

2. **RATIFICATION OF AGREEMENT.**

Except as herein amended, the terms and provisions of the Franchise Agreement are hereby ratified, affirmed and approved.

IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Amendment as of the Effective Date.

**FRANCHISOR:**

FRESH HEALTHY VENDING LLC,  
A California limited liability company

By: \_\_\_\_\_

Its: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

- an individual;
- a \_\_\_\_\_ general partnership;
- a \_\_\_\_\_ limited partnership;
- a \_\_\_\_\_ limited liability company;
- a \_\_\_\_\_ corporation

By: \_\_\_\_\_

Its: \_\_\_\_\_

**FRESH HEALTHY VENDING LLC  
DISCLOSURE DOCUMENT  
EXHIBIT B**

**LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

**EXHIBIT B**

**LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
<b>CALIFORNIA</b>	Department of Corporations: 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677	Commissioner of Corporations 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677
<b>HAWAII</b>	Business Registration Division Department of Commerce and Consumer Affairs P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2722	Commissioner of Securities, Department of Commerce & Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722
<b>ILLINOIS</b>	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
<b>INDIANA</b>	Indiana Secretary of State Securities Division, E-111 302 West Washington Street, Room E- 111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531
<b>MARYLAND</b>	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360	Maryland Securities Commissioner at the Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
<b>MICHIGAN</b>	Consumer Protection Division, Antitrust and Franchising Unit Michigan Department of Attorney General 670 G. Mennen Williams Building 525 West Ottawa Lansing, Michigan 48933 (517) 373-7177	Michigan Department of Commerce Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way Lansing, Michigan 48909
<b>MINNESOTA</b>	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-4026	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-4026
<b>NEW YORK</b>	New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway New York, New York 10271-0332 (212) 416-8000	Secretary of the State of New York 41 State Street Albany, New York 12231 (518) 474-4750
<b>NORTH DAKOTA</b>	Office of the Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, North Dakota 58505 (701) 328-2910	Office of the Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, North Dakota 58505 (701) 328-2910

<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
<b>OREGON</b>	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387
<b>RHODE ISLAND</b>	Director, Securities Division State of Rhode Island Department of Business Regulation in the Service of Process, Disclosure Document and State Administrators Sections Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, RI 02920 (401) 462 9582	Securities Division Department of Business Regulation, Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, RI 02920 (401) 462 9582
<b>SOUTH DAKOTA</b>	Division of Securities 118 West Capitol Pierre, South Dakota 57501 (605) 773-4013	Division of Securities 118 West Capitol Pierre, South Dakota 57501 (605) 773-4013
<b>VIRGINIA</b>	State Corporation Commission Division of Securities and Retail Franchising Ninth Floor 1300 East Main Street Richmond, Virginia 23219 (804) 371-9672	Clerk, State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9672
<b>WASHINGTON</b>	Department of Financial Institutions Securities Division 150 Israel Road, SW Tumwater, Washington 98501 (360) 902-8760	Director, Department of Financial Institutions Securities Division 150 Israel Road, SW Tumwater, Washington 98501
<b>WISCONSIN</b>	Securities and Franchise Registration Wisconsin Securities Commission 345 West Washington Street, 4 <sup>th</sup> Floor Madison, Wisconsin 53703	Securities and Franchise Registration Wisconsin Securities Commission 345 West Washington Street, 4 <sup>th</sup> Floor Madison, Wisconsin 53703

**FRESH HEALTHY VENDING LLC  
DISCLOSURE DOCUMENT  
EXHIBIT C**

**STATE ADDENDUM**



**ADDENDUM TO FRESH HEALTHY VENDING LLC  
UNIFORM FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF CALIFORNIA**

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Corporations, prior to a solicitation of a proposed material modification of an existing franchise.

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

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](http://www.corp.ca.gov).

1. The following language is added to the end of Item 3 of the Disclosure Document:

Neither we nor any person identified in Item 2, or an affiliate or franchise broker offering franchises under our principal trademark is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.

2. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

California Business and Professions Code Sections 20034 through 20043 provides rights to franchisees concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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

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

The 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 franchise agreement restricting venue to a forum outside the State of California.

**ADDENDUM TO FRESH HEALTHY VENDING LLC  
UNIFORM FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF ILLINOIS**

For franchises and Franchisees subject to the Illinois Franchise Disclosure Act of 1987 and the Illinois General Rules and Regulations under the Franchise Disclosure Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of Fresh Healthy Vending LLC Franchise Disclosure Document.

Item 17 shall be supplemented to include the following disclosure:

The conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law, ILL. Rev. Stat. 1989, ch 121 2, paras. 1719 and 1720.

The Franchise Agreement provides that California law applies. However, the foregoing choice of law should not be considered a waiver of any right conferred upon you by the provisions of the Illinois Franchise Disclosure Act of 1987 and the Rules and Regulations under the Act with respect to the offer and sale of a franchise and the franchise relationship. Where required under Illinois law, the laws of the State of Illinois will govern.

Any provision which designates jurisdiction or venue or requires Franchisee to agree to jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois, except arbitration may take place outside the State of Illinois.

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

**ILLINOIS**  
**ADDENDUM TO FRANCHISE AGREEMENT**

THIS ADDENDUM TO FRANCHISE AGREEMENT (“**Addendum**”) dated \_\_\_\_\_, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated \_\_\_\_\_, by and between **FRESH HEALTHY VENDING LLC**, a California limited liability company, as Franchisor, and \_\_\_\_\_, as Franchisee. Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

1. Section 705/4 of the Illinois Franchise Disclosure Act of 1987 (the “**Act**”) provides that any provision in the Franchise Agreement which designates venue outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois; however, the Agreement may provide for arbitration in a forum outside of Illinois.

2. Illinois law shall apply to and govern any claim between the parties under the Franchise Agreement that alleges violation of the Act.

3. Sections 17.1 and 17.2 of the Franchise Agreement are amended to read as follows:

“17.1 **Governing Law.** This Agreement shall be interpreted and construed under the laws of Illinois. Nothing in this Paragraph 19.1 is intended by the parties to subject this Agreement to any franchise or similar law, rules, or regulation of the State of Illinois to which it would not otherwise be subject.

17.2 **Courts.** The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought within the State of Illinois.”

4. Section 18.9 of the Franchise Agreement is amended by the addition of the following language to the original language that appears therein:

“The Illinois Franchise Disclosure Act of 1987, as amended, shall apply to any franchise offered or sold in Illinois, notwithstanding anything to the contrary contained in this Agreement.”

5. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waiver compliance with any provision of Section 41 of the Act or any other law of the State of Illinois is void. Section 41 of the Act shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of Section 41 of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

6. Section 2.2 (3) of the Franchise Agreement is deleted in its entirety.

7. In the event of any conflict between the terms of this Addendum and the terms of the Franchise Agreement, the terms of this Addendum shall prevail.

8. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Addendum.

**FRANCHISOR:**

Fresh Healthy Vending LLC,  
a California limited liability company

By: \_\_\_\_\_  
Daniel W. Negroni, its Chief Executive Officer

Date: \_\_\_\_\_, 20\_\_

**FRANCHISEE:**

By: \_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_

**ADDENDUM TO FRESH HEALTHY VENDING LLC  
UNIFORM FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF INDIANA**

For franchises and franchisees subject to the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of Fresh Healthy Vending LLC Franchise Disclosure Document.

Item 8. Item 8 of the Disclosure Document is amended to include the following disclosure:

The Indiana Deceptive Franchise Practices Law, Ind. Code §23-2-2.7-1(4) prohibits provisions in a Franchise Agreement subject to the Law which allow the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee. To the extent that any provision of the Franchise Agreement conflicts with Indiana Law, Indiana Law will control.

The Indiana Deceptive Franchise Practices Law, Ind. Code §23-2-2.7-2(6) makes it unlawful for any franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee. To the extent that any of Fresh Healthy Vending LLC's business practices conflicts with Indiana Law, Indiana Law will control.

Item 17. Item 17 of the Disclosure Document is amended to include the following disclosure:

To the extent you are required to execute a release in favor of Fresh Healthy Vending LLC, such release shall exclude liabilities arising under the Indiana Deceptive Franchise Practices Law, Ind. Code §23-2-2.7-1.

Ind. Code §23-2-2.7-2(3) makes it unlawful for a franchisor to deny the surviving spouse, heirs, or estate of a deceased franchisee the opportunity to participate in the ownership of the franchise under a valid Franchise Agreement for a reasonable time after the death of the franchisee, provided that the surviving spouse, heirs or estate maintains all standards and obligations of the franchise. To the extent that the Franchise Agreement requires a surviving spouse, heirs or an estate representative to assume liability under the Franchise Agreement and to complete training, the Franchise Agreement has been amended in accordance with Indiana Law to provide that all such conditions must be met within 6 months of the franchisee's date of death.

Ind. Code §23-2-2.7-1(10) prohibits any provision in the Agreement which limits litigation brought for breach of the Agreement in any manner whatsoever. To the extent that any provision of the Agreement conflicts with Indiana law, Indiana law will control.

The choice of law provision contained in the Franchise Agreement should not be considered a waiver of any right conferred upon you by the provisions of the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law with respect to the offer and sale of a franchise and the franchise relationship. Notwithstanding anything in this Agreement to the contrary, the Franchise Agreement shall be governed by the Indiana Franchise Disclosure Law IC §23-2-2.5 and the Indiana Deceptive Franchise Practices Law IC §23-2-2.7, under Ind. Code §23-2-2.7.

Indiana franchisees are allowed access to Indiana courts. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of Indiana with respect to any matter governed by the Indiana Deceptive Franchise Practices Law and Indiana Franchise Disclosure Law is void.

The post term covenant not to compete is limited to your non-exclusive area under the Franchise Agreement pursuant to Ind. Code §23-2-2.7-1(9).

**ADDENDUM TO FRESH HEALTHY VENDING LLC  
UNIFORM FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF MARYLAND**

For franchises and franchisees subject to the Maryland Franchise Registration and Disclosure Law, the following information replaces or supplements, as the case may be, the corresponding disclosures in the main body of the text of Fresh Healthy Vending LLC Franchise Disclosure Document:

Section 2.2(3) of the Franchise Agreement is deleted in its entirety.

Item 5.

The following language is added at the end of Item 5 of the Disclosure Document:

Despite the payment provisions noted in Item 5 of the Disclosure Document, the payment of all initial fees to be made to Franchisor shall be deferred until the first business day following the date that Franchisor has completed all of Franchisor's material initial obligations to Franchisee under the Franchise Agreement, and Franchisee commences the operation of the Franchised Business, at which time all initial fees shall become immediately all due and payable.

Item 17.

The Franchise Agreement provides that Fresh Healthy Vending LLC may terminate the Franchise Agreement if you voluntarily or involuntarily file for bankruptcy, as described in the "Summary of Cause Defined" (provision (h.)). This provision may not be enforceable under federal bankruptcy law.

Pursuant to Code of Maryland Regulations, the general release required as a condition of renewal, sale, assignment and/or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. Our Release of Claims form is attached to the Maryland Addendum to the Franchise Agreement in Appendix G.

The Maryland Franchise Registration and Disclosure Law requires the franchisor to file an irrevocable consent to be sued in Maryland. Accordingly, the Summary of the Choice of Forum (provision (v.)) is amended to provide that you may file a lawsuit alleging a cause of action arising under the Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction within the State of Maryland.

The Maryland Franchise Registration and Disclosure Law provides that any action brought under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

**MARYLAND**  
**ADDENDUM TO FRANCHISE AGREEMENT**

THIS ADDENDUM TO FRANCHISE AGREEMENT ("**Addendum**") dated \_\_\_\_\_, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "**Franchise Agreement**") dated \_\_\_\_\_, by and between **FRESH HEALTHY VENDING LLC**, a California limited liability company, as Franchisor, and \_\_\_\_\_, as Franchisee. Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

1. Any provision requiring Franchisee to bring an action against Franchisor in any state other than Maryland shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law. Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. All claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of a franchise.

2. The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any provisions which require a prospective franchisee to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law in order to purchase a franchise are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. In the event of any conflict between the terms of this Addendum and the terms of the Franchise Agreement, the terms of this Addendum shall prevail.

4. The following language is added at the end of Section 4 of the Franchise Agreement:

Despite the payment provisions noted in Section 4 of the Franchise Agreement, the payment of all initial fees to be made to Franchisor shall be deferred until the first business day following the date that Franchisor has completed all of Franchisor's material initial obligations to Franchisee under the Franchise Agreement, and Franchisee commences the operation of the Franchised Business, at which time all initial fees shall become immediately all due and payable.

5. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Addendum.

**FRANCHISOR:**

Fresh Healthy Vending LLC,  
a California limited liability company

By: \_\_\_\_\_  
Daniel W. Negroni, its Chief Executive Officer

Date: \_\_\_\_\_, 20\_\_

**FRANCHISEE:**

By: \_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_



**ADDENDUM TO FRESH HEALTHY VENDING LLC  
UNIFORM FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF MICHIGAN**

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

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

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

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

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

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

**ADDENDUM TO ADDENDUM TO FRESH HEALTHY VENDING LLC  
UNIFORM FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED FOR THE STATE OF MINNESOTA**

For franchises and franchisees subject to the Minnesota Franchise Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of Fresh Healthy Vending LLC Franchise Disclosure Document.

Item 13

Fresh Healthy Vending LLC will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the marks to the extent required by Minnesota law.

Item 17.

Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this Disclosure Document, Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 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 nonrenewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 provides that any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of Minnesota or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance or which has the effect of waiving compliance with any provision of §§80C.01 to 80C.22 of the Minnesota Franchises Act, or any rule or order thereunder, is void.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibits Fresh Healthy Vending LLC 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 Disclosure Document or Agreements can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

To the extent you are required to execute a general release in favor of Fresh Healthy Vending LLC, such release shall exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. §80C.01 *et seq.* as provided by Minn. Rule 2860.4400J.

With respect to franchises governed by Minnesota law, we will comply with Minn. State. Section 80C.17, Subd. 5, which requires that no action be commenced more than three years after the cause of action accrues.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

**MINNESOTA**  
**ADDENDUM TO FRANCHISE AGREEMENT**

THIS ADDENDUM TO FRANCHISE AGREEMENT (“**Addendum**”) dated \_\_\_\_\_, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated \_\_\_\_\_, by and between **FRESH HEALTHY VENDING LLC**, a California limited liability company, as Franchisor, and \_\_\_\_\_, as Franchisee. Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

1. Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Agreement 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.

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

3. Notwithstanding anything to the contrary set forth in the Franchise Agreement, any general release the Franchisee is required to assent to shall not apply to any liability Franchisor may have under the Minnesota Franchise Act.

4. Section 12.3 of the Franchise agreement shall deleted in its entirety and replaced with the following language:

“12.3 Defense of Marks. If Franchisee receives notice, or is informed, of any claim, suit or demand against Franchisee on account of any alleged infringement, unfair competition, or similar matter on account of its use of the Marks in accordance with the terms of this Agreement, Franchisee shall notify Franchisor within 10 days of Franchisee’s knowledge of any such claim, suit or demand. Thereupon, Franchisor shall indemnify and defend Franchisee against any such claim by any third party; Franchisor shall not be obligated to indemnify or defend Franchisee against the consequences of its use of Franchisor’s Marks except in accordance with the requirements of this Agreement. Franchisee shall not settle or compromise any such claim by a third party without the prior written consent of Franchisor. Franchisor shall have the sole right to defend, compromise or settle any such claim, in its discretion, at Franchisor’s sole cost and expense, using attorneys of its own choosing, and Franchisee shall cooperate fully with Franchisor in connection with the defense of any such claim. Franchisee may participate at its own expense in such defense or settlement, but Franchisor’s decisions with regard thereto shall be final. We will comply with Minn. Stat. Section 80C.12, Subd. 1(g) which requires us to protect your right to use the trademarks, service marks and tradenames and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of same.

5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

6. In the event of any conflict between the terms of this Addendum and the terms of the Franchise Agreement, the terms of this Addendum shall prevail.

7. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Addendum.

**FRANCHISOR:**

Fresh Healthy Vending LLC,  
a California limited liability company

By: \_\_\_\_\_  
Daniel W. Negroni, its Chief Executive Officer

Date: \_\_\_\_\_, 20\_\_

**FRANCHISEE:**

By: \_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_

**ADDENDUM TO FRESH HEALTHY VENDING LLC  
UNIFORM FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF NEW YORK**

**STATEMENT REQUIRED BY THE STATE OF NEW YORK**

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

In recognition of the requirements of the New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16 the Franchise Disclosure Document for Fresh Healthy Vending LLC for use in the State of New York shall be amended as follows:

1. Item 3 **Litigation** is amended by the addition of the following language:

Neither we, our predecessors, any person identified in Item 2, nor an affiliate offering franchises under our principal trademark has an administrative, criminal or civil action pending against it, him, or her alleging a felony; a violation of franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations. In addition, neither we, our predecessors any person identified in Item 2, or an affiliate offering franchises under our principal trademark has any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

Neither we, our predecessors, any person identified in Item 2, nor an affiliate offering franchises under our principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, unfair or deceptive practices or comparable allegations.

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

2. The following paragraph is added to Item 4 **Bankruptcy**:

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

Bankruptcy Code during or within 1 year after the officer or general partner of ours held this position in such company or partnership.

3. Our choice of law provisions should not be considered a waiver of any right conferred upon either us or upon you by the Franchise Sales Act of New York (New York General Business Law, Article 33).

4. All rights you enjoy and any causes of action arising in your favor from the provisions of the New York General Business Law, Article 33 and the regulations issued under the Law shall remain in force. This means that any language in a franchise agreement that says that you waive or surrender your rights under the Act is without effect in New York. Any provision purporting to require you to agree to a waiver or estoppel which would relieve a person of his/her legal obligations to you under the Act is unlawful in New York.

5. Under New York law, you have the right to terminate the Franchise Agreement if we have committed a substantial breach of the Agreement.

6. In New York, any provision in a Franchise Agreement that grants a franchisor the right to assign the Agreement without the prior approval of a franchisee shall be modified to permit an assignment to an assignee who, in the good faith judgment of the franchisor is willing and able to assume the franchisor's obligations under the Agreement.

**Franchisor's registered agent in this state authorized to receive service of process:**

Secretary of State of the State of New York  
41 State Street  
Albany, New York 12231

**ADDENDUM TO FRESH HEALTHY VENDING LLC  
UNIFORM FRANCHISING DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF NORTH DAKOTA**

For franchises and franchisees subject to the North Dakota Franchise Investment Law, the following information supersedes on supplements, as the case maybe, the corresponding disclosures in the main body of the text of Fresh Healthy Vending LLC Franchise Disclosure Document:

1. Item 17 is amended by the addition of the following language to the original language that appears therein;

(a) Covenants not to compete upon termination or expiration of a Franchise Agreement are generally unenforceable in North Dakota, except in certain instances as provides by law.

(b) Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

(c) Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(d) Any provision requiring a franchisee to sign a general release upon renewal of the Franchise Agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(e) Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(f) Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.

(g) Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(h) Any provision in the Franchise Agreement requiring a franchisee to consent to termination or liquidated damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(i) Any provision in the Franchise Agreement requiring a franchisee to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.



**ADDENDUM TO FRESH HEALTHY VENDING LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF NORTH DAKOTA**

THIS ADDENDUM TO FRANCHISE AGREEMENT (“**Addendum**”) dated \_\_\_\_\_, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated \_\_\_\_\_, by and between **FRESH HEALTHY VENDING LLC**, a California limited liability company, as Franchisor, and \_\_\_\_\_, as Franchisee. Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

1. Section 3.2 of the Franchise Agreement is revised to omit any requirement that a general release be signed as a condition of renewal.

2. Section 14.3 of the Franchise Agreement is revised to add the following:

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.”

3. Section 17.4 of the Franchise Agreement is revised to add the following:

“The site of any mediation or arbitration must be agreeable to both parties.”

4. Section 17.2 of the Franchise Agreement is hereby deleted.

5. Section 17.1 of the Franchise Agreement is hereby amended and restated as follows:

**“Choice Of Law.** This Agreement shall be interpreted and construed under the laws of North Dakota. In the event of any conflict of law, the laws of North Dakota shall prevail, without regard to the application of North Dakota conflict of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of North Dakota, and if the Franchised Business is located outside of North Dakota and such provision would be enforceable under the laws of the state in which the Franchised Business is located, then such provision shall be interpreted and construed under the laws of that state.”

6. Section 17.5 of the Franchise Agreement is hereby deleted.

7. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Addendum.

**FRANCHISOR:**

Fresh Healthy Vending LLC,  
a California limited liability company

By: \_\_\_\_\_  
Daniel W. Negroni, its Chief Executive Officer

Date: \_\_\_\_\_, 20\_\_

**FRANCHISEE:**

By: \_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_

**ADDENDUM TO FRESH HEALTHY VENDING LLC  
UNIFORM FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF RHODE ISLAND**

For franchises and franchisees subject to the Rhode Island statutes and regulations, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of Fresh Healthy Vending LLC Franchise Disclosure Document:

Item 17:

1. §19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."
2. The Rhode Island Franchise Investment Act requires a franchisor to deliver a copy of a disclosure document reflecting all material changes together with a copy of all proposed agreements relating to the sale of the franchise at the earlier of: (i) the prospective franchisee's first personal business meeting with the franchisor which is held for the purpose of discussing the sale or possible sale of the franchise, or (ii) ten business days prior to the execution of an agreement or payment of any consideration relating to the franchise relationship.

**RHODE ISLAND**  
**ADDENDUM TO FRANCHISE AGREEMENT**

THIS ADDENDUM TO FRANCHISE AGREEMENT ("**Addendum**") dated \_\_\_\_\_, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "**Franchise Agreement**") dated \_\_\_\_\_, by and between **FRESH HEALTHY VENDING LLC**, a California limited liability company, as Franchisor, and \_\_\_\_\_, as Franchisee. Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

1. The following shall be deemed added to Section 17.2 of the Franchise Agreement:

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

2. In the event of any conflict between the terms of this Addendum and the terms of the Franchise Agreement, the terms of this Addendum shall prevail.

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Addendum.

**ADDENDUM TO FRESH HEALTHY VENDING LLC  
UNIFORM FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF VIRGINIA**

The Disclosure Document is amended as follows:

1. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or other agreements 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. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involved the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

**VIRGINIA**  
**ADDENDUM TO FRANCHISE AGREEMENT**

THIS ADDENDUM TO FRANCHISE AGREEMENT (“**Addendum**”) dated \_\_\_\_\_, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated \_\_\_\_\_, by and between **FRESH HEALTHY VENDING LLC**, a California limited liability company, as Franchisor, and \_\_\_\_\_, as Franchisee. Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

1. All references in the Franchise Agreement which provide that the Franchise Agreement may be terminated for any reason are in violation of Section 13.1-564 of the Virginia Retail Franchising Act and are unenforceable.
2. In the event of any conflict between the terms of this Addendum and the terms of the Franchise Agreement, the terms of this Addendum shall prevail.
3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Addendum.

**ADDENDUM TO FRESH HEALTHY VENDING LLC  
UNIFORM FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF WASHINGTON**

For franchises and Franchisees subject to the Washington Franchise Investment Protection Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of Fresh Healthy Vending LLC Franchise Disclosure Document.

If any of the provisions in this Franchise Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the Franchise Agreement with regard to any franchise sold in Washington.

Item 6.

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

Item 17.

Notwithstanding the provisions of the Franchise Agreement, in the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

Item 21.

The following language has been added to Item 21:

“We are a development stage company with limited capitalization. We have no operating history to assist a prospective franchisee in deciding whether to make this investment.”

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

**WASHINGTON**  
**ADDENDUM TO FRANCHISE AGREEMENT**

THIS ADDENDUM TO FRANCHISE AGREEMENT ("**Addendum**") dated \_\_\_\_\_, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "**Franchise Agreement**") dated \_\_\_\_\_, by and between **FRESH HEALTHY VENDING LLC**, a California limited liability company, successor-in-interest to Triune Corporation, a California corporation as Franchisor, and \_\_\_\_\_, as Franchisee. Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

1. The State of Washington has a statute, RCW 19.100.180 (the "Act") which may supersede the Franchise Agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.

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

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

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

5. In the event of any conflict between the terms of this Addendum and the terms of the Franchise Agreement, the terms of this Addendum shall prevail.

6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Addendum.



**FRESH HEALTHY VENDING LLC  
DISCLOSURE DOCUMENT  
EXHIBIT D**

**CONFIDENTIALITY AGREEMENT**

**FRESH HEALTHY VENDING LLC  
CONFIDENTIALITY AGREEMENT**

**THIS CONFIDENTIALITY AGREEMENT** (this "**Agreement**") is made and entered into as of \_\_\_\_\_, \_\_\_\_ (the "**Effective Date**"), by and between **FRESH HEALTHY VENDING LLC**, a California limited liability company ("**Franchisor**"), and \_\_\_\_\_ ("**Candidate**"), with reference to the following facts:

A. Franchisor has the right to license the use of certain trademarks, trade names, service marks, designs, emblems, logos, graphics, slogans, copyrights, trade dress, commercial symbols and other indicia of origin including, but not limited to, the mark "**Fresh Healthy Vending**" and any and all revisions, modifications and additions thereto, whether or not recorded or registered with the United States Patent and Trademark Office or any other local, state, federal or foreign agency, registrar or body (the "**Marks**").

B. Franchisor has developed a system for the ownership and operation of vending machines (the "**Vending Machines**") which dispense a variety of healthy, natural and organic snack food and beverage products, for locations such as business offices, hotels, hospitals, schools, colleges and universities, and office and in-plant food service facilities, which includes Franchisor's graphics, trade dress, specifications for equipment and uniforms, defined product offerings, restrictions on ownership, standard operating and administrative procedures, management and technical training programs (the "**System**").

C. Franchisor may provide Candidate with confidential and proprietary information regarding the Marks, the Vending Machines and the System prior to granting or declining to grant Candidate a franchise. Franchisor desires that Candidate maintain the confidentiality of all such confidential and proprietary information on the terms and conditions set forth in this Agreement and Candidate agrees to do so on the terms and conditions set forth in this Agreement.

**NOW, THEREFORE, IT IS AGREED:**

1. **INCORPORATION OF RECITALS.**

The recitals set forth in **Paragraph A** through **Paragraph C** above are true and correct and are hereby incorporated by reference into the body of this Agreement.

2. **CONFIDENTIALITY.**

Candidate acknowledges and agrees:

2.1. **The Fresh Healthy Vending Confidential Information.** Candidate's knowledge of the elements of the Marks, the Vending Machines and the System and any other proprietary data that may be disclosed to Candidate by Franchisor, or any affiliate of Franchisor, including, without limitation, any and all confidential and/or proprietary knowledge, trade secrets, data or information of Franchisor and any and all confidential and/or proprietary knowledge, data or information which Candidate has obtained or obtains from Franchisor and which Franchisor treats as proprietary or designates (whether or not in writing or electronic form) is the "**Fresh Healthy Vending Confidential Information**", whether or not Franchisor correctly or incorrectly designates the same as the Fresh Healthy Vending Confidential Information. Candidate shall not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of, anyone else, any Fresh Healthy Vending Confidential Information, knowledge or know-how concerning the methods of operation of the Vending Machines which may be communicated to Candidate, or of which Candidate may be apprised, by virtue of Candidate's operation under the terms of this Agreement, Candidate may only divulge the Fresh Healthy Vending Confidential Information to Candidate's employees who must have access to it in order to perform their employment responsibilities. By way of illustration, but not limitation, the Fresh Healthy Vending Confidential Information includes tangible and intangible information (whether or not in electronic form) relating to the Marks and the System, the Fresh Healthy Vending Operating Manuals and the business operations of Franchisor and its Affiliates, products and services, equipment, sources of materials and equipment, information management, computer hardware and software, data, other content, formulations, patterns, compilations, programs, devices and processes, know-how, business relationships, contact information for industry professionals, designs, developmental or experimental work and services, improvements, discoveries, plans for research, potential new or supplemental products and services, websites, advertisements

or ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators and customers, information regarding the skills and compensation of employees and contractors of Franchisor, designs, drawings, specifications, source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, trade secrets, sales/license techniques, inventions, copyrightable material, trademarkable material, databases, relationship between Franchisor and other companies, persons or entities and any other information or material considered proprietary by Franchisor, whether or not correctly or incorrectly designated as the Fresh Healthy Vending Confidential Information by Franchisor but that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor and which is subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy or any other information in oral, written, graphic or electronic form which, given the circumstances surrounding such disclosure, would be considered confidential. The Fresh Healthy Vending Confidential Information also includes the manner in which any of the above-described items may be combined with other information or services or synthesized or used by Candidate. The Fresh Healthy Vending Confidential Information does not include any information which: (i) was in the lawful and unrestricted possession of Candidate prior to its disclosure by Franchisor; (ii) is or becomes generally available to the public by acts other than those of Candidate after receiving it; (iii) has been received lawfully and in good faith by Candidate from a third party who did not derive it from Franchisor; or (iv) is shown by acceptable evidence to have been independently developed by Candidate.

2.2. **Value.** That the Fresh Healthy Vending Confidential Information has been developed by Franchisor, and its affiliates, by the investment of time, skill, effort and money and is widely recognized by the public and are of substantial value.

2.3. **Proprietary.** That the Fresh Healthy Vending Confidential Information is proprietary, confidential and constitutes a trade secret of Franchisor, and its affiliates.

2.4. **Maintain Confidentiality.** That Candidate will fully and strictly maintain the confidentiality of the Fresh Healthy Vending Confidential Information, will exercise the highest degree of diligence in safeguarding the Fresh Healthy Vending Confidential Information and will not disclose or reveal the Fresh Healthy Vending Confidential Information to any person other than another person who is actively and directly participating in the acquisition of the franchise with Candidate, but only after first disclosing the identity of such person to Franchisor in writing and obtaining such person's signature on a Non-Disclosure Agreement similar to this Agreement, unless covered by attorney-client privilege.

2.5. **Reproduction and Use.** That Candidate will not directly or indirectly reproduce or copy any Fresh Healthy Vending Confidential Information or any part thereof and will make no use of any Fresh Healthy Vending Confidential Information for any purpose whatsoever unless and until Candidate becomes a franchisee of Franchisor, and then only in accordance with the provisions of Candidate's Franchise Agreement.

### 3. **GENERAL.**

3.1. **Injunction.** Candidate recognizes the unique value and secondary meaning attached to the Fresh Healthy Vending Confidential Information and the elements of the Marks, the Vending Machines and the System and agrees that any non-compliance with the terms of this Agreement or any unauthorized or improper use of the Fresh Healthy Vending Confidential Information will cause irreparable damage to Franchisor and its franchisees. Candidate therefore agrees that if Candidate should engage in any such unauthorized or improper use of the Fresh Healthy Vending Confidential Information, Franchisor shall be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction without notice or the posting of any bond, in addition to any other remedies prescribed by law.

3.2. **Heirs and Successors.** This Agreement shall be binding upon and inure to the benefit of the parties, their heirs, successors and assigns.

3.3. **Entire Agreement.** This Agreement represents the entire understanding between the parties regarding the subject matter of this Agreement and supersedes all other negotiations, agreements, representations and covenants, oral or written. This Agreement may not be modified except by a written instrument signed by Franchisor and Candidate that expressly modifies this Agreement. The parties intend this Agreement to be the entire integration of all of their agreements on this subject of any nature regarding the

subject matter of this Agreement. No other agreements, representations, promises, commitments or the like, of any nature, exist between the parties.

3.4. **No Warranties.** Candidate acknowledges and agrees that Franchisor has made no promises, representations or warranties to Candidate that are inconsistent with the terms of this Agreement or Franchisor’s Franchise Disclosure Document concerning the profitability or likelihood of success of the franchised business, that Candidate has been informed by Franchisor that there can be no guaranty of success in the franchised business and that Candidate’s business ability and aptitude is primary in determining his success.

3.5. **No Right to Use the Marks, the Vending Machines and the System.** This Agreement is not a Franchise Agreement or a license of any sort, and does not grant Candidate any right to use or to franchise or license the use of, the Marks, the Vending Machines and the System, which right is expressly reserved by Franchisor.

3.6. **Waiver.** Failure by Franchisor to enforce any rights under this Agreement shall not be construed as a waiver of such rights. Any waiver, including a waiver of default, in any one instance shall not constitute a continuing waiver or a waiver in any other instance.

3.7. **Validity.** Any invalidity of any portion of this Agreement shall not affect the validity of the remaining portions and unless substantial performance of this Agreement is frustrated by any such invalidity, this Agreement shall continue in full force and effect.

3.8. **Headings and Gender.** The headings herein are for purposes of convenience only and shall not be used in construing the provisions hereof. As used herein, the male gender shall include the female and neuter genders, the singular shall include the plural and the plural, the singular.

3.9. **Attorneys' Fees.** If Franchisor becomes a party to any legal proceedings concerning this Agreement by reason of any act or omission of Candidate or its authorized representatives, Candidate shall be liable to Franchisor for the reasonable attorneys' fees and court costs incurred by Franchisor in the legal proceedings. If either party commences a legal proceeding against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

3.10. **Cumulative Remedies.** Any specific right or remedy set forth in this Agreement, legal, equitable or otherwise, shall not be exclusive, but shall be cumulative with all other rights or remedies set forth herein or allowed or allowable by law.

3.11. **Notices.** All notices or demands shall be in writing and shall be served in person, by Express Mail, by certified mail, by private overnight delivery or by electronic transmission (fax). Service shall be deemed conclusively made: (i) at the time of service, if personally served; (ii) twenty-four (24) hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail; (iii) upon the earlier of actual receipt or three (3) calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; (iv) twenty-four (24) hours after delivery by the party giving the notice, statement or demand if by private overnight delivery; and (v) one (1) business day after electronic transmission (with confirmation copy sent by regular United States mail.

**Notices to Franchisor:**

Fresh Healthy Vending LLC  
9605 Scranton Road, Suite 350  
San Diego, California 92121  
Fax: (858) 210-4258  
Attention: President

**Notices to Candidate:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Fax: \_\_\_\_\_  
Attention: \_\_\_\_\_

Either party may change its address for the purpose of receiving notices, demands and other communications by a written notice given in the manner set forth above to the other party.

3.12. **Choice of Law.** This Agreement takes effect upon its acceptance and execution by Franchisor in California, and shall be interpreted and construed under the laws of California. In the event of any conflict of law, the laws of California shall prevail, without regard to the application of California conflict of law rules. Nothing in this **Section 3.12** is intended by the parties to subject this Agreement to any franchise or similar law, rules or regulation of the State of California to which it would not otherwise be subject.

3.13 **Venue.** The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought within the State of California in the county in which Franchisor has its principal place of business at the time the action is initiated, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

3.14. **Counterparts and Electronic Copies.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Signatures transmitted electronically or by facsimile will be deemed original signatures. Electronic copies of this Agreement shall constitute and be deemed an original copy of this Agreement for all purposes, provided that such electronic copies are fully executed, dated and identical in form to the original hard copy version of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first shown above.

**FRANCHISOR:**

**FRESH HEALTHY VENDING LLC,**  
A California limited liability company

By: \_\_\_\_\_

Its: \_\_\_\_\_

**FRANCHISEE:**

- an individual;
- a \_\_\_\_\_ general partnership;
- a \_\_\_\_\_ limited partnership;
- a \_\_\_\_\_ limited liability company;
- a \_\_\_\_\_ corporation

By: \_\_\_\_\_

Its: \_\_\_\_\_

**FRESH HEALTHY VENDING LLC  
DISCLOSURE DOCUMENT  
EXHIBIT E**

**COMPLIANCE CERTIFICATION**

**FRESH HEALTHY VENDING, LLC**

**COMPLIANCE CERTIFICATION**

As you know, **FRESH HEALTHY VENDING LLC** (“**Fresh Healthy Vending**”) and you are preparing to enter into a business relationship. 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 and statements carefully and provide honest and complete responses to each.

1. Have you received and personally reviewed all of the agreements that you will be signing today?  
Yes \_\_\_\_\_ No \_\_\_\_\_
  
2. Do you understand the rights and obligations you and we will have under these agreements?  
Yes \_\_\_\_\_ No \_\_\_\_\_  
If not, what questions do you have?
  
3. Have you received and personally reviewed the Fresh Healthy Vending Franchise Disclosure Document (“FDD”)?  
Yes \_\_\_\_\_ No \_\_\_\_\_
  
4. Did you receive the FDD at least fourteen calendar days before today?  
Yes \_\_\_\_\_ No \_\_\_\_\_
  
5. Do you understand all of the information contained in the FDD?  
Yes \_\_\_\_\_ No \_\_\_\_\_  
If not, what parts of the FDD do you not understand?
  
6. Have you discussed with an attorney, accountant, or other professional advisor the benefits and risks of establishing and operating the Fresh Healthy Vending franchise described in our FDD, as well as your rights and obligations under the Franchise Agreement and other agreements that you will be signing today?  
Yes \_\_\_\_\_ No \_\_\_\_\_  
If not, do you wish to have more time to do so?  
Yes \_\_\_\_\_ No \_\_\_\_\_
  
7. Do you understand that the success or failure of your business will depend in large part upon your own skills and abilities, the ability to secure and maintain good locations for your vending machines, keeping your vending machines properly stocked and serviced, good customer service, competition from other businesses, and other economic and business factors?  
Yes \_\_\_\_\_ No \_\_\_\_\_
  
8. Do you understand that our current policy of permitting you to buy additional vending machines can be modified or eliminated if we no longer offer vending machines or subsequently go out of business and, therefore, that there is no assurance that if and when you wish to do so, we may be offering this policy?  
Yes \_\_\_\_\_ No \_\_\_\_\_

9. Are you aware of the fact that, unless prohibited by law, under the Franchise Agreement we and you have both agreed to (i) waive a jury trial; (ii) reduce the time within which each of us can assert a claim against the other; and (iii) waive any right or claim of punitive, exemplary or consequential damages against the other?
- Yes \_\_\_\_\_ No \_\_\_\_\_
10. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a franchised Fresh Healthy Vending business that is contrary to, or different from, the information contained in the Franchise Agreement, and/or FDD?
- Yes \_\_\_\_\_ No \_\_\_\_\_
11. 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 a franchise?
- Yes \_\_\_\_\_ No \_\_\_\_\_
12. Has any employee or other person speaking on our behalf made any statement, promise, or suggestion that any information supplied to you about the past revenues of one or more vending machines is in any way predictive of the future revenues from these sources?
- Yes \_\_\_\_\_ No \_\_\_\_\_
13. Has any employee or other person on our behalf made any statement or promise about Fresh Healthy Vending's parent or affiliated companies other than the information contained in the FDD?
- Yes \_\_\_\_\_ No \_\_\_\_\_
14. 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 Fresh Healthy Vending or its affiliates we will furnish to you that is contrary to, or different from, the information contained in the FDD?
- Yes \_\_\_\_\_ No \_\_\_\_\_
15. With respect to the agreements being signed today, has any employee or other person speaking on our behalf made any statement, promise or agreement concerning:
- the rights or obligations which either we or our affiliates will have to you or you will have to us or our affiliates under these agreements; or
  - the terms and conditions of these agreements
- that, in either circumstance, are not specifically stated in the agreements?
- Yes \_\_\_\_\_ No \_\_\_\_\_
16. Have you entered into any binding agreement with or paid money to Fresh Healthy Vending or any of our affiliates concerning the grant of franchise rights prior to today?
- Yes \_\_\_\_\_ No \_\_\_\_\_



17. If you have answered "Yes" to any one of questions 11-16, please provide a full explanation of each "Yes" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

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The undersigned understands that Franchisor is acting in reliance on the truthfulness and completeness of the undersigned's responses to the questions above in entering into the Franchise Agreement with the undersigned.

YOU ACKNOWLEDGE AND AGREE THAT IN THE EVENT THAT ANY DISPUTE ARISES, THIS CERTIFICATION SHALL BE ADMISSIBLE AS EVIDENCE IN ANY LEGAL ACTION, AND YOU HEREBY WAIVE, TO THE FULLEST EXTENT PERMISSIBLE UNDER THE LAW, ANY OBJECTION TO SUCH ADMISSION OF THIS CERTIFICATION.

**FRANCHISE APPLICANT** \_\_\_\_\_

**SIGNATURE** \_\_\_\_\_

**PRINT NAME** \_\_\_\_\_

**ON BEHALF OF ENTITY** \_\_\_\_\_

**DATE** \_\_\_\_\_













**FRESH HEALTHY VENDING LLC  
DISCLOSURE DOCUMENT  
EXHIBIT F**

**LIST OF PRODUCTS**

PRODUCT DESCRIPTION	CATEGORY	UPC	size	Photo
Barbara's Bakery Granola Bars Cinnamon Crisp	BARS	070617-413685	60 bars	
Barbara's Bakery Granola Bars Oats & Honey	BARS	070617-413678	60 bars	
Barbara's Bakery Granola Bars Peanut Butter	BARS	070617-413708	60 bars	
Barbara's Bakery Granola Bars Toasted Almond	BARS	070617-413692	60 bars	
Barbara's Bakery Fruit & Yogurt Bars Apple Cinnamon	BARS	070617-411872	48 bars	
Barbara's Bakery Fruit & Yogurt Bars Blueberry Apple	BARS	070617-411872	48 bars	
Barbara's Bakery Fruit & Yogurt Bars Cherry Apple	BARS	070617-411889	48 bars	
Barbara's Bakery Fruit & Yogurt Bars Strawberry Apple	BARS	070617-411858	48 bars	
BORA BORA Antioxidant Bars Paradise Walnut Pistachio	BARS	813965-011451	12/1.4 OZ	
BORA BORA Natural Energy Food Tribal Cinnamon Oatmeal	BARS	813965-011383	12/1.4 OZ	
BORA BORA Superfood Bars Exotic Coconut Almond	BARS	813965-011284	12/1.4 OZ	

BORA BORA Superfood Bars Wild Pomegranate Pecan	BARS	813965-011208	12/1.4 OZ	
CLIF BAR, BUILDER BAR, COOKIES AND CREAM	BARS	722252-601407	12/2.4 OZ	
CLIF BAR, BUILDER BAR, CHOCOLATE MINT	BARS	722252-601445	12/2.4 OZ	
CLIF BAR, BUILDER BAR, CHOCOLATE	BARS	722252-601421	12/2.4 OZ	
CLIF BAR, BUILDER BAR, PEANUT BUTTER	BARS	722252-601414	12/2.4 OZ	
CLIF BAR, BUILDER BAR, VANILLA ALMOND	BARS	722252-601452	12/2.4 OZ	
CLIF BAR, CLIF BAR, BANANA NUT BREAD	BARS	722252-500052	12/2.4 OZ	
CLIF BAR,CLIF BAR,OG,BLUEBERRY CRISP	BARS	722252-102607	12/2.4 OZ	
CLIF BAR,CLIF BAR,OG,CARROT CAKE	BARS	722252-101402	12/2.4 OZ	
CLIF BAR,CLIF BAR, OG,CHOCOLATE BROWNIE	BARS	722252-101808	12/2.4 OZ	
CLIF BAR,CLIF BAR, OG,CHOCOLATE CHIP	BARS	722252-100900	12/2.4 OZ	

CLIF BAR,CLIF BAR,OG,CHOCOLATE CHIP PEANUT CRUNCH	BARS	722252-101303	12/2.4 OZ	
CLIF BAR,CLIF BAR, OG,CRUNCHY PEANUT BUTTER	BARS	722252-101204	12/2.4 OZ	
CLIF BAR,CLIF BAR,OG,COOLMINT CHOCOLATE	BARS	722252-102003	12/2.4 OZ	
CLIF BAR, LUNA BAR, OG, BERRY ALMOND	BARS	722252-100658	15/1.69 OZ	
CLIF BAR,LUNA BAR,OG, CARAMEL NUT BROWNIE	BARS	722252-100641	15/1.69 OZ	
CLIF BAR, LUNA BAR,OG,CHOCOLATE PEPPERMINT	BARS	722252-100627	15/1.69 OZ	
CLIF BAR,LUNA BAR,OG,COOKIES' N CREAM	BARS	722252-100634	15/1.69 OZ	
CLIF BAR,LUNA BAR,OG, ICED OATMEAL RAISIN	BARS	722252-103307	15/1.69 OZ	
CLIF BAR, LUNA BAR, OG, LEMON ZEST	BARS	722252-103109	15/1.69 OZ	
CLIF BAR, LUNA BAR, OG, NUTZ OVER CHOCOLATE	BARS	722252-103406	15/1.69 OZ	
CLIF BAR,LUNA BAR,OG,S'MORES	BARS	722252-103208	15/1.69 OZ	
CLIF BAR, LUNA BAR, OG, TOASTED NUTS N' CRANBERRY	BARS	722252-104106	15/1.69 OZ	

CLIF BAR,MOJO BAR,OG,DIPPED CHOCOLATE PEANUT	BARS	722252-126306	12/1.59 OZ	
CLIF BAR,MOJO BAR,OG,DIPPED FRUIT & NUT	BARS	722252-126320	12/1.59 OZ	
CLIF BAR,MOJO BAR,OG,DIPPED,PB & JELLY	BARS	722252-126313	12/1.59 OZ	
CLIF MOJO BAR, OG,MOUNTAIN MIX	BARS	722252-105615	12/1.59 OZ	
CLIF MOJO BAR,OG,HONEY ROASTED PEANUT	BARS	722252-105011	12/1.59 OZ	
CLIF MOJO BAR,OG,MIXED NUTS	BARS	722252-105318	12/1.59 OZ	
CLIF MOJO BAR,OG,PEANUT BUTTER PRETZEL	BARS	722252-126290	12/1.59 OZ	
CLIF BAR,ZBAR,OG,HONEY GRAHAM	BARS	722252-192059	36/1.27OZ	
CLIF ZBAR,OG, CHOCOLATE BROWNIE	BARS	722252-192035	36/1.27OZ	
CLIF ZBAR,OG,CHOCOLATE CHIP	BARS	722252-192042	36/1.27OZ	
CLIF ZBAR,OG,PEANUT BUTTER	BARS	722252-192028	36/1.27OZ	
ENVIROKIDZ,CRISPY BAR,OG,KOALA CHOCOLATE	BARS	058449-430001	36 bars	

ENVIROKIDZ,CRISPY BAR,OG,PANDA PEANUT BUTTER	BARS	058449-430018	36 bars	
ENVIROKIDZ,CRISPY BAR,OG,BERRY RICE	BARS	058449-430025	36 bars	
GLENN FOODS,BROWN RICE MARSHMELLOW TREAT,OG,VANILLA	BARS	027393-014209	60/.85 OZ	
GLENN FOODS,BROWN RICE MARSHMELLOW TREAT,OG,CHOCOLATE	BARS	027393-014216	60/.85 OZ	
GLENN FOODS,BROWN RICE MARSHMELLOW TREAT,OG,PEANUT CARAMEL	BARS	027393-014223	60/.85 OZ	
KASHI TLC CHEWY BAR, HONEY ALMOND	BARS	018627-030010	12/6/7.4 OZ	
KASHI TLC CHEWY BAR, PEANUT BUTTER	BARS	018627-030027	12/6/7.4 OZ	
KASHI TLC CHEWY BAR, TRAIL MIX	BARS	018627-030003	12/6/7.4 OZ	
KASHI TLC CRUNCH BAR, HONEY TOASTED 7 GRAIN	BARS	018627-030102	12/6/1.2 OZ	
KASHI TLC CRUNCH BAR, PUMPKIN SPICE	BARS	018627-030126	12/6/1.4 OZ	
KASHI TLC CHEWY BAR,CHERRY DARK CHOCOLATE	BARS	018627-030034	12/6/1.4 OZ	

KASHI TLC CRUNCH BAR,ROASTED ALMOND CRUNCH	BARS	018627-030119	12/6/1.4 OZ	
NATURES PATH, OPTIMUM ENERGY BAR, BLUEBERRY FLAX	BARS	058449-777083	12/2 OZ	
NATURES PATH, OPTIMUM ENERGY BAR, ORANGE CHOCOLATE	BARS	058449-777335	12/2 OZ	
NATURES PATH, OPTIMUM ENERGY BAR, POMEGRANATE CHERRY	BARS	058449-777328	12/2 OZ	
NATURES PATH, OPTIMUM ENERGY BAR, PEANUT BUTTER	BARS	058449-777151	12/2 OZ	
SOYJOY Fruit Bars Apple	BARS	031604-000462	12/1.06OZ	
SOYJOY Fruit Bars Blueberry	BARS	031604-000905	12/1.06OZ	
SOYJOY Fruit Bars Peanut Chocolate Chip	BARS	031604-000547	12/1.06OZ	
SOYJOY Fruit Bars Strawberry	BARS	031604-000530	12/1.06OZ	
ANNIE'S ORGANIC CHEDDAR BUNNIES	CHIPS	013562-302444	36/1 oz	
BACK TO NATURE CRACKERS, CRISPY CHEDDAR	CHIPS	759283-100661	32/1 OZ	
BACK TO NATURE CRACKERS, CRISPY WHEAT	CHIPS	759283-100630	32/1 OZ	












BARBARA'S BAKERY,CHEESE PUFFS,NATURAL	CHIPS	070617-000632	24/1 OZ	
BOULDER CANYON, Rice & Adzuki Bean Chip Chipotle Cheese	CHIPS	708163-113543	24/1.5 OZ	
BOULDER CANYON, Rice & Adzuki Bean Chip Natural Salt	CHIPS	708163-112775	24/1.5 OZ	
ENER-G FOODS, Wheat-Free Pretzels	CHIPS	075119-147205	20/2.65 OZ	
ENER-G FOODS, Wheat-Free Sesame Pretzels	CHIPS	075119-147229	20/2.65 OZ	
FOOD SHOULD TASTE GOOD, JALEPENO	CHIPS	852772-001187	24/1 OZ	
FOOD SHOULD TASTE GOOD, MULITGRAIN	CHIPS	852772-001125	24/1 OZ	
FOOD SHOULD TASTE GOOD POTATO & CHIVE	CHIPS	852772-001545	24/1.5 OZ	
FOOD SHOULD TASTE GOOD SWEET POTATO	CHIPS	852772-001279	24/1.5 OZ	
GARDEN OF EATIN` OG,BLUE CORN,SLTD	CHIPS	015839-006000	24/1.5 OZ	
GLENN FOODS, SOY CRISP, BBQ W/CALCIUM	CHIPS	027393-009656	24/1.3 OZ	
GLENN FOODS, SOY CRISP, CHEDDAR W/CALCIUM	CHIPS	027393-009700	24/1.3 OZ	













GLENN FOODS,SOY CRISP,APPLE CINNAMON	CHIPS	027393-009557	24/1.3 OZ	
GLENN FOODS,SOY CRISP,COOL RANCH	CHIPS	027393-009724	24/1.3 OZ	
GLUTINO, PRETZEL STICKS, SNACK PACK	CHIPS	678523-040041	20/2.6 OZ	
KETTLE FOODS Snack Sizes Chips, BAKED 100 CALORIE, LIGHTLY SALTED	CHIPS	084114-113832	24/8 OZ	
KETTLE FOODS Snack Sizes Chips, Cheddar & Sour Cream	CHIPS	084114-117151	24/2 OZ	
KETTLE FOODS Snack Sizes Chips, Fully Loaded	CHIPS	084114-117434	24/2 OZ	
KETTLE FOODS Snack Sizes Chips, Jalepeno	CHIPS	084114-115881	24/2 OZ	
KETTLE FOODS Snack Sizes, Kettle Chips, Backyard BBQ	CHIPS	084114-110923	24/2 OZ	
KETTLE FOODS Snack Sizes, Kettle Chips, Honey Dijon	CHIPS	084114-033703	24/2 OZ	
KETTLE FOODS Snack Sizes, Kettle Chips, New York Ched w/Herbs	CHIPS	084114-033208	24/2 OZ	
KETTLE FOODS Snack Sizes, Kettle Chips, Sea Salt & Vinegar	CHIPS	084114-033338	24/2 OZ	
KETTLE FOODS,KRINKLE CHIPS,SALT & FRESH PEPPER	CHIPS	084114-032607	24/2 OZ	

KETTLE FOODS Snack Sizes Chips, Sweet Onion	CHIPS	084114-115515	24/2 OZ	
KETTLE FOODS, KRINKLE CUTS, BUFFALO BLEU	CHIPS	084114-113382	24/2 OZ	
KETTLE FOODS, POTATO CHIPS, LIGHT SALT	CHIPS	084114-033000	24/2 OZ	
LATE JULY CRACKERS CHEDDAR CHEESE, BITE SIZE SNACK PK	CHIPS	890444-000366	32/1 OZ	
LATE JULY SANDWICH CRACKERS MINI RICH & PB, TRAY	CHIPS	890444-000724	32/1.125 oz	
LATE JULY Sandwich Crackers Rich & PB Original, Display Tray	CHIPS	890444-000540	48/1.3 oz	
PIRATE'S BOOTY, BBQ	CHIPS	015665-800223	24/1 OZ	
PIRATE'S BOOTY, NY PIZZA	CHIPS	015665-604241	24/1 OZ	
PIRATE'S BOOTY, SEA SALT & VINEGAR	CHIPS	015665-179985	24/1 OZ	
PIRATE'S BOOTY, SOUR CREAM & ONION	CHIPS	015665-179824	24/1 OZ	
PIRATES BOOTY, VEGGIE BOOTY, SNACK BAG	CHIPS	015665-601226	24/1 OZ	
PIRATES BOOTY, PIRATE'S BOOTY, WHITE CHEDDAR	CHIPS	015665-601042	24/1 OZ	

PIRATES BOOTY,SMART PUFFS,MULTI PACK	CHIPS	015665-770465	72/1.37OZ	
Popchips Barbeque	CHIPS	082666-722007	24/1.8 OZ	
Popchips Cheddar	CHIPS	082666-788003	24/1.8 OZ	
Popchips Original	CHIPS	082666-711001	24/1.8 OZ	
Popchips Parmesan Garlic	CHIPS	082666-733003	24/1.8 OZ	
Popchips Salt & Pepper	CHIPS	082666-744009	24/1.8 OZ	
Popchips Sea Salt & Vinegar	CHIPS	082666-755005	24/1.8 OZ	
Popchips Sour Cream & Onion	CHIPS	082666-777007	24/1.8 OZ	
SNIKIDDY SNACKS,CORN PUFFS,OG,GRILL CHEESE	CHIPS	891803-001420	30/1.6 OZ	
STACY'S PITA CHIPS,CINNAMON SUGAR	CHIPS	631952-811125	24/1.5 OZ	
STACY'S PITA CHIPS,PARMESAN GARLIC HERB	CHIPS	631952-811118	24/1.5 OZ	












STACY'S PITA CHIPS,SIMPLY NAKED	CHIPS	631952-888882	24/1.5 OZ	
TERRA CHIPS, EXOTIC VEGETABLE CHIPS ORIGINAL	CHIPS	728229-123453	24/1 OZ	
ADINA, ICED COFFEE CHAI LATTLE, 95% ORGANIC	DRINKS	186770-000553	12/8.5 oz	
ADINA, ICED COFFEE ESPRESSO, 95% ORGANIC	DRINKS	186770-000577	12/8.5 oz	
ADINA, ICED COFFEE MOCHA, 95% ORGANIC	DRINKS	186770-000539	12/8.5 oz	
ADINA, ICED COFFEE VANILLA LATTE, 95% ORGANIC	DRINKS	186770-000515	12/8.5 oz	
ADINA,COFFEE ENERGY, CAMEL KICK	DRINKS	86770-000744	24/8 OZ	
ADINA,COFFEE ENERGY, DOUBLE XXPRESSO	DRINKS	186770-000775	24/8 OZ	
ADINA,COFFEE ENERGY,HAZELNUT	DRINKS	186770-000782	24/8 OZ	
ADINA,COFFE ENERGY,MOCHA MADNESS	DRINKS	186770-000751	24/8 OZ	
ADINA,COFFEE ENERGY,VANILLA NUT CASE	DRINKS	186770-000768	24/8 OZ	
FUNCTION DRINKS, ALTERNATIVE ENERGY	DRINKS	898886-001040	12/16.9 OZ	













FUNCTION DRINKS, URBAN DETOX	DRINKS	898886-001002	12/16.9 OZ	
GURU NATURAL ENERGY DRINK	DRINKS	701648-010115	24/8.3 OZ	
HONEST TEA Freshly Brewed, Barely Sweetened Bottled Tea Just Black At least 95% Organic	DRINKS	657622-714503	12/16 OZ	
HONEST TEA Freshly Brewed, Barely Sweetened Bottled Tea Just Green At least 95% Organic	DRINKS	657622-019776	12/16 OZ	
HONEST TEA Freshly Brewed, Barely Sweetened Bottled Tea Lori's Lemon At least 95% Organic	DRINKS	657622-516800	12/16 OZ	
HONEST TEA Freshly Brewed, Barely Sweetened Bottled Tea Mango White At least 95% Organic	DRINKS	657622-118516	12/16 OZ	
HONEST TEA Freshly Brewed, Barely Sweetened Bottled Tea Peach Oo-La-Long At least 95% Organic	DRINKS	657622-515001	12/16 OZ	
HONEST TEA Freshly Brewed, Barely Sweetened Bottled Tea Pomegranate Red, with Goji Berry At least 95% Organic	DRINKS	657622-417510	12/16 OZ	
HORIZON MILK,,CHOC,OG,UP,RDCD FAT	DRINKS	742365-208959	18/8 OZ	
HORIZON MILK,OG,UP,2%,RDCD FAT	DRINKS	742365-208355	18/8 OZ	
HORIZON ORGANIC DAIRY,MILK,OG,UP,LF,STRAWBERRY	DRINKS	742365-208751	18/8 OZ	
ITOEN,NATURAL TEA,APPLE	DRINKS	835143-003003	12/16.9 OZ	

ITOEN,NATURAL TEA,GREEN,BLUEBRY	DRINKS	835143-003102	12/16.9 OZ	
ITOEN,NATURAL TEA,MANGO	DRINKS	835143-003089	12/16.9 OZ	
ITOEN,NATURAL TEA,PEACH	DRINKS	835143-003041	12/16.9 OZ	
METRO MINT Chocolatemint Water	DRINKS	658564-242017	24/16.9 OZ	
METRO MINT Lemonmint Water	DRINKS	658564-242086	24/16.9 OZ	
METRO MINT Orangemint Water	DRINKS	658564-242079	24/16.9 OZ	
METRO MINT Peppermint Water	DRINKS	658564-242055	24/16.9 OZ	
METRO MINT Spearmint Water	DRINKS	658564-242062	24/16.9 OZ	
MIX 1, BLUEBERRY VALA	DRINKS	890156-001316	12/11 OZ	
MIX 1, MANGO	DRINKS	890156-001019	12/11 OZ	
MIX 1, MIXED BERRIES	DRINKS	890156-001118	12/11 OZ	
MIX 1, LIME	DRINKS	890156-001217	12/11 OZ	













MIX 1, TANGERINE	DRINKS	890156-001415	12/11 OZ	
PACIFIC NATURAL FOODS, COFFEE, OG, ICED LATTE ASEPTIC	DRINKS	052603-047098	12/16.9 OZ	
PACIFIC NATURAL FOODS, COFFEE, OG, ICED MOCHA ASEPTIC	DRINKS	052603-047111	12/16.9 OZ	
PACIFIC NATURAL FOODS, COFFEE, OG, ICED VANILLA LATTE ASEPTIC	DRINKS	052603-047104	12/16.9 OZ	
PACIFIC NATURAL FOODS, SIMPLY TEA GREEN, KIWI MANGO	DRINKS	052603-047036	12/16.9 OZ	
PACIFIC NATURAL FOODS, SIMPLY TEA GREEN, PEACH	DRINKS	052603-047005	12/16.9 OZ	
PACIFIC NATURAL FOODS, SIMPLY TEA GREEN, TANGERINE	DRINKS	052603-047012	12/16.9 OZ	
PACIFIC NATURAL FOODS, SIMPLY TEA GREEN, UNSWEETENED	DRINKS	052603-047043	12/16.9 OZ	
PACIFIC NATURAL FOODS, SIMPLY TEA GREEN, WILD BERRY	DRINKS	052603-047029	12/16.9 OZ	
POM WONDERFUL Teas Pomegranate Blackberry, Black	DRINKS	824150-422167	6/16 OZ	
POM WONDERFUL Teas Pomegranate Lychee, Green	DRINKS	824150-421160	6/16 OZ	
POM WONDERFUL Teas Pomegranate Peach Passion, White	DRINKS	824150-423164	6/16 OZ	









R.W. KNUDSEN FAMILY Fruit Juice Sweetened Spritzers Black Cherry	DRINKS	074682-114645	24/10.5 OZ	
R.W. KNUDSEN FAMILY Fruit Juice Sweetened Spritzers Boysenberry	DRINKS	074682-114652	24/10.5 OZ	
R.W. KNUDSEN FAMILY Fruit Juice Sweetened Spritzers Cranberry	DRINKS	074682-114690	24/10.5 OZ	
R.W. KNUDSEN FAMILY Fruit Juice Sweetened Spritzers Gingerale	DRINKS	074682-114676	24/10.5 OZ	
R.W. KNUDSEN FAMILY Fruit Juice Sweetened Spritzers Grape	DRINKS	074682-114669	24/10.5 OZ	
R.W. KNUDSEN FAMILY Fruit Juice Sweetened Spritzers Jamaican Style Lemonade	DRINKS	074682-114638	24/10.5 OZ	
R.W. KNUDSEN FAMILY Fruit Juice Sweetened Spritzers Lemon Lime	DRINKS	074682-114683	24/10.5 OZ	
R.W. KNUDSEN FAMILY Fruit Juice Sweetened Spritzers Mandarin Lime	DRINKS	074682-114706	24/10.5 OZ	
R.W. KNUDSEN FAMILY Fruit Juice Sweetened Spritzers Mango Fandango	DRINKS	074682-114607	24/10.5 OZ	
R.W. KNUDSEN FAMILY Fruit Juice Sweetened Spritzers Orange Passionfruit	DRINKS	074682-114720	24/10.5 OZ	
R.W. KNUDSEN FAMILY Fruit Juice Sweetened Spritzers Peach	DRINKS	074682-114737	24/10.5 OZ	
R.W. KNUDSEN FAMILY Fruit Juice Sweetened Spritzers Red Raspberry	DRINKS	074682-114621	24/10.5 OZ	
R.W. KNUDSEN FAMILY Fruit Juice Sweetened Spritzers Strawberry	DRINKS	074682-114713	24/10.5 OZ	

R.W. KNUDSEN FAMILY Fruit Juice Sweetened Spritzers Tangerine	DRINKS	074682-114614	24/10.5 OZ	
R.W. KNUDSEN FAMILY Sports Beverages, 16 oz. Recharge, Grape	DRINKS	074682-106732	12/16 OZ	
R.W. KNUDSEN FAMILY Sports Beverages, 16 oz. Recharge, Lemon	DRINKS	074682-106701	12/16 OZ	
R.W. KNUDSEN FAMILY Sports Beverages, 16 oz. Recharge, Orange	DRINKS	074682-106718	12/16 OZ	
R.W. KNUDSEN FAMILY Sports Beverages, 16 oz. Recharge, Tropical	DRINKS	074682-106725	12/16 OZ	
SAN PELLEGRINO, Sparkling Mineral Water, Orange	DRINKS	041508-800709	24/11.15	
SAN PELLEGRINO, Sparkling Mineral Water, Lemon	DRINKS	041508-800747	24/11.15	
SANTA CRUZ ORGANICS Organic Spritzers Ginger Ale At least 95% Organic	DRINKS	036192-114232	24/10.5 OZ	
SANTA CRUZ ORGANICS Organic Spritzers Lemon Lime At least 95% Organic	DRINKS	036192-114225	24/10.5 OZ	
SANTA CRUZ ORGANICS Organic Spritzers Lemonade At least 95% Organic	DRINKS	036192-114201	24/10.5 OZ	
SANTA CRUZ ORGANICS Organic Spritzers Orange Mango At least 95% Organic	DRINKS	036192-114249	24/10.5 OZ	
SANTA CRUZ ORGANICS Organic Spritzers Raspberry Lemonade At least 95% Organic	DRINKS	036192-114218	24/10.5 OZ	







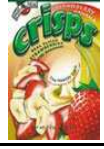





SANTA CRUZ ORGANICS Organic Spritzers Root Beer At least 95% Organic	DRINKS	036192-114256	24/10.5 OZ	
STEAZ GREEN TEA SODA,ENERGY DRINK,OG,BERRY	DRINKS	856820-004502	24/12 OZ	
STEAZ GREEN TEA SODA,ENERGY DRINK,OG,BRY,DIET	DRINKS	856820-004601	24/12 OZ	
STEAZ GREEN TEA SODA,ENERGY DRINK,OG,ORANGE	DRINKS	856820-004700	24/12 OZ	
STEAZ Iced Teaz Black Lemon At least 95% Organic	DRINKS	856820-160062	12/16 OZ	
STEAZ Iced Teaz Green Blueberry, Pomegranate At least 95% Organic	DRINKS	856820-160055	12/16 OZ	
STEAZ Iced Teaz Green Lemon, Unsweetened At least 95% Organic	DRINKS	856820-160017	12/16 OZ	
STEAZ Iced Teaz Green Mint At least 95% Organic	DRINKS	856820-160048	12/16 OZ	
STEAZ Iced Teaz Green Peach At least 95% Organic	DRINKS	856820-160031	12/16 OZ	
STEAZ Iced Teaz White Lime, Pomegranate At least 95% Organic	DRINKS	856820-160086	12/16 OZ	
SWEET LEAF TEA Ready To Drink Teas Lemonade Tea, Half and Half At least 95% Organic	DRINKS	651538-067081	12/16 OZ	
SWEET LEAF TEA Ready To Drink Teas Mango Green Tea At least 95% Organic	DRINKS	651538-067159	12/16 OZ	

SWEET LEAF TEA Ready To Drink Teas Original Sweet At least 95% Organic	DRINKS	651538-067005	12/16 OZ	
SWEET LEAF TEA Ready To Drink Teas Peach At least 95% Organic	DRINKS	651538-067043	12/16 OZ	
SWEET LEAF TEA Ready To Drink Teas Pomegranate Green Tea At least 95% Organic	DRINKS	651538-067098	12/16 OZ	
SWEET LEAF TEA Ready To Drink Teas Raspberry At least 95% Organic	DRINKS	651538-067036	12/16 OZ	
TAZO ICED TEA,GIANT PEACH	DRINKS	794522-909001	12/13.8 OZ	
TAZO ICED TEA,LEMON GINGER	DRINKS	794522-906000	12/13.8 OZ	
TAZO TEA,ICED TEA,MANGO	DRINKS	794522-908004	12/13.8 OZ	
TAZO TEA,ICED TEA,OG,GREEN	DRINKS	794522-9160099	12/13.8 OZ	
TAZO TEA,ICED TEA,PLUM POMEGRANATE	DRINKS	794522-917709	12/13.8 OZ	
TAZO TEA,ICED TEA,WHITE,BERRYBLOSM	DRINKS	794522-910007	12/13.8 OZ	
TAZO TEA,ICED TEA,WHITE,CRANBERRY	DRINKS	794522-905003	12/13.8 OZ	
WHITE WAVE,SILK SOY MLK,OG,CHOCOLATE	DRINKS	025293-600843	18/8.25 OZ	













WHITE WAVE,SILK SOY MLK,OG,VERY VAN	DRINKS	025293-600836	18/8.25 OZ	
BLUE SKY,SODA,BLACK CHERRY	DRINKS	042175-198953	24/12 OZ	
BLUE SKY,SODA,CHERRY VALA CREME	DRINKS	042175-198502	24/12 OZ	
BLUESKY GRAPEFRUIT SODA	DRINKS	042175-198601	24/12 OZ	
BLUE SKY,SODA,NATURAL COLA	DRINKS	042175-198656	24/12 OZ	
BLUE SKY,SODA,NATURAL GRAPE	DRINKS	042175-198854	24/12 OZ	
BLUE SKY,SODA,OG,BLACK CHERRY	DRINKS	042175-197253	24/12 OZ	
BLUE SKY,SODA,OG,GINGER ALE	DRINKS	042175-197260	24/12 OZ	
BLUE SKY,SODA,OG,NEW CENTURY COLA	DRINKS	042175-197277	24/12 OZ	
BLUE SKY,SODA,OG,ORANGE DIVINE	DRINKS	042175-197284	24/12 OZ	
BLUE SKY,SODA,OG,ROOT BEER ENCORE	DRINKS	042175-197307	24/12 OZ	

BLUE SKY,TEA SODA,GREEN,IMPERIAL LIME	DRINKS	042175-198021	24/12 OZ	
BLUE SKY,TEA SODA,GREEN,PEACH	DRINKS	042175-198014	24/12 OZ	
BLUE SKY,TEA SODA,WHITE,POMEGRANATE	DRINKS	042175-198038	24/12 OZ	
HANSEN'S BEVERAGES,CAN GRAPEFRUIT	DRINKS	070847-876410	24/12 OZ	
HANSEN'S BEVERAGES,CAN TANGARINE LIME,DIET	DRINKS	070847-876038	24/12 OZ	
HANSEN'S BEVERAGES,CAN VALA COLA	DRINKS	070847-876403	24/12 OZ	
HANSENS CAN BLACK CHERRY,DIET	DRINKS	070847-876007	24/12 OZ	
HANSENS CAN CREAMY ROOTBEER	DRINKS	070847-876458	24/12 OZ	
HANSENS CAN GINGER ALE,DIET	DRINKS	070847-876045	24/12 OZ	
HANSENS CAN MANDARIN LIME	DRINKS	070847-876434	24/12 OZ	
HANSENS CAN NATURAL GINGER ALE	DRINKS	070847-876960	24/12 OZ	
HANSENS CANS NATURAL, KIWI STRAWBERRY	DRINKS	070847-876502	24/12 OZ	

ARROWHEAD WATER	DRINKS	071142-004003	24/.5 LTR	
FIJI WATER	DRINKS	632565-000098	24/0.5 LTR	
HINT,WATER,POMEGRANATE/TANG	DRINKS	184739-000057	12/16 OZ	
HINT,WATER,RASPBERRY LIME	DRINKS	184739-000040	12/16 OZ	
HINT,WATER,STRAWBERRY KIWI	DRINKS	184739-000118	12/16 OZ	
POLAND SPRINGS,SPRING WATER,.5 LITER	DRINKS	075720-000814	24/0.5 LTR	
ZEN SOY,SOY ON THE GO, CAPPUCCINO	DRINKS	072050-102034	15/8.25 OZ	
ZEN SOY,SOY ON THE GO, CHOCOLATE	DRINKS	072050-102034	15/8.25 OZ	
ZEN SOY,SOY ON THE GO,VANILLA	DRINKS	072050-102027	15/8.25 OZ	
ZEVIA, All-Natural Sugar Free Alternative to Diet Soda Black Cherry	DRINKS	894773-001100	24/12OZ	
ZEVIA, All-Natural Sugar Free Alternative to Diet Soda Cola	DRINKS	894773-001018	24/12OZ	
ZEVIA, All-Natural Sugar Free Alternative to Diet Soda Ginger Ale	DRINKS	894773-001117	24/12OZ	

ZEVIA, All-Natural Sugar Free Alternative to Diet Soda Ginger Root Beer	DRINKS	894773-001049	24/12OZ	
ZEVIA, All-Natural Sugar Free Alternative to Diet Soda Orange Soda	DRINKS	894773-001049	24/12OZ	
THE SWITCH, SPARKLING JUICE, BLACK CHERRY	DRINKS	831012-003129	24/8.3 OZ	
BROTHERS ALL NATURAL FRUIT CRISPS, ASIAN PEAR	FRUITS	894185-000852	24/.35 OZ	
BROTHERS ALL NATURAL FRUIT CRISPS, FUJI APPLE	FRUITS	894185-000487	24/.35 OZ	
BROTHERS ALL NATURAL FRUIT CRISPS, PINEAPPLE	FRUITS	894185-000418	24/.53 OZ	
BROTHERS ALL NATURAL FRUIT CRISPS, STRAWBERRY	FRUITS	894185-000401	24/.26 OZ	
BROTHERS ALL NATURAL,FRUIT CRISP,STRBRY/BANANA	FRUITS	894185-000494	24/.42 OZ	
CLIF BAR,KID TWISTED FRUIT,OG,MIXED BERRY	FRUITS	722252-180025	18/0.7 OZ	
CLIF BAR,KID TWISTED FRUIT,OG,SOUR APPLE	FRUITS	722252-180032	18/0.7 OZ	
CLIF BAR,KID TWISTED FRUIT,OG,STRAWBERRY	FRUITS	722252-180018	18/0.7 OZ	
CLIF BAR,KID TWISTED FRUIT,OG,GRAPE	FRUITS	722252-180056	18/0.7 OZ	



STRETCH ISLAND FRT LEATHER,RASPBERRY	FRUITS	079126-008603	30/.5 OZ	
STRETCH ISLAND FRT LEATHER,STRAWBERRY	FRUITS	079126-008900	30/.5 OZ	
STRETCH ISLAND,FRUIT LEATHER,CHERRY	FRUITS	079126-008702	30/.5 OZ	
STRETCH ISLAND,FRUIT LEATHER,GRAPE	FRUITS	079126-008405	30/.5 OZ	
FRUIT 2DAY, JUICE,CHERRY GRAPE	FRUITS	884490-000043	12/6.75 OZ	
FRUIT 2DAY, JUICE,MANGO PEACH	FRUITS	884490-000029	12/6.75 OZ	
FRUIT 2DAY, JUICE, PINEAPPLE BANANA	FRUITS	884490-000036	12/6.75 OZ	
FRUIT 2DAY, JUICE, STRAWBERRY ORANGE	FRUITS	884490-000012	12/6.75 OZ	
MATERNE GoGo Squeeze Pouches Applesauce On The Go	FRUITS	890000-001103	48/3.2 O	
MATERNE GoGo Squeeze Pouches Apple Banana Sauce On The Go	FRUITS	890000-001127	48/3.2 O	
MATERNE GoGo Squeeze Pouches Apple Cinnamon Sauce On The Go	FRUITS	890000-001141	48/3.2 O	
MATERNE GoGo Squeeze Pouches Apple Peach Sauce On The Go	FRUITS	890000-001134	48/3.2 O	

MATERNE GoGo Squeez Pouches Apple Strawberry Sauce On The Go	FRUITS	890000-001110	48/3.2 O	
APPLE & EVE ORGANIC APPLE JUICE	JUICE	076301-230019	27/200 ML	
APPLE & EVE ORGANIC FRUIT PUNCH	JUICE	076301-230026	27/200 ML	
APPLE & EVE ORGANIC GRAPE JUICE	JUICE	076301-230033	27/200 ML	
BACK TO NATURE,JUICES,APPLE	JUICE	759283-300085	40/6.75 OZ	
BACK TO NATURE,JUICES,FRUIT PUNCH	JUICE	759283-300061	40/6.75 OZ	
BACK TO NATURE,JUICES,BERRY	JUICE	759283-300078	40/6.75 OZ	
HANSEN'S BEVERAGES,JUICE SLAM,STRBY/BAN/TWST	JUICE	070847-890171	40/6.75OZ	
HANSEN'S BEVERAGES,JUICE SLAM,TOTALY TROPICL	JUICE	070847-890195	40/6.75OZ	
HANSEN'S BEVERAGES,JUICE SLAM,BURSTIN BERRY	JUICE	070847-890188	40/6.75OZ	
AMY & BRIAN,JUICE,NATURAL COCONUT JUICE	JUICE	854413-001303	24/10 OZ	
AMY & BRIAN,JUICE,NATURAL COCONUT JUICE W/PULP	JUICE	721332-820059	12/17.5 OZ	







AMY & BRIAN, JUICE, NATURAL COCONUT JUICE PULP FREE	JUICE	721332-820073	12/17.5 OZ	
AMY & BRIAN, JUICE, COCONUT JUICE W/LIME	JUICE	721332-820080	12/17.5 OZ	
ONE NATURAL EXPERIENCE, WATER, COCO SPLASH, MANGO	JUICE	894991-001418	12/8.5 OZ	
ONE NATURAL EXPERIENCE, WATER, COCO SPLASH, PASSION FRUIT	JUICE	894991-001401	12/8.5 OZ	
ONE NATURAL EXPERIENCE, WATER, COCO SPLASH, PINEAPPLE	JUICE	894991-001395	12/8.5 OZ	
ONE NATURAL EXPERIENCE, WATER, COCO SPLASH, GUAVA	JUICE	894991-001388	12/8.5 OZ	
R.W. KNUDSEN FAMILY Aseptic Juice Boxes Apple	JUICE	074682-111019	27/8 OZ	
R.W. KNUDSEN FAMILY Aseptic Juice Boxes Grape	JUICE	074682-111958	27/8 OZ	
R.W. KNUDSEN FAMILY Aseptic Juice Boxes Lemonade	JUICE	074682-111293	27/8 OZ	
R.W. KNUDSEN FAMILY Aseptic Juice Boxes Pear	JUICE	074682-111040	27/8 OZ	
R.W. KNUDSEN FAMILY Aseptic Juice Boxes Razzleberry	JUICE	074682-111354	27/8 OZ	
R.W. KNUDSEN FAMILY Aseptic Juice Boxes Tropical Punch	JUICE	074682-111668	27/8 OZ	

SANTA CRUZ ORGANICS Organic Aseptic Juice Boxes Grape	JUICE	036192-126204	27/8 OZ	
SANTA CRUZ ORGANICS Organic Aseptic Juice Boxes Lemon	JUICE	036192-126228	27/8 OZ	
SANTA CRUZ ORGANICS Organic Aseptic Juice Boxes Orange	JUICE	036192-126211	27/8 OZ	
SANTA CRUZ ORGANICS Organic Aseptic Juice Boxes Tropical	JUICE	036192-126235	27/8 OZ	
R.W. KNUDSEN FAMILY 100% Straight Fruit Juices Concord Grape At least 95% Organic	JUICE	074682-151220	24/8 OZ	
R.W. KNUDSEN FAMILY 100% Straight Fruit Juices Cranberry At least 95% Organic	JUICE	074682-151206	24/8 OZ	
R.W. KNUDSEN FAMILY Apple Juice Apple At least 95% Organic	JUICE	074682-151213	24/8 OZ	
R.W. KNUDSEN FAMILY 100% Straight Fruit Juices Orange At least 95% Organic	JUICE	074682-151237	24/8 OZ	
R.W. KNUDSEN FAMILY Vegetable Blends Very Veggie At least 95% Organic	JUICE	074682-151251	24/8 OZ	
R.W. KNUDSEN FAMILY Organic Juices Pomegranate At least 95% Organic	JUICE	074682-151244	24/8 OZ	
THE SWITCH, SPARKLING JUICE, FRUIT PUNCH	JUICE	831012-003150	24/8.3 OZ	
THE SWITCH, SPARKLING JUICE, GRAPE	JUICE	831012-003136	24/8.3 OZ	

THE SWITCH, SPARKLING JUICE, ORANGE TANGERINE	JUICE	831012-003143	24/8.3 OZ	
THE SWITCH, SPARKLING JUICE, WATERMELON STRAWBERRY	JUICE	831012-003167	24/8.3 OZ	
UNCLE MATT'S, Orange Juice Pulp Free, Mini Box	JUICE	697068-570110	16/6 OZ	
VITA COCO, Coconut Water Acai & Pomegranate	JUICE	898999-005003	12/11.2 OZ	
VITA COCO, Coconut Water Natural	JUICE	898999-000022	12/11.2 OZ	
VITA COCO, Coconut Water With Pineapple	JUICE	898999-000206	12/11.2 OZ	
VITA COCO, Coconut Water With Passion Fruit	JUICE	898999-000107	12/11.2 OZ	
VITA COCO, Coconut Water With Peach & Mango	JUICE	898999-000305	12/11.2 OZ	
ZOLA ACAI, Beverages Acai + Blueberry Power Juice	JUICE	853647-000229	12/12 OZ	
ZOLA ACAI, Beverages Acai + Pineapple Power Juice	JUICE	853647-000236	12/12 OZ	
ZOLA ACAI, Beverages Acai Light	JUICE	853647-000243	12/12 OZ	
ZOLA ACAI, Beverages Brazilian Berry Power Juice	JUICE	853647-000212	12/12 OZ	

BOLTHOUSE FARMS, JUICE, 50/50 BERRY, FRUIT AND VEGETABLE BLEND	JUICE	71454-310502	6/450 ML	
BOLTHOUSE FARMS, ACAI BERRY WITH BLUEBERRY	JUICE	71464-343538	9/340ML	
BOLTHOUSE FARMS, JUICE, ACAI ENERGY CONQUER	JUICE	71464-344535	9/340 ML	
BOLTHOUSE FARMS, JUICE, ACAI ENERGY TRANSCEND	JUICE	71464-345532	9/340 ML	
BOLTHOUSE FARMS, JUICE, MANGO LEMONADE	JUICE	71464-290405	6/450 ML	
BOLTHOUSE FARMS, JUICE, NATURAL GREEN GOODNESS	JUICE	71464-244408	6/450 ML	
BOLTHOUSE FARMS, JUICE, NATURAL PERFECT PROTEIN	JUICE	71464-264406	6/450 ML	
BOLTHOUSE FARMS, JUICE, PEAR MERLOT, APPLE JUICE	JUICE	71464-311506	6/450 ML	
BOLTHOUSE FARMS, JUICE, VEGETABLE JUICE	JUICE	71464-220402	6/450 ML	
BOLTHOUSE FARMS, SOY BEVERAGE, PERFECTLY PROTEIN, PURELY CHOCOLATE	SMOOTHIES	71464-306502	6/450 ML	
BOLTHOUSE FARMS, JUICE, 100% CARROT	JUICES	71464200404	6/450 ML	
CASCADE FRESH, YGRT RASPBRY SMOOTHIE LF	SMOOTHIES	081146-061308	12/10 OZ	

CASCADE FRESH,YGRT STRAWBRY SMOOTHIE LF	SMOOTHIES	081146-061407	12/10 OZ	
CASCADE FRESH,YGRT,LF,ACAI SMOOTHIE	SMOOTHIES	081146-061254	12/10 OZ	
IMAGINE FOODS,KIDZ SMOOTHIE,ORNG CREAM	SMOOTHIES	084253-260718	27/8 OZ	
IMAGINE FOODS,KIDZ SMOOTHIE,BERRY BLAST	SMOOTHIES	084253-260725	27/8 OZ	
LIFEWAY KEFIR,PROBUGS,OG,GOO BERRY	SMOOTHIES	017077-033053	24/5 OZ	
LIFEWAY KEFIR,PROBUGS,OG,ORANGE CRAWLER	SMOOTHIES	017077-032056	24/5 OZ	
LIFEWAY KEFIR,PROBUGS,OG,SLIME LIME	SMOOTHIES	017077-031059	24/5 OZ	
STONYFIELD FARM,SMOOTHIE,OG,BANANA BERRY	SMOOTHIES	052159-013035	12/10 OZ	
STONYFIELD FARM,SMOOTHIE,OG,STRAWBERRY	SMOOTHIES	052159-013004	12/10 OZ	
STONYFIELD FARM,SMOOTHIE,OG,PEACH	SMOOTHIES	052159-013028	12/10 OZ	
STONYFIELD FARM,SMOOTHIE,OG,WILD BERRY	SMOOTHIES	052159-013073	12/10 OZ	
STONYFIELD FARM,SMOOTHIE,OG,VANILLA	SMOOTHIES	052159-013080	12/10 OZ	







ZOLA ACAI, Smoothies Immunity	SMOOTHIES	853647-001110	12/12 OZ	
ZOLA ACAI, Smoothies Energy	SMOOTHIES	853647-000915	12/12 OZ	
ZOLA ACAI, Smoothies Superfood	SMOOTHIES	853647-001318	12/12 OZ	
ZOLA ACAI, Smoothies Antioxidant	SMOOTHIES	853647-000717	12/12 OZ	
BOLTHOUSE FARMS, JUICE, AMAZING MANGO, FRUIT SMOOTHIE	SMOOTHIES	71464-309503	6/450 ML	
BOLTHOUSE FARMS, JUICE, BERRY BOOST, FRUIT SMOOTHIE	SMOOTHIES	71464-280406	6/450 ML	
BOLTHOUSE FARMS, BLUE GOODNESS, FRUIT SMOOTHIE	SMOOTHIES	71464301507	6/450 ML	
BOLTHOUSE FARMS, JUICE, C-BOOST, FRUIT SMOOTHIE	SMOOTHIES	71464-302504	6/450 ML	
BOLTHOUSE FARMS, PERFECTLY PROTEIN, HAZELNUT LATTE	SMOOTHIES	71764-305502	6/450 ML	
BOLTHOUSE FARMS, PERFECTLY PROTEIN, MOCHA CAPPUCCINO	SMOOTHIES	71464-300500	6/450 ML	
BOLTHOUSE FARMS, STRAWBERRY BANANA, FRUIT SMOOTHIE	SMOOTHIES	71464-270407	6/450 ML	
NAKED JUICE, BERRY BLAST	SMOOTHIES	82592988157	8/15.2 OZ	



NAKED JUICE, BERRY VEGGIE MACHINE	SMOOTHIES	82592632470	8/15.2OZ	
NAKED JUICE, BLUE MACHINE	SMOOTHIES	82592727152	8/15.2 OZ	
NAKED JUICE, CHAI SPICED CIDER	SMOOTHIES	82592632302	8/15.2 OZ	
NAKED JUICE, GOLD MACHINE	SMOOTHIES	82592733153	8/15.2 OZ	
NAKED JUICE, GREEN MACHINE	SMOOTHIES	82592720153	8/15.2 OZ	
NAKED JUICE, MIGHTY MANGO GO	SMOOTHIES	82592660152	8/15.2 OZ	
NAKED JUICE, ORANGE MANGO MOTION	SMOOTHIES	82592920157	8/15.2 OZ	
NAKED JUICE, POMEGRANATE ACAI	SMOOTHIES	82592617156	8/15.2 OZ	
NAKED JUICE, POMEGRANATE BLUEBERRY	SMOOTHIES	82592616159	8/15.2 OZ	
NAKED JUICE, POWER C	SMOOTHIES	82592917157	8/15.2 OZ	
NAKED JUICE, PROTEIN ZONE	SMOOTHIES	82592722157	8/15.2 OZ	
NAKED JUICE, PROTEIN ZONE DOUBLE BERRY	SMOOTHIES	82592631954	8/15.2 OZ	

NAKED JUICE, PROTEIN ZONE MANGO	SMOOTHIES	82592632289	8/15.2 OZ	
NAKED JUICE, RED MACHINE	SMOOTHIES	82592726155	8/15.2 OZ	
NAKED JUICE, STRAWBERRY BANANA	SMOOTHIES	82592194152	8/15.2 OZ	
ANNIE'S HOMEGROWN,SNCK CRCKR,PACK,CHOC BUNNY	SNACKS	013562-302161	36/1 oz	
BACK TO NATURE,SS COOKIES,MINI,CHOC CHNK	SNACKS	759283-200088	24/1.25OZ	
BACK TO NATURE HONEY GRAHAM SS STICK COOKIES	SNACKS	759283-100579	32/1 OZ	
BARBARA'S BAKERY,SNACKIMALS,OG,SNCKRDOODLE	SNACKS	070617-001585	18/2.125 OZ	
BARBARAS SNACKIMALS,CHOCOLATE CHIP	SNACKS	070617-001561	18/2.125 OZ	
BARBARAS SNACKIMALS,OATMEAL,WHIT FR	SNACKS	070617-001578	18/2.125 OZ	
BARBARAS SNACKIMALS,VALA	SNACKS	070617-001554	18/2.125 OZ	
LATE JULY Sandwich Cookies Dark Chocolate, Counter Caddy	SNACKS	890444-000984	36/1.5 OZ	
LATE JULY Sandwich Cookies Vanilla Bean, Counter Caddy	SNACKS	890444-000052	36/1.5 OZ	

THAI KITCHEN NOODLE CART,PAD THAI	SNACKS	737628-087006	12/2.25 OZ	
THAI KITCHEN NOODLE CART,RSTED GARLC	SNACKS	737628-088003	12/2.25 OZ	
THAI KITCHEN NOODLE CART,THAI PEANUT	SNACKS	737628-087501	12/2.25 OZ	
BACK TO NATURE, Cookies Mini Vanilla Wafers	SNACKS	759283-000138	36/1 OZ	
ZEN SOY SOY PUDDING,OG,BANANA	SNACKS	072050-110015	48/1OZ	
ZEN SOY SOY PUDDING,OG,CHOC/VAN	SNACKS	072050-110046	48/1OZ	
ZEN SOY SOY PUDDING,OG,CHOCOLATE	SNACKS	072050-110022	48/1OZ	
ZEN SOY SOY PUDDING,OG,VANILLA	SNACKS	072050-110039	48/1OZ	
CASCADE FRESH, Non-Fat Yogurt Cascade Blueberry	YOGURTS	081146-002103	12/6 OZ	
CASCADE FRESH, Non-Fat Yogurt Rainier Raspberry	YOGURTS	081146-002301	12/6 OZ	
CASCADE FRESH, Non-Fat Yogurt San Juan Strawberry	YOGURTS	081146-002400	12/6 OZ	
STONYFIELD FARM, Lowfat Yogurt Blueberry	YOGURTS	052159-040017	12/6 OZ	

STONYFIELD FARM, Lowfat Yogurt French Vanilla	YOGURTS	052159-040024	12/6 OZ	
STONYFIELD FARM, Lowfat Yogurt Strawberry	YOGURTS	052159-040062	12/6 OZ	
WALLABY ORGANIC, Low Fat Yogurt - Down Under Berries & Cream	YOGURTS	795709-050011	12/6 OZ	
WALLABY ORGANIC, Low Fat Yogurt - Down Under Dark Chocolate	YOGURTS	795709-050028	12/6 OZ	
WALLABY ORGANIC, Low Fat Yogurt - Down Under Mango Tangerine	YOGURTS	795709-050035	12/6 OZ	
WALLABY ORGANIC, Low Fat Yogurt - Down Under Strawberries & Cream	YOGURTS	795709-050066	12/6 OZ	

**FRESH HEALTHY VENDING LLC  
DISCLOSURE DOCUMENT  
EXHIBIT G**

**FINANCIAL STATEMENTS**

# **FRESH HEALTHY VENDING, LLC**

## **AUDITED FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2011  
and Period February 8, 2010 (Inception)  
through December 31, 2010**

# FRESH HEALTHY VENDING, LLC

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## INDEPENDENT AUDITOR'S REPORT

February 24, 2012

To the Members

**Fresh Healthy Vending, LLC**

San Diego, California

We have audited the accompanying balance sheet of Fresh Healthy Vending, LLC (the Company) as of December 31, 2011, and the related statements of operations, changes in members' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Company as of December 31, 2010 were audited by other auditors whose restated report, dated December 20, 2011 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fresh Healthy Vending, LLC as of December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



HINZMAN & ASSOCIATES  
Certified Public Accountants  
A Professional Corporation



**FRESH HEALTH VENDING LLC**  
**Balance Sheet**  
**December 31, 2011 and 2010**

**Assets**

	<u>2011</u>	<u>2010</u>
<b>Current assets</b>		
Cash	\$ 447,246	\$ 90,403
Accounts receivable	2,785,443	1,090,029
Deferred costs	1,193,400	292,922
Prepaid expenses	-	10,000
Inventory	43,080	-
Due from (to) related party	76,206	(22,024)
Total current assets	<u>4,545,375</u>	<u>1,461,330</u>
 <b>Property and equipment, net</b>	 196,978	 76,037
 <b>Intangible assets</b>	 5,000,000	 5,000,000
 <b>Deposits</b>	 21,569	 13,912
	<u>\$ 9,763,922</u>	<u>\$ 6,551,279</u>

**Liabilities and Members' Equity**

<b>Current liabilities</b>		
Accounts payable	\$ 658,642	402,164
Accrued expenses	138,906	89,369
Deferred revenues	6,374,122	2,258,900
Total current liabilities	<u>7,171,670</u>	<u>2,750,433</u>
 <b>Members' equity</b>	 2,592,252	 3,800,846
	<u>\$ 9,763,922</u>	<u>\$ 6,551,279</u>

**FRESH HEALTHY VENDING LLC**  
**Statement of Operations**  
**For the year ended December 31, 2011**  
**and period February 8, 2010 (inception)**  
**through December 31, 2010**

	<u>2011</u>	<u>2010</u>
Franchise income:		
Franchise fees	\$ 464,077	\$ 86,000
Vending machine sales	6,251,656	849,250
Company owned machines	12,540	-
Agency sales, net	16,699	(1,518)
	<u>6,744,972</u>	<u>933,732</u>
Cost of sales:		
Company owned machines	37,893	-
Vending machines	3,741,669	643,336
	<u>3,779,562</u>	<u>643,336</u>
Gross profit	2,965,410	290,395
Expenses:		
General and administrative	1,769,486	583,611
Marketing	686,928	198,868
	<u>2,456,414</u>	<u>782,479</u>
Income (loss) before income taxes	508,996	(492,084)
Income tax expense	<u>12,590</u>	<u>800</u>
Net income (loss)	<u>\$ 496,406</u>	<u>\$ (492,884)</u>

**FRESH HEALTHY VENDING LLC**  
**Statement of Changes in Members' Equity**  
**For the year ended December 31, 2011**  
**and period February 8, 2010 (inception)**  
**through December 31, 2010**

	Preferred Units		Common Units		Total
	Units	Amount	Units	Amount	
Balances, February 8, 2010	-	\$ -	-	\$ -	\$ -
Capital contribution	100	5,003,730	100	98,730	5,102,460
Distribution	-	(710,000)	-	(98,730)	(808,730)
Net loss	-	(492,884)	-	-	(492,884)
Balances, December 31, 2010	100	3,800,846	100	-	3,800,846
Distribution	-	(1,705,000)	-	-	(1,705,000)
Net income	-	496,406	-	-	496,406
Balances, December 31, 2011	<u>100</u>	<u>\$ 2,592,252</u>	<u>100</u>	<u>\$ -</u>	<u>\$ 2,592,252</u>

**FRESH HEALTHY VENDING LLC**  
**Statement of Cash Flows**  
**For the year ended December 31, 2011**  
**and period February 8, 2010 (inception)**  
**through December 31, 2010**

	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ 496,406	\$ (492,884)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	24,390	4,007
Non cash members' contribution	-	3,730
(Increase) decrease in:		
Accounts receivable	(1,695,414)	(1,090,029)
Deferred costs	(900,478)	(292,922)
Due from (to) related party	(98,230)	22,024
Prepaid expenses	10,000	(10,000)
Inventory	(43,080)	-
Increase (decrease) in:		
Accounts payable	256,478	402,164
Accrued expenses	49,537	89,369
Deferred revenues	4,115,222	2,258,900
Net cash provided by operating activities	<u>2,214,830</u>	<u>894,359</u>
<b>Cash flows from investing activities</b>		
(Increase) decrease in deposits	(7,657)	(13,912)
Purchase of property and equipment	<u>(145,330)</u>	<u>(80,044)</u>
Net cash provided (used) by investing activities	<u>(152,987)</u>	<u>(93,956)</u>
<b>Cash flows from financing activities</b>		
Members' contributions	-	98,730
Members' distributions	<u>(1,705,000)</u>	<u>(808,730)</u>
Net cash provided (used) by financing activities	<u>(1,705,000)</u>	<u>(710,000)</u>
Net increase (decrease) in cash	356,843	90,403
Cash, beginning of year	<u>90,403</u>	<u>-</u>
Cash, end of year	<u>\$ 447,246</u>	<u>\$ 90,403</u>
<b>Supplemental Information</b>		
Income taxes paid	<u>\$ 6,880</u>	<u>\$ 800</u>
Members' contribution - non cash	<u>\$ -</u>	<u>\$ 5,003,730</u>

**FRESH HEALTHY VENDING LLC**  
**Notes to Financial Statements**  
**December 31, 2011 and 2010**

**1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Fresh Healthy Vending, LLC (the Company) was formed as a limited liability company in California on February 8, 2010 as a franchisor of healthy drinks and snack vending machines that features cashless payment devices and remote monitoring software. The Company uses in-house location specialists that are responsible for securing locations for the franchisees and has a nationwide product distribution chain.

**Franchise agreement**

The Company's franchise agreement requires an initial non-refundable fee of \$1,000 per machine per franchise. New franchisees are required to purchase a minimum of 10 vending machines from the Company. Initial franchise fees are primarily intended to compensate the Company for granting the right to use the Company's trademark and to offset the costs of finding locations for vending machines, developing training programs and the operating manual. The term of the initial franchise agreement is 5 years. Options to renew the agreement for 1 year terms are available for \$1,000 per franchise.

Franchise fees and associated costs are recognized as revenues and expenses when the franchisee has signed their franchise agreement and all vending machines have been delivered and installed. Franchise fees and vending machine revenues from franchisees that are not delivered and installed are recorded as a liability; costs associated with such deferred revenue are recorded as an asset.

The Company also sells products sold in vending machines to their franchisees at minimal profit. The Company is effectively acting as an agent in the process, and the revenues and expenses from these sales are netted and recorded as Agency sales, net on the accompanying Statement of Operations.

**Basis of accounting**

The financial statements of the Company have been prepared in conformity with generally accepted accounting principles on the accrual basis and accordingly reflect all significant assets, payables and other liabilities.

**FRESH HEALTHY VENDING LLC**  
**Notes to Financial Statements**  
**December 31, 2011 and 2010**

**1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and cash equivalents**

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Concentration of credit risk**

The Company maintains bank accounts at financial institutions in San Diego, California. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2011 the Company had approximately \$278,000 of uninsured cash based on actual bank balances. Management believes the Company is not exposed to any significant credit risk with respect to its cash and cash equivalents.

**Accounts receivable**

The Company provides for estimated losses on accounts receivable based upon a review of existing receivables. All accounts are considered fully collectible by management at December 31, 2011 and December 31, 2010, thus no allowance for doubtful accounts is considered necessary.

**Inventory**

Inventory is valued at the lower of cost or market, with cost determined using the average cost method. Inventory consisted of drinks and food in Company owned vending machines and vending machines parts for sale.

**Property and Equipment**

Property and equipment is carried at cost and depreciated using the strait-line method over estimated useful lives of the individual assets, generally five to seven years for all assets.

**FRESH HEALTHY VENDING LLC**  
**Notes to Financial Statements**  
**December 31, 2011 and 2010**

**1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Intangible assets**

In 2010 FHV Holdings Corp. (a related party - see Note 7) contributed intangible assets to the Company in exchange for all preferred units of the Company. These intangible assets, which consist primarily of license rights to sell vending machines to franchisees, are recorded at \$5,000,000, are considered to have indefinite useful lives, are not amortizable but are subject to an annual impairment test. As of December 31, 2011 and 2010, the Company considers these intangibles to have indefinite lives and the value of the intangibles has not been impaired. Consequently, no amortization expense has been recognized during 2011 and 2010.

**Impairment of long-lived assets**

Management of the Company monitors the carrying value of long-lived assets for potential impairment on an on-going basis. Potential impairment would be determined by comparing the carrying value of these assets with their expected future net cash flows. Should the sum of the expected future net cash flows be less than the carrying value, management would recognize an impairment loss, measured as the amount by which the carrying value of the asset exceeds its fair value.

**Income Taxes**

The company is not a tax paying entity for federal income tax purposes; its members are liable for income taxes on the Company's taxable income. The current income tax provision consists entirely of minimum state income taxes. The Company's federal and state income tax returns from 2010 to the current year are subject to potential examination by the taxing authorities.

**Advertising**

It is the Company's policy to expense advertising costs as they are incurred. Advertising expense totaled \$515,548 and \$178,684 during 2011 and 2010.

**FRESH HEALTHY VENDING LLC**  
**Notes to Financial Statements**  
**December 31, 2011 and 2010**

**1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Shipping and handling**

The Company classifies freight costs as cost of sales.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Reclassifications**

Certain balances in the 2010 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2011 financial statements. These reclassifications had no effect on net income.

**2. PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2011 and 2010 consisted of the following:

	2011	2010
Computer equipment	\$ 15,730	\$ 6,880
Furniture and fixtures	36,663	35,189
Vending machines	162,693	37,975
Vehicle	9,340	-
	224,426	80,044
Less accumulated depreciation	(27,448)	(4,007)
Total property and equipment	\$ 196,978	\$ 76,037



**FRESH HEALTHY VENDING LLC**  
**Notes to Financial Statements**  
**December 31, 2011 and 2010**

**3. FRANCHISE INFORMATION**

Franchise statistics at December 31, 2011 include:

Franchises in operation at beginning of year	32
New franchises granted	77
Franchises cancelled	<u>(6)</u>
Franchises in operation at end of year	<u><u>103</u></u>

The Company operated 36 vending machines for its own benefit at December 31, 2011.

**4. COMMITMENTS AND CONTINGENCIES**

The Company leases its offices under an operating lease that expires in July, 2015. The Company also leases office equipment under an operating lease that expires in February, 2015.

The Company also leased 2 additional office spaces during 2011 and 2010, both leases expired during 2011.

Future minimum lease payments under all operating leases follows:

Year ending December 31:	
2012	\$ 119,500
2013	122,800
2014	126,000
2015	121,800
2016	<u>71,800</u>
	<u><u>\$ 561,900</u></u>

Rent expense totaled \$158,830 and \$79,616 for 2011 and 2010.

The Company is involved in various legal matters in the ordinary course of business. In the opinion of management, these matters are not anticipated to have a material adverse effect on the results of operations, financial position or liquidity of the Company.

**FRESH HEALTHY VENDING LLC**  
**Notes to Financial Statements**  
**December 31, 2011 and 2010**

**5. PROFIT AND LOSS ALLOCATION TO MEMBERS**

The preferred units include preference in the form of distributions that are triggered by various performance milestones. The first \$11 million of cumulative net cash flow from operations shall be distributed entirely to the preferred member. The next \$1 million of net cash flow shall be distributed 80% to the preferred member. Net cash flow in excess of \$12 million shall be distributed 60% to the preferred member. All members have limited liability.

**6. CONCENTRATIONS**

The Company's vending machines are sourced from a single manufacturer who sells through a limited number of suppliers. Although there are a limited number of manufacturers of its vending machines, management believes that other suppliers could provide similar machines on comparable terms. A change in suppliers, however, could cause a delay in deliveries and a possible loss of sales, which would adversely affect operating results.

**7. RELATED PARTY TRANSACTIONS**

FHV Holdings Corp. (Holdings), which contributed intangible assets to the Company (see Note 1), owns the preferred units of the Company. Financial transactions between the Company and Holdings are recorded as Due from (to) related party on the accompanying Balance Sheet.

**8. SUBSEQUENT EVENT**

Subsequent events were evaluated through the date of the audit report, which is the date the financial statements were available for issue.

**FRESH HEALTHY VENDING LLC**

**FINANCIAL STATEMENTS**

For the Period February 8, 2010 (Inception) Through December 31, 2010

# FRESH HEALTHY VENDING LLC

## FINANCIAL STATEMENTS

For the Period February 8, 2010 (Inception) Through December 31, 2010

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## INDEPENDENT AUDITORS' REPORT

To the Members' and Executive Management of  
Fresh Healthy Vending LLC  
San Diego, California

We have audited the accompanying balance sheet of Fresh Healthy Vending LLC (Company) as of December 31, 2010, and the related statements of income, changes in members' equity, and cash flows for the period February 8, 2010 (Inception) through December 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Fresh Healthy Vending LLC at December 31, 2010, and the results of its operations and its cash flows for the period February 8, 2010 (Inception) through December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

*Redfern & Company*

Encinitas, California  
February 15, 2011

**FRESH HEALTHY VENDING LLC**  
**BALANCE SHEET**  
December 31, 2010

---

ASSETS

CURRENT ASSETS

Cash	\$	90,403
Accounts receivable, net		1,301,029
Prepaid expense		<u>10,000</u>

TOTAL CURRENT ASSETS 1,401,432

NON-CURRENT ASSETS

Deposits		13,912
Note receivable		31,270
Intangible asset		5,000,000
Property and equipment, net		<u>76,037</u>

\$ 6,522,651

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

Accounts payable	\$	79,414
Due to Fresh Healthy Vending Holding Company		22,024
Accrued expenses		<u>89,369</u>

TOTAL CURRENT LIABILITIES 190,807

MEMBERS' EQUITY

6,331,844

TOTAL LIABILITIES AND MEMBERS' EQUITY \$ 6,522,651

# FRESH HEALTHY VENDING LLC

## STATEMENT OF INCOME

For the Period February 8, 2010 (Inception) Through December 31, 2010

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REVENUES	\$	3,728,750
COST OF REVENUES		<u>893,474</u>
	GROSS PROFIT	2,835,276
OPERATING EXPENSES		
General and administrative		395,440
Sale, marketing and advertising		178,684
Personnel salaries and benefits		131,405
Facility costs		83,096
Depreciation		<u>4,007</u>
		<u>792,632</u>
	INCOME BEFORE INCOME TAXES	2,042,644
INCOME TAX EXPENSE		<u>800</u>
	NET INCOME \$	<u><u>2,041,844</u></u>

**FRESH HEALTHY VENDING LLC****STATEMENT OF CHANGES IN MEMBERS' EQUITY**

For the Period February 8, 2010 (Inception) Through December 31, 2010

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	<u>Members'</u>		
	<u>Fresh Healthy Vending Holding Company</u>	<u>Jolly Backer</u>	<u>Total</u>
BEGINNING BALANCES	\$ -	\$ -	\$ -
CHANGES IN EQUITY			
Capital contributions	5,000,000	98,730	5,098,730
Draws	(710,000)	(98,730)	(808,730)
Net income	<u>2,041,844</u>	<u>-</u>	<u>2,041,844</u>
ENDING BALANCES	<u>\$ 6,331,844</u>	<u>\$ -</u>	<u>\$ 6,331,844</u>



## FRESH HEALTHY VENDING LLC

### STATEMENT OF CASH FLOWS

For the Period February 8, 2010 (Inception) Through December 31, 2010

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#### Cash Flows from Operating Activities:

Net income	\$ 2,041,844
Adjustments to reconcile net loss to net cash provided by operating Activities:	
Depreciation	4,007
Changes in operating assets and liabilities:	
Prepaid expense	(10,000)
Note receivable	(31,270)
Accounts receivable, net	(1,301,029)
Accounts payable	79,414
Due to Fresh Healthy Vending Holding Company	22,024
Accrued expenses	<u>89,369</u>

Net Cash Provided by Operating Activities 894,359

#### Cash Flows From Investing Activities:

Increase in deposits	(13,912)
Purchases of property and equipment	<u>(80,044)</u>

Net Cash Used by Investing Activities (93,956)

#### Cash Flows From by Financing Activities:

Members' contributions	98,730
Members' draws	<u>(808,730)</u>

Net Cash Used by Financing Activities (710,000)

Net Increase in Cash 90,403

Cash, beginning

-

Cash, ending

\$ 90,403

#### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Income taxes paid	\$ <u><u>800</u></u>
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#### SUPPLEMENTAL DISCLOSURE OF NON CASH FLOW INFORMATION

Members' contributions	\$ <u><u>5,000,000</u></u>
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## **FRESH HEALTHY VENDING LLC**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the Period February 8, 2010 (Inception) Through December 31, 2010

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#### **NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### Nature of Operations

Fresh Healthy Vending LLC (Company) was formed as a limited liability company under the laws of the State of California on February 8, 2010 as a franchisor of healthy drinks and snack vending machines that features cashless payment devices and remote monitoring software. The Company uses in-house location specialist that are responsible for securing locations for the franchisees and has a nationwide product distribution chain.

##### Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### Accounts Receivable

Accounts receivable arise in the normal course of business. Management monitors outstanding accounts receivable balances during the year and reviews balances at year-end. It is management's policy to evaluate accounts receivable at year-end and establish an allowance for doubtful accounts for uncollectible amounts. No such allowance is considered necessary.

##### Notes Receivable

Notes receivable arise in the normal course of business. Management monitors outstanding loans receivable balances during the year and reviews balances at year-end. It is management's policy to evaluate receivables at year-end and establish an allowance for doubtful accounts for uncollectible amounts. Loan receivable are carried at face value. Payments are determined to be past due based on the terms of the loan agreements. No such allowance is considered necessary.

##### Property and Equipment

Acquisitions of property and equipment of \$1,000 or more are capitalized. Property and equipment acquisitions are recorded at cost. Depreciation of all assets are depreciated using straight-line and accelerated methods over their useful lives.

##### Intangible Asset

The intangible asset is comprised of a competitive intangible, legally non-own able, and directly impact the effectiveness and productivity of the Company. The value was determined by the Company and agreed to by Fresh Healthy Vending Holding Company, who made the contribution of competitive intangibles on August 20, 2010 for 100 preferred shares of the Company as outlined in the amended and restated operation agreement of the Company. The intangible asset is not subject to amortization and is evaluated by management on an annual basis for impairment.

##### Shipping and Handling Costs

The Company classifies freight billed to franchisees as sales revenue and the related freight costs as cost of revenues.

##### Marketing and Advertising

Marketing and advertising costs are expensed as incurred.

**FRESH HEALTHY VENDING LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Period February 8, 2010 (Inception) Through December 31, 2010

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NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

The Company has evaluated subsequent events through February 15, 2011, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended December 31, 2010.

Revenue Recognition

The Company's revenue is derived from providing vending machines to franchisees. The contracts are generally three months or less in duration. Revenues are recognized when earned, realized, or realizable which is identified by milestones established in the contracts.

Income Taxes

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable, or provided for, by the Company. Members are taxed individually on their shares of the Company's earnings. The Company's net income or loss is allocated among the members in accordance with the regulations of the Company.

NOTE 2. NOTES RECEIVABLE AND RELATED PARTY

Notes receivable consist of the following at December 31, 2010:

Promissory note from Jolly Backer, CEO of Fresh Healthy Vending LLC with a 3.53% annual interest rate. All outstanding principal and interest is due on demand.	\$	31,270
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Related parties include, among others, those who may exert control through ownership and/or management. During the period February 8, 2010 (Inception) through December 31, 2010, Fresh Healthy Vending Holding Company paid bills on behalf of the Company in the amount of \$22,024.

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2010:

Equipment	\$	37,975
Furniture and fixtures		35,189
Computer hardware and software		6,880
		<u>80,044</u>
Less: accumulated depreciation		<u>(4,007)</u>
	\$	<u>76,037</u>

NOTE 4. CONCENTRATIONS OF CREDIT RISK

The Company maintains cash in bank deposit accounts which, at times, may exceed the Federal Deposit Insurance Corporation insurable limits. The Company manages the risk by using only high quality financial institutions.

**FRESH HEALTHY VENDING LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Period February 8, 2010 (Inception) Through December 31, 2010

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**NOTE 5. LEASEHOLD COMMITMENTS**

The Company leases office space and marketing support. For the period February 8, 2010 (Inception) through December 31, 2010, monthly payments for the office leases were \$83,096.

Future minimum rental payments are due as follows:

Year Ending December 31,		
2011	\$	211,694
2012		113,030
2013		116,311
2014		119,867
2015		123,617
Thereafter		<u>52,158</u>
	\$	<u>736,677</u>

**NOTE 6. MEMBERS' EQUITY**

The Members' equity consists of the following at December 31, 2010:

	<u>Common</u>	<u>Preferred</u>
Fresh Healthy Vending Holding Company	-	100
Jolly Backer	<u>100</u>	<u>-</u>
	<u>100</u>	<u>100</u>

**NOTE 7. PROFIT AND LOSS ALLOCATION TO MEMBERS**

The preferred class preferences are in the form of distributions that are triggered by various performance milestones. The first \$10,000,000 of cumulative net cash flow from operations shall be distributed entirely to the preferred class. Subsequent to the \$10,000,000, the next \$1,000,000 of cumulative net cash flow from operations shall be distributed entirely to the preferred class. Net cash flow in excess of \$1,000,000 and up to \$2,000,000 shall be distributed 80% to the preferred class. Net cash flow in excess of \$3,000,000 shall be distributed 60% to the preferred class.

Company income, gain, loss and deduction shall be allocated among the members in a manner such that the adjusted capital account of each member, immediately after making such allocation, is, as nearly as possible, equal (proportionately) to the preferred distributions.

All proceeds from a change of control transaction shall be distributed such that the holders of preferred class receive the greater of ten million (\$10,000,000) and ninety-five percent (95%) of such proceeds. Remaining sale proceeds, if any shall be distributed to the holders of common class.

The members' in both classes have limited liability and the Company does not have a finite life.

**Fresh Healthy Vending, LLC**

**Balance Sheet**

**March 31, 2010**

**Fresh Healthy Vending, LLC**

**Balance Sheet**

**March 31, 2010**

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## Independent Auditor's Report

To the Member

Fresh Healthy Vending, LLC

I have audited the accompanying balance sheet of Fresh Healthy Vending, LLC ("the Company", a California Limited Liability Corporation) as of March 31, 2010. This balance sheet is the responsibility of the Company's management. My responsibility is to express an opinion on this balance sheet based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet, assessing the accounting principles used and significant estimates made by management, and evaluating the overall balance sheet presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of Fresh Healthy Vending, LLC as of March 31, 2010, in conformity with U.S. generally accepted accounting principles.

April 9, 2010

Dr. Dion Gouws, CPA

7825 Fay Avenue, Suite 200 • La Jolla, CA 92037 • 858.752.1726  
diongouws@contactyourcpa.com  
www.contactyourcpa.com

FRESH HEALTHY VENDING, LLC  
BALANCE SHEET

As of March 31, 2010

ASSETS

March 31,  
2010

CURRENT ASSETS

Cash

\$ 98,631

Total current assets

\$ 98,631

MEMBER'S EQUITY

MEMBERS EQUITY

Member's equity

\$ 98,631

Total member's equity

\$ 98,631

See accompanying notes and accountant's report.



**FRESH HEALTHY VENDING, LLC**

**NOTES TO BALANCE SHEET**

**March 31, 2010**

**1. ORGANIZATION**

The Company is based in San Diego, California. The Company is a Limited Company formed under the Beverly-Killea Limited Liability Company Act. The company was established February, 8 2010 to engage primarily in the business of providing franchising opportunities in the vending machine business to people in the in the United States.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Accounting Method**

The Company's accompanying financial statements are presented on the accrual basis of accounting.

**Concentration of Credit Risk for Cash Held in Bank**

The Company maintains its cash balances in one financial institution. The balances are insured by the federal deposit insurance corporation currently up to \$250,000.

See accountant's report.

**FRESH HEALTHY VENDING LLC  
DISCLOSURE DOCUMENT  
EXHIBIT H**

**LIST OF FRANCHISEES CURRENT THROUGH DECEMBER 31, 2011**

LIST OF CURRENT FRANCHISEES					
Business name	Address	City	State	Zip	Primary Number
Huntsville Healthy Vending, Inc.	3200 Cove Cross Road	Hampton Cove	AL	35763	763-442-0144
Christopher Coulombe	11308 Ethan Allen Dr.	Little Rock	AR	72211	501-837-8450
NWA Fresh	4504 Hillside Drive	Rogers	AR	72758	(479) 659-8166
GTSquared LLC	41905 N. La Crosse Trail	Anthem	AZ	85086	623-670-3891
Munching Machines, LLC	6144 Coronado Dr.	Casper, WY 82609	AZ		307-333-4749
azfairwaytofreshness	PO Box 2103	Gilbert	AZ	85299	402-650-3380
Fresh Vending OC	625 Avenida Acapulco	San Clemente	CA	92672	949-689-6035
OC Fresh Healthy Vending, LLC	PO Box 4013	Mission Viejo	CA	92690	949-306-3959
Seven Reasons, LLC	2009 Ruhland Avenue Unit A	Redondo Beach	CA	90278	310-683-3262
Cape Fear Vending, LLC	4924 Nicholas Creek	Wilmington, nc	CA	28409	910-297-6889
Left Coast Distributing, Inc.	26712 Grayslake Road	Rancho Palos Verdes	CA	90275	310-367-8949
Cloack LLC	64 Beach Bay	Newport Beach	CA	92660	734-625-2230
Fresh Management & Services, LLC	18384 Calle La Serra	Rancho Santa Fe	CA	92091	619-788-8837
Ross & Colleen Horn	11382 E. Ashlan Ave.	Sanger	CA	93657	(559) 352-2990
Tender Venders LLC,	7854 E. 9th Avenue	Denver	CO	80230	303-550-5014
Colorado Fresh Vending, LLC	645 Cree Circle	Boulder	CO	80303	303-718-9155
Edward Bridge	10264 Sweet Rock Court	Parker	CO	80134	303-840-3222
L & J Enterprise, LLC	21 Forest Glen	Woodbridge	CT	06525	203-494-5918
Fresh Vends, LLC	PO Box 49272	Jacksonville	FL	32240	706-713-1973
Eat Right Now, LLC	5722 South Flamingo Road #414	Cooper City	FL	33330	954-648-1265
Fresh Healthy Vending Florida	2946 NE Sewalls Landing Way	Jensen Beach	FL	34957	772-872-6471
Walkat Ventures LLC	1720 Epps Brigde Pkey, Suite 108-377	Athens	GA	30606	706-543-6503
Slim Kallel	70 Mount Vernon Circle	Atlanta	GA	30338	(404) 918-9317
5 Pillars Investment	3404 Town Square Drive	Kennesaw	GA	30144	678-296-7867
Calderwood Group	29W365 National St.	West Chicago	IL	60185	630-520-0175
Krasdi Fresh Vending	5A Kingery Quarter Apt 102	Willowbrook	IL	60527	630-850-6987
Prakar Healthy Vending, LLC	486 Gregory Avenue #3D	Glendale Heights	IL	60139	847-873-6080
Spadlin, Inc.	1861 Pinnacle Drive	Aurora	IL	60502	630-673-6060
Martha's VENDyard	14805 Melrose St.	Kansas City	KS	66221	913-271-1444
Venture Vending, LLC	505 Belmont Ave	Bowling Green	KY	42101	270-202-6365
Organic Vending of Louisiana, LLC	2224 Royal Troon Court	Zachary	LA	70791	225-573-1358
2B Healthy LLC	175 Marcelle Street	Larose	LA	70373	985-805-6777

FHV Boston, LLC	165 Tremont Street, Suite 305	Boston	MA	02111	617-620-5241
New England Fresh & Healthy Vending	458 Boyden Rd.	Conway	MA	01341	413-297-3841
Ross Enmark	84 Frederick Street	New Bedford	MA	02744	586-292-4610
Healthy Initiative, LLC	27 Earlmart Drive	North Attleboro, MA	MA/RI	02760	508-695-1106
Be Healthy Vending, LLC	14511 Fairdale Rd.	Silver Spring	MD	20905	240-839-1222
Chesapeake Vending, LLC	10482 Carberry Court	White Plains	MD	20695	301-643-7442
SOMYA LLC	178 Hidden Hill Circle	Odenton	MD	21113	301-254-7979
Healthy Eats LLC	2936 Brocks Way	Ellicott City	MD	21043	804-319-0641
Kickstand, LLC	10612 Old Court Road	Granite	MD	21163	(410) 598-4444
Web Star Ross Enterprises, LLC	7830 Contee Road # 225	Laurel	MD	20707	301-710-9616
Maine-ly Healthy Vending	40 Sebago Woods Trail	Windham	ME	04062	(207) 406-0448
Better Choice Vending, LLC	10068 Southridge Drive	Caledonia	MI	49316	616-536-8220
Deb Mast	6401 Summer Meadows Drive	Rockford	MI	49341	616-292-6264
HJN Vending	16227 Surfview Court	Wildwood	MO	63040	314-630-1909
KPT Enterprises, LLC	2026 Avalon Mist Circle	O'Fallon	MO	63368	314-518-9655
Corky & Nicole Miller	9826 Waterbury Drive	Ladue	MO	63124	314-494-7715
Fresh Healthy Alternatives, LLC	3044 Sentinel Drive	Bozeman	MT	59715	406-570-9987
Fresh Vending of Montana	1526 Foothill Drive	Billings	MT	59105	406-861-5815
Organic Vending, LLC	10995 Princeton Village Dr.	Charlotte	NC	28277	704-965-1233
John Pelliccione	1217 Briarcliff Road	Greensboro	NC	27408	336-202-8278
Sloan Vending Company, Inc.	6804 North Ridge Drive	Raleigh	NC	27615	919-349-3105
Adams Vending, LLC	110 Heritage Drive	Apex	NC	27523	919-669-6146
North Carolina Healthy Vending LLC	981 Williams Road	Madison	NC	27025	336-382-7475
Anoop Sharma	3 Cassidy Avenue	Salem	NH	03079	(978) 590-3850
Eat Smart Vending, Inc.	42 White Pine Lane	Princeton	NJ	08540	609-577-5761
Healthy Distributions, LLC	20 Kenmuir Ave.	Morristown	NJ	07960	908-797-7537
The Lila Group, LLC	Ana - 42 Afterglow Ave. Verona, NJ 07044	Chrysa - 121 Forest Ave. Glen Ridge, NJ 07028	NJ	07044	973-571-1931
Ken Krill	173 River Road / 400 Central Park West Apt. 17T New York, NY 10025	Flanders	NJ	07836	862-219-5974
CMD International, Inc.	1026 Old York Rd	Ringoes	NJ	08551	908-268-5477
Ken Krill	254 Casoria Avenue	Las Vegas	NV	89123	(702) 263-2104
Atlas Healthy Vending	23 John Street	New City	NY	10956	917-807-4086
Monroe Fresh Vending	34 King Fisher Dr.	Spencerport	NY	14559	585-747-2798
Laurie's Buffalo Gourmet	291 Edgecombe Ave. Apt. 4D	New York City	NY	10031	646-526-6898

GAA VEND LLC	3244 46th Street	Astoria	NY	11103	(718) 781-7543
Charone Williamston	199 Kingston Ave	Brooklyn	NY	11213	347-678-1086
William Barbalat	33 Union Square West 7R	New York	NY	10003	(917) 686-7350
Individual	4041 Logans Way	Perry	OH	44081	440-488-2975
Fresh Healthy Solutions, LLC	10489 Tolland Dr	Reminderville	OH	44202	330-963-3864
Twinberries, LLC	8743 Redcloud Ct.	Cincinnati	OH	45249	513-469-0224
Fresh Healthy Future LLC	7954 Stoney Ridge Drive	Cincinnati	OH	45247	513-885-8857
Tulsa Fresh Vending	2828 N. Juniper Place	Broken Arrow	OK	74012	918-638-0881
Fresh Healthy Oklahoma LLC	101 W. 1st St.	Edmond	OK	73003	405-340-7824
Vend Fresh, LLC	PO Box 3265	Clackamas	OR	97015	503-539-6148
Portland Healthy Vending, LLC	Po Box 86437	Portland	OR	97286	503-680-5893
Manuel Garcia	Cond. Parque Loyola II, 600 Jesus T Peneiro Ave #1605	San Juan Puerto Rico	PUERTO RICO	00918- 4065	787 685 1464
ANM Enterprises LLC	164 Market St., Ste D, Box 230	Charleston	SC	29401	(843) 819-3360
Healthy Vending Tennessee	2285 Mark Ct.	Franklin	TN	37067	(615) 476-1852
Nicole McCormack	3616 Davieshire Cove	Bartlett	TN	38133	901-335-5843
Shawn & TJ Soni	4401 N. O'Connor Rd.	Irving	TX	75062	214-449-3028
Asiafinds, LLC	5121 N. Jasmine Ct.	McAllen	TX	78501	956-668-7486
SCROGGINS HEALTHY VENDING LLC	5401 Leo Lane	Amarillo	TX	79110	806-236-1615
Jason Thiel LLC	115 sandra muraida way #532	Austin	TX	78703	512-536-0296
JBA Sales and Distributing	7187 Dalewood Ln	Dallas	TX	75214	214-515-0661
Fresh Healthy Houston LLC	1230 Ripple Creek Drive	Houston	TX	77057	713-459-7869
Texas Fresh Healthy LLC	83 S. Shimmering Aspen Circle	The Woodlands	TX	77389	713-854-5498
WL Enterprises, Inc.	1011 Three Rivers Dr	Prosper	TX	75078	516-504-5404
Texian Fresh and Healthy Vending Company	1412 Fossil Ridge	Waco	TX	77712	254-717-8917
Better-4-U-Vending,LLC.	31107 Vickie Lane	Magnolia	TX	77354	(713) 542-8399
Fit Choice LLC	7 Meadow Way	Round Rock	TX	78664	(512) 310-2216
Healthy America, LLC	202 Heath Court	Winchester	VA	22602	202-701-3789
Winifred Trantham	20 Ferguson Street	Poquoson	VA	23662	757-286-1200
Fresh Healthy Vending of Virginia	6423 Rigsby Rd.	Richmond	VA	23236	(804) 651-3434
Vermont Health And Hospitality, LLC	4 Francis Drive	Essex Junction	VT	05452	802-999-9950
Fika Fresh, LLC	8224 Northrop Place SW	Seattle	WA	98136	206-948-2124
Healthy Choice Vending, Red Deer	84 Wiley Crescent	Red Deer, Alberta	CANADA	T4N7G5	403-506-1315
FHV Ontario	3812 Main Street	Jordan, Ontario	CANADA	LOR 1S0	905-562-0820

JCB Healthy Vending LTD.	108 Lakeridge Dr	Warman, Saskatchewan	CANADA	S0K 0A1	306-370-8621
Michael Bond	1288 West Cordova St. Unit #1302, Buzzer 125	Vancouver, BC	CANADA	V6C 3R3	778-588-6888
Angie Hughesman	133 Gordon Edward Circle	East St. Paul, Manitoba	CANADA	R2E0H2	(204) 667-0994
NVS Foods - 2300645 Ontario Inc.	100 Upper Madison Avenue Suite 1709	Toronto, Ontario Canada	CANADA	M2N 6M4	416-567-6425
Shannon and Lonny Forrester	Box 94	Rouleau, Saskatchewan	CANADA	S0G4H0	(306) 533-3065

**LIST OF FRANCHISEES WHO WERE TERMINATED, NON-RENEWED, RE-ACQUIRED, OR CEASED OPERATIONS FOR OTHER REASONS DURING THE FISCAL YEAR ENDING DECEMBER 31, 2011**

<b>State</b>	<b>Business name</b>	<b>Address</b>	<b>City</b>	<b>Zip</b>	<b>Primary Number</b>
<b>CA</b>	Jacqueline Sperle	10357 Reserve Dr. #303	San Diego	92127	619-306-0525
<b>CT</b>	Healthy Choices, LLC	800 Village Walk #309	Guilford	06437	203-464-9378
<b>FL</b>	Northern Lights LLC	1641 Atekemire Drive	Tallahasee	32304	904-563-1575
<b>KS</b>	Natural Foods, LLC	8204 Rosewood Lane	Prairie Village	66208	913-991-2933
<b>NV</b>	Petrelli Organics LLC	9493 Stills Way	Las Vegas	89148	808-352-3095
<b>PA</b>	Orda LLC	126 Snider Ave	Waynesboro	17268	717-387-1903
<b>IN</b>	J2 Investments Inc.	6700 Kembell Dr.	Evansville	47710	812-459-6533

The name and last known city and state, and telephone number of every franchise who has had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year, or who has not communicated with us within the 10 weeks of the date of the Disclosure Document are listed above. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

**FRESH HEALTHY VENDING LLC  
DISCLOSURE DOCUMENT  
EXHIBIT I  
RECEIPTS**



**RECEIPT**

This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Fresh Healthy Vending, LLC offers you a franchise, Fresh Healthy Vending, LLC must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement or make a payment with the Franchisor or an affiliate in connection with the proposed franchise sale.

New York, Oklahoma and Rhode Island require that Fresh Healthy Vending, LLC give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the Franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Connecticut, Michigan and Washington require that Fresh Healthy Vending, LLC give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever comes first.

If Fresh Healthy Vending, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit B.

The Franchisor is Fresh Healthy Vending, LLC, located at 9605 Scranton Road, Suite 350, San Diego, California 92121.

Issuance date: March 26, 2012.

The name, principal business address and telephone number of each franchise seller offering the franchise:

\_\_\_\_\_

each located at Fresh Healthy Vending, LLC, 9605 Scranton Road, Suite 350, San Diego, California 92121, (858) 210-4200. Additional franchise sellers may be listed on an attachment to this Receipt.

We authorize the agents listed in Exhibit B to receive service of process for us. I have received a Uniform Franchise Disclosure Document dated March 26, 2012. This Disclosure Document included the following exhibits:

- A. Franchise Agreement
- B. List of State Administrators and Agents for Service of Process
- C. State Addendum
- D. Confidentiality Agreement
- E. Compliance Certification
- F. List of Products
- G. Financial Statements
- H. List of Franchisees
- I. Receipt

**Dated:** \_\_\_\_\_

**Signed:** \_\_\_\_\_, **individually, and as an officer, partner or member of**

**A** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Phone:** \_\_\_\_\_

**Keep this copy for your records. This Disclosure Document may also be available in several formats including on paper, on a CD or on our website, [www.freshvending.com](http://www.freshvending.com)**

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**Dated:** \_\_\_\_\_

**Signed:** \_\_\_\_\_, individually, and as an officer, partner or member of

\_\_\_\_\_

**Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Phone:** \_\_\_\_\_

**Please sign this copy of the Receipt, date your signature, and return it to Fresh Healthy Vending, LLC, 9605 Scranton Road, Suite 350, San Diego, California 92121; Attention: Jolly Backer.**