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(a Colorado corporation)
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Maui Wowi Franchising, Inc., a Colorado corporation, is offering franchises for the operation of businesses that sell MAUI WOWI® fresh fruit smoothies, Hawaiian coffee and related espresso beverages, a variety of Hawaiian products, and other products developed by or for Maui Wowi Franchising, Inc. Maui Wowi products are sold from either fixed store fronts, non-traditional locations such as malls, airports or business complexes, or from portable units placed at events that occur on a periodic basis or are held in special or temporary venues. Three separate franchises are being offered under this Disclosure Document. A "Single Unit Franchise" enables you to own and operate one MAUI WOWI Operating Unit, as defined in ITEM 1. A "Standard Franchise" enables you to own and operate three MAUI WOWI Operating Units, as defined in ITEM 1, of any type in any combination. An "Empire Builder Franchise" enables you to own and operate 10 MAUI WOWI Operating Units of any type in any combination within the United States of America.

The total investment necessary to begin operation of a MAUI WOWI franchised business ranges from \$42,200 to as much as \$178,550 for a Mobile Operating Unit, as defined in ITEM 1 (increasing to \$48,400 to \$208,550 if you operate an approved Mobile Operating Unit at a Permanent Site). This includes \$43,300 to \$159,500 that will be paid to us or our affiliate. The total investment necessary to begin operation of a MAUI WOWI franchised business ranges from \$74,000 to as much as \$360,050 for a Fixed Operating Unit, as defined in Item 1. This includes \$50,000 to \$106,500 that will be paid to us or our affiliate.

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

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

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

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

Issuance Date: March 23, 2012

For use in: AL, AK, AZ, AR, CO, CT, DE, DC, GA, FL, ID, IA, KS, KY, LA, ME, MA, MI, MS, MO, MT, NE, NV, NH, NJ, NM, NC, OH, OK, OR, PA, SC, TN, TX, VT, WV, WY and U.S. TERRITORIES.

NOT FOR USE IN MD OR UT. See following pages for varying effective dates in certain states.

STATE COVER PAGE

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

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

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

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

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

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

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

Note: The agreement provisions referred to in the risk factors may be void under some state franchise laws. See the State Addenda, which is attached to this Disclosure Document as **Exhibit J**.

The Effective Dates of this Disclosure Document for the following states are:

CA: _____
HI: _____
IN: _____
IL: _____
MN: _____
ND: _____

NY: _____
RI: _____
SD: _____
VA: _____
WA: _____
WI: _____

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor, Its Predecessors and Affiliates

The Franchisor is Maui Wowi Franchising, Inc. To simplify the language in this Disclosure Document, “we,” or “us,” means Maui Wowi Franchising, Inc. “You” and “your” means the person who buys the franchise and includes the operators of a franchisee entity.

We were incorporated on March 13, 2002 in Colorado and before that, existed as a Utah corporation formed on March 6, 1997 under the name Maui Wowi Marketing, Inc. On March 19, 2002, Maui Wowi Marketing, Inc. was merged into us. Our principal place of business is 5445 DTC Parkway, Suite 1050, Greenwood Village, Colorado 80111. We do not do business under any names other than Maui Wowi and Maui Wowi Franchising, Inc.

We have one affiliated company, Maui Wowi International, Inc. (“Affiliate”). Our Affiliate was incorporated on March 13, 2002 in Colorado and before that, existed as a Utah corporation formed on March 6, 1997 under the name Maui Wowi USA, Inc. On March 19, 2002, Maui Wowi USA, Inc. was merged into our Affiliate. In 1997, Maui Wowi USA, Inc. was the surviving company in a merger with Maui Wowi, Inc., a Utah corporation formed in 1982, which had, before the merger, continuously operated the MAUI WOWI® fresh fruit smoothies business. We and our Affiliate are owned by a holding company called Maui Wowi, Inc. (“Parent” or “MW”). MW was formed on March 13, 2002, and acquired all of our stock and the stock of our Affiliates on March 14, 2002. The principal business address for our Parent and our Affiliate is the same as ours.

Our agents for service of process are disclosed in **Exhibit A**.

The Franchise

We offer franchises for the operation of businesses (“MAUI WOWI Businesses” or individually, a “MAUI WOWI Business”) selling fresh fruit smoothies made from our proprietary fruit smoothie blends (“MAUI WOWI Blends”), brewed Hawaiian coffee, espresso drinks and other approved products (collectively, “MAUI WOWI Products”), from one of our various types of proprietary mobile, self-contained units (“Ka’anapali Carts,” “Event Concession Trailers” or “Catering Carts”), or from our proprietary non-traditional fixed-location kiosks (“Fixed Kiosks”) or retail stores (“Retail Stores”). The Ka’anapali Cart, Event Concession Trailer and Catering Cart are collectively referred to in this Disclosure Document as the “Mobile Operating Units,” or individually as a “Mobile Operating Unit.” The Fixed Kiosks and Retail Stores are collectively referred to in this Disclosure Document as the “Fixed Operating Units,” or individually as a “Fixed Operating Unit.” The Mobile Operating Units and Fixed Operating Units are collectively referred to in this Disclosure Document as the “Operating Units,” or individually as an “Operating Unit.” The Mobile Operating Units are usually operated at activities including fairs and festivals (“Events”), but may be operated from permanent, fixed sites located in malls, schools, office buildings, hospitals, airports, colleges, health clubs, auditoriums, arenas, and concert and sports venues (“Permanent Sites”). The Fixed Operating Units are operated from Permanent Sites. You are required to obtain our written consent for each Permanent Site at which you desire to locate an Operating Unit, and for the Letter of Intent (defined in ITEM 11) and lease of any Permanent Site. (See ITEM 11.) An Operating Unit operating from a Permanent Site may not be relocated without our prior written consent.

All Operating Units are operated under our MAUI WOWI® trademark, trade names, service marks and logos (“Marks”) using our unique and proprietary system for operating the MAUI WOWI Business and related licensed methods of doing business (“System”). Our System includes our Marks, our MAUI WOWI Blends, the MAUI WOWI Products, including products that may be added to the System in the future, and our proprietary specifications, methods and procedures for the preparation, marketing and sale of our fruit smoothies, Hawaiian coffee, espresso drinks, and other products (collectively, “MAUI WOWI Services”), as well as our proprietary Mobile Operating Units and Fixed Operating Units. You will operate the MAUI WOWI

Business in accordance with the System and our proprietary Library of Operating Manuals (as defined in ITEM 11).

You are required to acquire the MAUI WOWI Blends, MAUI WOWI Products and certain equipment used in your MAUI WOWI Business, including, trademarked cups, merchandise, custom gift cards, espresso machines, blenders, signage, décor and other equipment, as well as the Mobile Operating Units and Fixed Kiosk (collectively, “**MAUI WOWI Supplies and Equipment**”), through us, our Affiliate or other approved suppliers of ours.

We offer three types of MAUI WOWI unit franchises, a “**Single Unit Franchise**,” a “**Standard Franchise**” and an “**Empire Builder Franchise**.” If you acquire a Single Unit Franchise, you may operate one Operating Unit, but such one Operating Unit may not be a Catering Cart. If you acquire a Standard Franchise, you may operate up to three Operating Units. If you acquire an Empire Builder Franchise, you may operate up to 10 Operating Units. Regardless of the type of franchise you acquire, you are required to pay us the initial fees discussed in ITEM 5 of this Disclosure Document, sign our franchise agreement (“**Franchise Agreement**”) and complete the Mainland Training Program (defined in ITEM 11) prior to operating your MAUI WOWI Business. A copy of our Franchise Agreement is attached to this Disclosure Document as **Exhibit B**. You will also execute the appropriate Operating Unit Rider to the Franchise Agreement (“**Operating Unit Rider**”) at the time you sign the Franchise Agreement for your initial Operating Unit, and later for each Operating Unit you subsequently open under your Franchise Agreement; provided, your initial Operating Unit may not be a Catering Cart. The Operating Unit Riders are attached to the Franchise Agreement. If you acquire either a Standard Franchise or an Empire Builder Franchise, you will execute a separate Operating Unit Rider for each Operating Unit you operate under the same Franchise Agreement prior to you operating additional Operating Units. Also, if you acquire either a Standard Franchise or an Empire Builder Franchise and operate a Mobile Operating Unit, you may apply for a “right of first refusal” for additional, later Events held by the same sponsor in the same locale and for additional space in the same venue of an Event (for example, if you are operating at an Arena with one Ka’anapali Cart and the Arena has requested two additional Ka’anapali Carts for events). (See ITEM 12).

We also offer to select persons, the opportunity to purchase a Director of Regional Support (“**DRS**”) franchise, also known as an area developer franchise. Each DRS is selected by us based on his or her performance as a franchise operator or other qualifications to serve as a DRS. The selection of a DRS and the establishment of the territory in which the DRS shall operate (“**DRS Territory**”) are made by us in our sole discretion. A DRS is responsible for identifying potential franchise operators in the DRS Territory and providing training, site selection assistance and ongoing support to franchise operators located in the DRS Territory. When a MAUI WOWI franchise is awarded or transferred in a DRS Territory, we will pay the DRS a portion of the Initial Franchise Fee (defined in ITEM 5) or transfer fee. The DRS may also be entitled to an additional commission from us based on the later purchase of certain products by franchisees within the DRS Territory. Offers to acquire a DRS franchise are made by a separate Disclosure Document. If you acquire a MAUI WOWI Business to be located in a DRS Territory, you may receive some of your training and ongoing support from the DRS in that DRS Territory.

In select countries, we have offered to qualified persons the right to promote and assist in the development of MAUI WOWI Businesses on a nationwide basis. These persons are referred to as “**Master Franchisees**.” This type of franchise is not offered in the United States of America.

Market and Competition

The market for fruit smoothies, frozen smoothies, specialty coffee and coffee confections, and similar products is continuing to develop in consumer product recognition and popularity and has become highly competitive in attracting customer dollars and high profile locations. You will typically compete with other sellers of beverages and related products located in or near the MAUI WOWI Business location you select. There are many such competing companies. The sales of the services are typically not seasonal.

Regulations

In most states and local jurisdictions, there are industry specific health and other regulations that apply to businesses offering food and beverages to the general public. A summary of these regulations and laws are provided on **Exhibit I** to this Disclosure Document. These regulations and laws are subject to change. You are solely responsible to determine what local city, county or state regulations, permits, and licenses with which you will need to comply in order to operate the MAUI WOWI Business in a particular state. You may be required to modify your MAUI WOWI Operating Unit to comply with any applicable state, county or local laws or regulations, or even zoning laws. Any modifications will be at your expense. You should also familiarize yourself with federal, state or local laws of a more general nature affecting your MAUI WOWI Business. You must comply with employment, worker's compensation, insurance, corporate, taxing, licensing and similar laws and regulations.

Franchisor's Prior Experience

The founders of the MAUI WOWI fresh fruit smoothies concept, Jeff N. and Jill E. Summerhays, have been using concepts similar to the System and conducting a business of the type to be operated by you continuously in Utah since 1982. The MAUI WOWI smoothie formula grew out of a perceived need for an alternative, healthy beverage. The Summerhays sell MAUI WOWI smoothies at a variety of locations in the State of Utah, such as fairs, art festivals, sports events and Permanent Sites located in convention centers, ski areas, universities and auditoriums offering indoor and outdoor activities. Mr. and Mrs. Summerhays have also sold MAUI WOWI fresh fruit smoothies in Australia. The Summerhays may be deemed predecessors of ours, and are currently franchisees of ours.

Maui Wowi Marketing, Inc. acquired the System and concepts from the Summerhays in 1997 and offered MAUI WOWI franchises from that time until it was merged into us in 2002. We have offered MAUI WOWI franchises since that time. As of the date of this Disclosure Document, we have not offered for sale or sold franchises in any other line of business. We also offer DRS franchises to qualified persons and businesses by way of a separate Disclosure Document. Neither our Parent nor our Affiliate have operated MAUI WOWI Businesses, sold franchises for MAUI WOWI Businesses or sold franchises in any other line of business. We do not operate any MAUI WOWI Businesses, but our Parent owned a company named Maui Wowi #101, LLC, which operated a MAUI WOWI Business. Our Parent sold Maui Wowi #101, LLC in 2006. Our Affiliate, approved suppliers and distributors distribute the Mobile Operating Units, Fixed Kiosks, all MAUI WOWI Products and all MAUI WOWI Supplies and Equipment that you must purchase in connection with your MAUI WOWI Business.

ITEM 2 BUSINESS EXPERIENCE

Michael L. Haith – President, Chief Executive Officer and Chairman of the Board

Mr. Haith has served as our President and Chairman of the Board since our formation. Mr. Haith has also served as the President and Chairman of the Board of Doc Popcorn since April 2009. He also served as our Chief Executive Officer from our formation until October 2007 and from January 2009 to the present. He has also served as Chief Executive Officer and director of our Affiliate, Maui Wowi International, Inc., our former affiliate Maui Wowi Retail, Inc. (formerly Maui Wowi Rip-Sticks, Inc.) and MW since their formations. Mr. Haith joined Maui Wowi Marketing, Inc., in January 1998 and served as its President, Chief Executive Officer and Director from 1999 until March 2002, when it was merged into us. From 1999 until March 2002, when Maui Wowi USA merged into our Affiliate, he also served as Chief Executive Officer and a Director of Maui Wowi USA, Inc. In 1990, Mr. Haith founded and continues to be the majority owner of Pour la France! Catering Inc. located in Denver, Colorado.

Marshall Haith – Board Member

Dr. Haith has served as a Member of the Board since our formation. Dr. Haith has also acted as Professor Emeritus and John Evans Professor of Psychology for the University of Denver located in Denver, Colorado from 2001 to present.

Rick Barich – Controller – Chief Financial Officer

Mr. Barich has served as our Controller and Chief Financial Officer since July 2008. From December 2004 to July 2008, he served as Corporate Controller for Groopie, Inc., an on-line travel provider located in Centennial, Colorado. From January 2002 to December 2004, he served as Chief Financial Officer for Air Courier Association, a travel membership organization located in Golden, Colorado.

Erin Hicks – Executive Vice President

Ms. Hicks has served as our Executive Vice President since August 2009. She previously served as our Vice President of Franchise Operations since April 2008. From January 2008 to April 2008, she served as our Director of Franchise Operations. From January 2006 to January 2008, she served as our Support Manager. From May 2005 to January 2006, Ms. Hicks served as a consultant for a KinderCare Learning Center childcare facility in Castle Rock, Colorado. From April 2004 to May 2005, she owned and operated the Revs Sports Grille in Tempe, Arizona.

Michael Weinberger – Vice President of Operations

Mr. Weinberger has served as our Vice President of Operations since July 2011. From January 2011 to June 2011, he served as our Director of Real Estate and Construction. He is also the owner of Beheart Consulting, LLC located in Denver, Colorado, and has provided franchise and small business consulting through the company since July 2008. From March 2004 to June 2008, he served as a Vice President of Squeeze International Inc., a franchisor of smoothies and yogurt retail products located in Denver, Colorado.

Holli Gallaher – Director of Franchise Operations

Ms. Gallaher has served as our Director of Franchise Operations since April 2008. She previously served as our Director of Franchise Training from September 2007 to April 2008. She originally joined us in March 2006 as a Regional Support Manager. From November 2005 to February 2006, she was not employed while she traveled for leisure. From April 1997 to October 2005, Ms. Gallaher was employed by Northwest Airlines, an airline based in Eagan, Minnesota, as a flight attendant.

Justin R. Livingston – Director of Global Franchise Development

Mr. Livingston has been employed with us since June 2006 as our Franchise Development Coordinator, Franchise Development Manager and beginning January 2009 as our Director of Global Franchise Development. From October 2003 to May 2006, he was employed with Silver Canyon Coffee, a coffee roaster and wholesaler located in Boulder, Colorado, first as Director of Operations and later as Director of Sales and Marketing.

Adam D. Benshoof- Franchise Development Manager

Mr. Benshoof has served as our Franchise Development Manager since November 2011. From June 2010 to November 2011 he was employed as a professional caddie at The Colorado Golf Club located in Parker Colorado. From June 2009 to May 2010 Mr. Benshoof was employed with Speedpro Imaging, a large format printing franchise, located in Greenwood Village, Colorado as a Business Development Manager. From March 2008 to June 2009 he was employed at Bell Dental Products, a portable dental equipment business located in Englewood, Colorado as the Director of Sales and Marketing. From October 2007 to March 2008 Mr. Benshoof was a Sales Consultant for Kimball Hill Homes, a residential home building company, located in Las Vegas, Nevada.

Melissa Shock – Franchise Development Coordinator

Ms. Shock has served as our Development Coordinator since October 2011. From August 2010 to October 2011, she was employed as a Brand Ambassador for Attack Marketing, a marketing company located in Denver, Colorado. From November 2009 August 2010 Ms. Shock was employed as a Guest Relations Specialist for Vail Resorts in Breckenridge, Colorado. From September 2004 to May 2008 Ms. Shock was enrolled as a student at Colorado State University located in Fort Collins, Colorado.

Albert Schwartz – Supply Chain Manager

Mr. Schwartz has served as our Supply Chain Manager since April 2010. From August 2006 to February 2010, he served as the owner/operator of ASAS Enterprises located in Glendale, Colorado, a franchisee of the Pudge Bros. Pizza franchise system. From May 2005 to July 2006, Mr. Schwartz was a landman for ProTerra Gas & Oil Company located in Denver, Colorado.

**ITEM 3
LITIGATION**

Administrative

In the Matter of Maui Wowi Franchising, Inc., Before the Securities Commissioner of Maryland, Case No. 2005-0651.

On November 11, 2005, we entered into a Consent Order with the Securities Commissioner of Maryland (“Commissioner”) resulting from us inadvertently entering into four franchise agreements with Maryland residents after our registration in Maryland expired on June 9, 2004 (the “**Maryland Franchisees**”). The Consent Order required us to cease and desist from the offer and sale of unregistered franchises in Maryland, to diligently pursue the completion of our then pending application to register our Offering Circular in Maryland; to develop and implement new franchise law compliance procedures to ensure future compliance with the registration and disclosure provisions of Maryland Franchise Law, and to enroll an officer and a franchise compliance person in a franchise law compliance training program. Upon notification by the Commissioner, we sent to the Maryland Franchisees the registered Offering Circular, a copy of the Consent Order, and a letter notifying the Maryland Franchisees that they could rescind their franchise agreements. At this time we are in full compliance with the Consent Order.

On September 12, 2007, we entered into a Consent Order with the Maryland Commissioner resulting from us inadvertently entering into two franchise agreements with two Maryland residents (the “**Second Maryland Franchisees**”) without delivering to them the appropriate Offering Circular. We were registered in the State of Maryland at the time of the offer and sale with an Offering Circular containing certain specific information required only by Maryland law. At the same time, we used a second form of Offering Circular in other states that did not contain all of the information required by Maryland law. Prior to the execution of the franchise agreements with the Second Maryland Franchisees, we accidentally delivered to them the Offering Circular that did not contain the Maryland-specific information. We subsequently reported these mistakes to the Commissioner. The Consent Order required us to cease and desist from the offer and sale of franchises in Maryland in violation of the Maryland Franchise Law; to diligently pursue the completion of our then pending application to register our Offering Circular in Maryland; to implement additional compliance measures to ensure future compliance with the Maryland Franchise Law; to employ an approved franchise law compliance training program or trainer to monitor our franchise activities in Maryland for two years; and to reimburse the Maryland Attorney General for its investigation and resolution costs in the total amount of \$2,500. Additionally, we were required to provide to the Second Maryland Franchisees the registered Offering Circular, a copy of the Consent Order, and a letter notifying the Second Maryland Franchisees that they have a right to rescind their franchise agreements. The Commissioner and we subsequently entered into an Amended Consent Order in which we elected to withdraw from the State of Maryland instead of employing a compliance monitor, with the agreement to employ a monitor if we re-register in the State of Maryland. We have fully complied with the Amended Consent Order, and have subsequently employed a compliance monitor and have been granted registration in the State of Maryland.

Concluded Matters

David A. Harmon v. Maui Wowi Marketing, Inc., AAA Case No. 77 114 00141 02.

On November 8, 2004, David A. Harmon (“**Harmon**”) filed an Arbitration (the “**Original Harmon Arbitration**”) with the American Arbitration Association (“**AAA**”) against our predecessor, Maui Wowi Marketing, Inc., alleging that it breached a Franchise Termination Buy Back and Release Agreement (the “**Termination Agreement**”). Specifically, Harmon alleged that Maui Wowi Marketing, Inc. failed to provide monetary payments, equipment, and franchise sales opportunities to him. We, as the successor to Maui Wowi Marketing, Inc., denied all of Harmon’s allegations and we filed counterclaims against Harmon alleging that he fraudulently induced Maui Wowi Marketing, Inc. into entering into the Termination Agreement and that he has been unjustly enriched by monies and equipment provided under the Termination Agreement. A hearing was held on November 14, 2005, in Salt Lake City, Utah, and in January 2006 the arbitrator entered an award (the “**Award**”) in Harmon’s favor in the amount of \$503,000. Subject to the terms of the Award, he also had the right to sell a total of 15 MAUI WOWI franchises provided he sold them in strict accordance with our Franchise Disclosure Document. After he sold any of the 15 franchises, we were to pay him any franchise fees collected for any leads provided to us by him which results in a sale of a franchise. On March 24, 2006, the parties entered into a Forebearance and Release Agreement (the “**Release Agreement**”), whereby Harmon agreed to refrain from taking any action on the Award, and we agreed to pay him \$532,512.55, together with interest, payable \$125,000 down and the remainder in no more than 41 monthly payments of not less than \$10,000 per month.

On December 14, 2009, Harmon filed an arbitration action with the AAA against us entitled *David A. Harmon v. Maui Wowi Franchising, Inc.*, AAA Case No. 77 114 00523 09 LGB (the “**Subsequent Harmon Arbitration**”) alleging that we violated the Release Agreement. In the Subsequent Harmon Arbitration, Harmon claimed that he was entitled to enforce the original Termination Agreement due to our failure to comply fully with the Release Agreement. In particular, Harmon claimed that we owed him for sales of franchises made in his former Arizona territory plus interest, costs and attorney fees. We disputed that we owed Harmon for sales of franchises made in his former Arizona territory but conceded that payments were still owed under the Release Agreement.

We also disputed that the AAA had jurisdiction over this matter. On December 23, 2009, after the AAA would not dismiss the Subsequent Harmon Arbitration, we filed a motion in a case entitled *Maui Wowi Franchising, Inc. v. David A. Harmon*, Arapahoe County District Court Case Number: 2009 CV 2820, Division 405, seeking a declaratory judgment that the Termination Agreement was merged into the Award, and that the Award was no longer enforceable by virtue of the Release Agreement so that Harmon's rights were limited to claims under the Release Agreement. On March 6, 2010, the District Court granted our Motion to Stay the Subsequent Harmon Arbitration. On May 19, 2010, the parties entered into a Settlement and Release Agreement ("**Settlement Agreement**") whereby it was stipulated that the amount owed under the Release Agreement was limited to \$275,000, but that we would only owe \$250,000 if we made payments pursuant to a payment schedule that extends through February 2012. All other rights of Harmon under the Award, the Termination Agreement and the Release Agreement in the Original Harmon Arbitration, including the right to sell 15 MAUI WOWI franchises, were terminated. Both the Subsequent Harmon Arbitration and the action in the Arapahoe County District Court were dismissed with prejudice as part of the Settlement Agreement, which has been satisfied.

Vinod Sagar v. Maui Wowi Marketing, Inc., AAA Case No. 73 114 00464 05.

On September 12, 2005, Vinod Sagar ("**Sagar**") filed an Arbitration with the AAA against us, alleging that we breached a Franchise Agreement. Sagar claimed that we failed to comply with our obligations to locate and negotiate the business terms for a lease for his business, by failing to secure the rights for him to operate at the Los Angeles Convention Center and the Anaheim Convention Center. Sagar claimed damages in excess of \$2 million. We denied that we breached any Franchise Agreement, and further alleged that if we did breach the Franchise Agreement, his damages were approximately \$11,000. A hearing was held on February 5, 6, and 7, 2007 in Denver, Colorado. Following the hearing, on February 14, 2007, the arbitrator entered his decision finding that, although Sagar's interpretation of our obligations under the Franchise Agreement was unjustifiable and his claimed damages were speculative and unsupported, both parties to the Franchise Agreement failed to perform certain obligations under the Franchise Agreement. The arbitrator ultimately awarded Sagar a total of \$38,400 as lost profits and \$5,000 as a refund of the location fee which we had already offered to repay, plus one half of Sagar's attorney's fees and costs.

George & Terri Lamperez, et al. v. Maui Wowi Franchising, Inc., AAA Case No. 77-114-00367-10 02 LGB-R

On November 30, 2009, GTWK Enterprises, L.L.C., George Lamperez and Terri Lamperez (collectively, "**Lamperez**"), then current franchisees of ours, filed an action entitled *GTWK Enterprises, Inc., et al v. Maui Wowi Franchising, Inc, et. al.*, Number 584,853, Div. 26, 19th Judicial District Court, Parish of East Baton Rouge, Louisiana (the "**Lawsuit**"), against us, Pacific Breeze, L.L.C. ("**Pacific Breeze**") who is an existing franchisee of ours, and SMG Food and Beverage, LLC ("**SMG**"), the food and beverage operator of the Baton Rouge River Center (the "**Center**"). Lamperez alleged that they had an agreement with SMG to operate their franchise at the Center, and that we infringed Lamperez' agreement by permitting Pacific Breeze to operate its franchise at the Center in violation of their alleged agreement with SMG and their franchise agreement. The complaint sought damages of \$114,000, which included their initial franchise fees, equipment costs, loss of future income, interest and other unspecified damages. We obtained a dismissal of the Lawsuit based on the arbitration clause in the Lamperez' franchise agreement. Lamperez subsequently filed this arbitration action, asserting the same allegations as were set forth in the Lawsuit. We defended on the basis that Lamperez had not taken the necessary steps within our system to reserve the Center and that it was SMG's decision to choose Pacific Breeze for future events, not ours. On February 1, 2011, we settled with Lamperez under which they agreed to dismiss this action with prejudice, terminate their franchise rights, and honor all post termination covenants, for which we agreed to pay them \$25,334.

Except for the two Consent Orders, and the three concluded matters referenced above, no other litigation is required to be disclosed in this ITEM.

**ITEM 4
BANKRUPTCY**

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

**ITEM 5
INITIAL FEES**

The initial franchise fee (“**Initial Franchise Fee**”) for a Single Unit Franchise is \$27,500. The Initial Franchise Fee for a Standard Franchise is \$36,500. The Initial Franchise Fee for an Empire Builder Franchise is \$59,500. The Initial Franchise Fee for each type of franchise is due in full upon signing of the Franchise Agreement. The Initial Franchise Fee is fully earned by us on signing the Franchise Agreement and is entirely non-refundable except if we, in our sole and absolute discretion, determine that you have not successfully completed (or are not making satisfactory progress in) your Mainland Training Program, at which point we may cancel the Franchise Agreement and/or any other agreements with you. In that event, we will refund 50 percent of the Initial Franchise Fee.

The Initial Franchise Fee described above is uniform for all franchisees acquiring a franchise, based on the type of franchise being purchased, except that an Empire Builder Franchise owner who opens and is operating 10 Operating Units within three years of the date he or she signs the Franchise Agreement and is in good standing will earn the right to receive an additional Standard Franchise without paying an additional Initial Franchise Fee. Additionally, a DRS is entitled to open and operate a MAUI WOWI Business with up to three Operating Units (one of which is a required Fixed Kiosk or Retail Location that will be operated by the DRS) without paying an additional Initial Franchise Fee under certain conditions specified in the DRS’s agreement with us.

In addition to the Initial Franchise Fee, there are other payments that you are required to make to us or our Affiliate before you begin operating your MAUI WOWI Business. Franchisees operating a Fixed Operating Unit will pay our Affiliate a non-refundable Launch Fee (defined in ITEM 7) of \$10,000, which offsets our costs in supporting your efforts to find and develop a Permanent Site. If you elect to operate at temporary events or at special or temporary venues, you will purchase from us or our Affiliate a Mobile Operating Unit at a cost ranging from \$26,000 to \$53,000. You may also purchase certain equipment from or through our Affiliate, although some of the required or optional equipment is also available through third party suppliers. This equipment is estimated to cost up to \$25,000, depending on which type of Operating Unit you choose to open. These payments to our Affiliate are not refundable under any circumstances. See ITEM 7 below for a detailed listing of items that will be purchased as part of your initial investment for a MAUI WOWI Business based on the type of Operating Unit you desire to operate.

**ITEM 6
OTHER FEES**

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty ⁽¹⁾⁽²⁾	0% on all proprietary products. 6% on the gross revenue generated by the sale of approved non-proprietary products purchased from third parties and non-MAUI WOWI branded items purchased from our Affiliate	Monthly, or at greater intervals in our discretion	In lieu of a royalty, our Affiliate receives income from the sale of MAUI WOWI Products and MAUI WOWI Supplies and Equipment to you. However, a royalty of 6% will be collected on approved non-proprietary products and non-MAUI WOWI branded items that you sell.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Marketing Fee ⁽¹⁾⁽²⁾	12% of the purchase price of MAUI WOWI Products and MAUI WOWI Supplies and Equipment. 2% on the gross revenue generated by the sale of approved non-proprietary products purchased from third parties and non-MAUI WOWI branded items purchased from our Affiliate	Payable at the time of each purchase of the MAUI WOWI Products and MAUI WOWI Supplies and Equipment and weekly (or at more frequent intervals in our discretion) for sales of approved non-proprietary products and non-MAUI WOWI branded items	The Marketing Fee of 12% of the purchase price of MAUI WOWI Products and MAUI WOWI Supplies and Equipment is calculated at the time of the purchase and is in addition to the list price for MAUI WOWI Products and MAUI WOWI Supplies and Equipment. This fee represents approximately 1% to 2% of the recommended sales price of a typical smoothie. <u>See</u> ITEM 11.
Launch Fee ⁽¹⁾	\$10,000	Upon signing each Operating Unit Rider to open a Fixed Operating Unit	Payable to our Affiliate for assisting you in locating, leasing and constructing a Permanent Site for a Fixed Operating Unit, and providing on-site training. <u>See</u> ITEM 7.
IT Management Fee ⁽¹⁾	\$35.95/month	Monthly	Collected during first seven days of each month via ACH, for access to our proprietary intranet system online network for communications and online ordering of equipment and product.
POS System Software Maintenance, Support, and Upgrade Contract ⁽¹⁾	\$112.50/month	Beginning one year after purchase of POS System	If you operate at a Permanent Site, you are required to obtain a POS System (defined in ITEM 7) that we designate from the supplier that we designate. The first year of maintenance, service, and support for the software of the POS System is included in the purchase price of the POS System, but after that period you will be required to purchase a software maintenance, support, and upgrade contract from the supplier and pay this monthly fee, which is subject to increase by the supplier. <u>See</u> ITEM 11.
Additional Training/Assistance ⁽¹⁾	Any additional training conducted at our corporate headquarters will be without extra charge (other than your travel and living expenses). Any additional training conducted outside of our corporate headquarters will cost up to \$500 per day (not including travel and living expenses).	In advance	We provide additional training or assistance upon your reasonable request. We may also require you to attend and successfully complete additional training if we determine it appropriate or necessary. <u>See</u> ITEM 11. You will also be responsible for our travel and living expenses, if we send a representative to provide on-site training or assistance, or your (or your other representatives') travel and living expenses if the training or assistance is not provided on-site. We can change the costs upon 30 days notice to you.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Expenses of Attending International Convention ⁽¹⁾	\$1,000 for one or two to attend a Franchise Owner International Convention, and if you attend \$500 is credited back to you; \$500 for each additional attendee you bring in excess of two (not including travel and living expenses)	As incurred	We reserve the right to conduct one Franchise Owner International Convention each year that you are required to attend. We will charge you by ACH on the time frame as is provided in the Library of Operating Manuals. You are also responsible for any travel and living expenses in attending a Franchise Owner International Convention. <u>See ITEM 11.</u>
Training Cancellation Fee ⁽¹⁾	\$500 per person	At time of cancellation	If you cancel your Mainland Training Program attendance within two weeks of the date of the program, you will be required to pay this cancellation fee to us.
Transfer ⁽¹⁾	25% of the then-current Initial Franchise Fee	\$500.00 deposit at time of transfer application submittal. Remaining balance of fee at time of approved transfer	Payable to us when you sell your franchise. No charge if franchise transferred to an entity which you control. <u>See ITEM 9.</u>
Renewal Fee ⁽¹⁾	20% of the franchise fee being charged at the time	Before renewal	Payable before renewal.
Resale Assistance Fee ⁽¹⁾	\$12,500 per franchise	At time of sale of your franchise	Payable to us only if we identify a buyer for one or more of your Operating Units.
Interest on Past Due Invoices ⁽¹⁾⁽³⁾	<u>See Note 3 below</u>	Immediate	Interest accrues on all payments not received by the due date indicated on the respective invoice.
Late Fees ⁽¹⁾	\$100	As incurred	We may charge you a late fee of \$100 if any reports or fees are not delivered or paid when due.
Costs and Attorneys' Fees ⁽¹⁾	Will vary	As incurred	Payable upon your failure to comply with the Franchise Agreement, or if you fail to prevail in litigation or arbitration against us related to the Franchise Agreement.
Indemnification Under Franchise Agreement ⁽¹⁾	Will vary	As incurred	You have to reimburse us if we are held liable for claims resulting from your MAUI WOWI Business.
Audit Fee ⁽¹⁾	Will vary based on cost of audit	When we discover an underpayment or if a report is not submitted as required, with 10 days notice	You will reimburse us the cost of an audit if we discover an underpayment of greater than 2% or if a report is not submitted as required.
Fees for Dishonor of ACH or Credit Card Payment ⁽¹⁾	2.5% of the Amount Requested as a handling fee, plus a \$50 non-sufficient funds or non-sufficient credit fee	Immediate	The handling fee and non-sufficient funds or non-sufficient credit fee are imposed when an ACH or credit card transaction is not honored.

(1) These fees are imposed by us and paid to us or our Affiliate. None of these fees are refundable. We require you to pay for purchases of MAUI WOWI Products and MAUI WOWI Supplies and Equipment

electronically by Automatic Clearing House (“ACH”), however, we may, in our discretion, permit you to pay such amounts by credit card. We reserve the right to implement and require another fund transfer network or billing system in the future. All fees are generally imposed uniformly on all U.S. franchisees who sign our current Franchise Agreement, but we may in unique situations modify certain fees. Certain fees provided in the current Franchise Agreement have changed from the amounts charged in the past and may change in the future. Franchisees are only responsible for those fees contained in the Franchise Agreement that they execute. As a result, existing and future franchisees may have fees imposed on them that are different from those represented in this table.

(2) Gross Revenues include all revenues you receive from your customers. Gross Revenues do not include sales or use tax or discounts you provide to your customers.

(3) Interest begins from the date of non-payment. Interest is the greater of (i) the Prime Rate plus 4 percent, or (ii) 18 percent per annum calculated monthly on any outstanding balance. “Prime Rate” is the announced base rate applicable to corporate loans in the Wall Street Journal.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT
Mobile Operating Units
(Note 1)**

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Initial Franchise Fee and Training Fee (Note 2)	\$27,500 - \$59,500	Lump Sum	When you sign the Franchise Agreement	Us
Travel and Living Expenses Incurred by You During the Mainland Training Program (Note 3)	\$650 - \$3,550	As incurred	As Incurred	Third Parties
Concession License Fee (Note 4)	(Note 5)	(Note 5)	(Note 5)	Third Parties
Mobile Operating Unit (Note 5)	\$26,000 - \$53,000	Lump Sum	When purchased	Our Affiliate
Coffee Equipment (Note 7)	\$800 - \$12,000	Lump Sum	When purchased	Our Affiliate
Optional Equipment (Note 8)	\$0 - \$15,000	Lump Sum	When Ordered	Supplier/Our Affiliate; Approved Third Parties
Opening Inventory (Note 10)	\$1,500 - \$7,000	As Incurred	As Incurred	Supplier
POS System, Credit Card Processing and Back Office Computer Equipment (Optional) (Note 12)	\$0 - \$10,000	Lump Sum	Prior to Making Your First Sale	Our Affiliate; Approved Third Parties
Miscellaneous Opening Costs (Note 13)	\$1,750 - \$5,000	As Incurred	As Incurred	Third Parties
Additional Funds - 3 Months (Note 14)	\$0 - \$13,500	As Incurred	As Incurred	Third Parties
TOTAL: (Notes 15 and 16)	\$58,200 - \$178,550			

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Additional Investment if the Mobile Operating Unit Is Operated From a Permanent Site				
Real Estate Lease (Note 4)	\$1,200 - \$30,000	As Agreed	As Agreed	Third Parties
POS System, Credit Card Processing and Back Office Computer Equipment (Mandatory) (Note 12)	\$5,000 - \$10,000	Lump Sum	Prior to Making Your First Sale	Our Affiliate; Approved Third Parties
ADJUSTED TOTAL: (Notes 15 and 16)	\$64,400 - \$208,550			

**Fixed Operating Units
(Note 1)**

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Initial Franchise Fee and Training Fee (Note 2)	\$27,500 - \$59,500	Lump Sum	When you sign the Franchise Agreement	Us
Travel and Living Expenses Incurred by You During the Mainland Training Program (Note 3)	\$650 - \$3,550	As incurred	At Training	Third Parties
Real Estate Lease (Note 4)	\$1,200 - \$30,000	As Agreed	As Agreed	Third Parties
Fixed Kiosk (Note 5)	\$0 - \$90,000	As Agreed	As Agreed	Supplier
Equipment/Décor (Notes 5 and 7)	\$7,500 - \$25,000	Lump Sum	When purchased	Supplier/Our Affiliate
Construction (Note 6)	\$10,000 - \$140,000	Lump Sum	When purchased	Supplier
Launch Fee (Note 9)	\$10,000	Lump Sum	Upon signing an Operating Unit Rider to open a Fixed Kiosk or Stand-Alone Operating Unit	Our Affiliate
Architect's Fees (Note 9)	\$4,000 - \$12,000	As Incurred	As Incurred	Architect
Opening Inventory (Note 10)	\$2,000 - \$8,000	As Incurred	As Incurred	Supplier
Signage (Note 11)	\$3,500 - \$12,000	As Incurred	As Incurred	Supplier
POS System, Credit Card Processing and Back Office Computer Equipment (Note 12)	\$5,000 - \$12,000	Lump Sum	Prior to Making Your First Sale	Our Affiliate; Approved Third Parties
Miscellaneous Opening Costs (Note 13)	\$3,000 - \$8,000	As Incurred	As Incurred	Third Parties
Additional Funds - 3 Months (Note 14)	\$0 - \$40,000	As Incurred	As Incurred	Third Parties
TOTAL: (Notes 15 and 16)	\$74,000 - \$360,050			

(1) There are three types of MAUI WOWI unit franchises that you may purchase: a Single Unit Franchise, a Standard Franchise, and an Empire Builder Franchise. (See ITEM 1.) Regardless of the type of franchise you choose to buy, your initial investment will depend mainly on the type of Operating Unit you choose to open as your first Operating Unit.

(2) The Initial Franchise Fee is \$27,500 for a Single Unit Franchise, \$36,500 for a Standard Franchise and \$59,500 for an Empire Builder Franchise (see ITEM 5). Initial Franchise Fees are paid only once based on the type of franchise acquired by you.

(3) We provide a Mainland Training Program for up to two individuals (or up to three individuals if you purchase an Empire Builder Franchise) at a location we designate in the Denver, Colorado metro area, or at another site designated by us, without an additional fee. (See ITEM 11.) You will pay your own transportation and living expenses (including the expenses for a hotel room(s) for five nights) during the Mainland Training Program. If you cancel your attendance at the Mainland Training Program within two weeks of the first day of Mainland Training Program, you will be charged a \$500 cancellation fee unless we waive this fee in writing. If you purchase an Empire Builder Franchise, we will later provide the Mainland Training Program for an additional Manager for each subsequent Operating Unit you elect to open after the first Operating Unit.

(4) Depending on what type of Operating Unit you choose to operate, you may incur lease or concession license charges. If you choose a Fixed Operating Unit, or if you choose to operate Mobile Operating Unit at a Permanent Site rather than an Event, you will be required to purchase or lease real property where your Operating Unit will be located. You will need approximately 60 to 1,200 square feet of floor space. The estimates in the tables include the first three month's lease payments, and a security deposit equal to one month's rent. We used a lease rent rate of between \$4.00 and \$75.00 per square foot, annually. However, the lease rent rate and required deposit varies considerably from location to location.

You may also choose to engage the services of a commercial broker to assist you in locating a Permanent Site. In most cases, the broker's fee, which you will negotiate with the broker, will be paid by the landlord. We have included the broker's fee in the estimated lease rent rate and required deposit.

If you choose to operate from a Mobile Operating Unit at an Event, you may be charged a concession license charge by the organizer of the Event. These costs vary depending on the Event and its organizer.

You should investigate these charges before you agree to operate at a particular Permanent Site or Event. (See also Note 7 below.)

(5) You will pay our Affiliate or Supplier for the Mobile Operating Unit immediately upon executing the Operating Unit Rider; provided, if the Mobile Operating Unit, other than a Catering Cart, is your initial Operating Unit, you will purchase the Operating Unit within two weeks of the signing of the Franchise Agreement. Shipping costs for the Mobile Operating Unit are included in this estimate and vary depending on type of unit and delivery destination, but are estimated to range from \$0 to approximately \$7,000. We have also included in this estimate the cost of a transport trailer recommended for use with the Ka'anapali Cart. If you will operate from a Fixed Kiosk, the Fixed Kiosk will be purchased from our designated supplier at an estimated cost of \$40,000 to \$90,000. The shipping costs for the Fixed Kiosk are included with the construction costs (see Note 6, below). Additionally, these estimates include the Marketing Fee (as defined in ITEM 11), which will be added to all of these costs. If you will be operating an Event Concession Trailer, you will need to own a suitable vehicle to tow the Event Concession Trailer. We have not included the cost of a vehicle or trailer (other than the Event Concession Trailer itself) in these estimated costs.

(6) The cost incurred to construct a Fixed Operating Unit will depend on a large number of factors that will vary by the location for the Fixed Operating Unit, including the Permanent Site you choose, the region of the country where your MAUI WOWI Business is located, and the costs incurred to run necessary electrical and water lines. The highest end of this estimate, \$140,000, represents the high estimate for the costs of construction of a Fixed Operating Unit.

(7) You will purchase espresso machines, blenders, signage, décor and other equipment as listed in the Library of Operating Manuals and as may be otherwise designated by us. If you are operating a Mobile Operating Unit, you will buy the coffee equipment from our Affiliate but you are not obligated to buy the Espresso program. If you are operating a Fixed Operating Unit, you will be required to purchase both the

coffee equipment and the Espresso equipment from our Affiliate. The Marketing Fee will included in all purchases of MAUI WOWI Supplies and Equipment and MAUI WOWI Products. (See ITEM 11.)

(8) In addition to the required equipment purchases discussed above, there are other items of equipment that, although not mandatory, are generally recommended that you acquire. This may include a three-basin sink that costs approximately \$5,000, and is available from our Affiliate. We have also not included costs for optional equipment for a Fixed Operating Unit, due to the fact that equipment needs for a Fixed Operating Unit are widely variable and are determined on a case by case basis.

(9) We and our Affiliate have established a network of professional organizations to assist all franchisees opening Fixed Operating Units. You are required to work with vendors designated by us and our Affiliate for the location, development and construction of your Fixed Operating Unit, including architects, real estate brokers, millwork, signage and equipment suppliers, construction service providers, and contractors. You will be charged a launch fee ("**Launch Fee**") of \$10,000. The Launch Fee does not include payment of your architect fees. You are responsible for any amount owed to the architect you use. If you purchase an Empire Builder franchise, the Launch Fee that you will be charged upon signing the Operating Unit Rider for your second Operating Unit at a Permanent Site will be reduced by 50 percent, and the Launch Fee will be waived for the third and all subsequent Operating Units that you later open at a Permanent Site under the Franchise Agreement. The Launch Fee will not be refundable in whole or in part under any circumstances. However, if you request, execute and deliver an Operating Unit Rider to open a Mobile Operating Unit within 9 months after your execution of the Operating Unit Rider for your Operating Unit at a Permanent Site, the amount of the Launch Fee paid, less the amount of any out-of-pocket expenses incurred by us in rendering the pre-opening launch services described above and an amount determined by us in our sole discretion as a fee for the performance of such services through the date of your request, will be applied by us toward the purchase price of the Mobile Operating Unit.

(10) The minimum required opening inventory varies by Operating Unit. For each Operating Unit type, you are required to purchase a designated minimum number of cases of MAUI WOWI Blends for making smoothies. You will buy this amount of opening inventory from a supplier designated by us when you sign your Operating Unit Rider to open an Operating Unit. We may, in our sole discretion, permit you to buy lesser initial amounts of opening inventory depending, in part, on your proximity to a distribution center of our suppliers.

(11) You will purchase and install at your expense signage based on our System standards, as described in the Library of Operating Manuals or as we may otherwise designate.

(12) This figure includes the cost range for a point-of-sale system ("**POS System**"), credit card processing, a high speed internet connection and back office computer systems. These systems are currently required only for Fixed Operating Units and Mobile Operating Units operating from Permanent Sites. You are required to use the POS System designated by us. (See ITEM 11.) Although currently optional for Mobile Operating Units operating from Events, we reserve the right to require a POS System, credit card processing, and back office computer system for the Mobile Operating Units operating from Events. The range in the cost of these systems is dependent upon a number of factors, including the number of terminals, type of hardware, type and number of peripheral devices, additional software requirements and back office computer configuration.

(13) The Miscellaneous Opening Costs include utility costs, permitting/plan check fees, business entity organization expenses, insurance and deposits for the first three months of operation of your MAUI WOWI Business, as well as the miscellaneous small wares.

(14) This is for budgeting purposes only to account for unanticipated expenses. This estimates your pre-operational expenses, which we have not listed above, as well as additional funds necessary for the first three months of your business operations but excludes any revenue you may generate from operating your MAUI WOWI Business. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the MAUI WOWI Business. Your costs will depend on factors such as: how closely you

follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; local zoning or regulation compliance; the local market for our products and services; the prevailing wage rate; competition; and the sales level reached during this initial period. This item includes a variety of expenses and working capital items during your start-up phase such as: legal and accounting fees; advertising, promotional expenses and materials; employee salaries and bonus programs; and other miscellaneous costs. However, this item excludes your salary and also excludes any sales, use or similar taxes that may be assessed by your state or local authorities and for which you are solely responsible. Please check with your local and state governmental agencies for any taxes that may be assessed.

(15) We relied on our principals' and our predecessors' combined 30 years of experience in the fresh fruit smoothie business as well as reporting provided by some of the over 200 franchise operators of ours to compile these estimates. This is an estimate of your initial investment and is based on our estimate of nationwide average costs and market conditions prevailing as of the date of this Disclosure Document. You will bear any deviation or escalation in costs from the estimates that we have given. You should review these figures carefully with a business advisor before making any decision to purchase a franchise. Presently, we do not offer financing for any part of your initial investment (see ITEM 10). The availability and terms of financing from independent third parties depends on factors such as the availability of financing generally, your creditworthiness, other security and collateral you may have and policies of lenders. Your costs may be even greater than the high range noted in the chart if you purchase an Empire Builder Franchise or Standard Franchise and open multiple Operating Units.

(16) All of the payments to us and our Affiliate are nonrefundable under any circumstances once paid, except that the Initial Franchise Fee is partially refundable only in those circumstances provided in ITEM 5 above. Payments to third parties may or may not be refundable depending on your agreement with such third parties; however, usually such payments are nonrefundable.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We require that you establish and operate your MAUI WOWI Business in compliance with your Franchise Agreement. You will strictly follow our product and service specifications as stated in the Library of Operating Manuals we will provide to you. See ITEM 11 below. In operating your MAUI WOWI Business, you must strictly follow the procedures, standards and specifications in the Library of Operating Manuals and in the Franchise Agreement, and all products and supplies must conform to our standards and specifications which have been established through years of experience. Failure to do so is grounds for termination of your Franchise Agreement.

As technological advances in equipment occur, or we find better tasting and/or improved ingredients to use, we may modify our products and equipment specifications accordingly. We reserve the right to change our standards and specifications with prompt written notice to you by fax, mail, electronic mail or as posted on our "**Franchise Operators**" web page on our website. Our standards and specifications have been established in order to maintain a uniform standard of high quality, value, customer recognition, advertising support and availability to be furnished to the public in connection with our Marks.

You will purchase all of the items you sell through your MAUI WOWI Business and use in your MAUI WOWI Business from us, our Affiliate or a source we designate or approve. You will also purchase MAUI WOWI Supplies and Equipment, in addition to certain other products and equipment from our Affiliate or authorized third party distributors, vendors, or suppliers which may have their own terms and conditions of sale. We will provide a list of these authorized third party entities to you. This list is subject to change without notice. Our Affiliate or designated suppliers will supply most items you need to conduct your MAUI WOWI Business with the exception of fresh bananas, ice and milk. No officer of ours owns an interest in any of our designated suppliers. If there is no designated supplier for a particular item, you will purchase all products and services from other suppliers who meet all of our specifications and standards.

Shipping costs for each of the Mobile Operating Units, which you will purchase from our Affiliate or authorized third party suppliers, vary depending on type of unit and delivery destination, but are estimated to range from \$0 to approximately \$7,000.

You will sell and provide only MAUI WOWI Products and MAUI WOWI Services and other products and services previously approved by us or our Affiliate (the "**Approved Products and Services**"). There can be no substitutions, unapproved formulas, or unapproved product mixtures without our prior written consent.

If you want to sell, offer, conduct or utilize any products, services, materials, forms, items or supplies for sale or use in the operation of your MAUI WOWI Business which we have not previously approved as meeting our specifications, you will receive written notification from us expressing our approval. We may, in our sole discretion, and for any reason, withhold our approval. Our criteria for supplier approval are available to you upon request. Those criteria are subject to modification at any time effective immediately upon notice to you. For us to make a determination, you will submit specifications, information and samples of the proposed products or services as outlined in the Library of Operating Manuals. We will advise you within a reasonable amount of time whether the products or services meet our specifications. We may change our standards and specifications, or suppliers who have our authorization, at any time, if we give you written notice in advance.

The purchase of MAUI WOWI Products and Equipment from our Affiliate will represent approximately 30 percent to 80 percent of your total cost of all purchases and leases for establishing your MAUI WOWI Business, depending upon the business model you choose to operate, and approximately 20 percent to 30 percent of your cost of all purchases and leases for operating your MAUI WOWI Business. When you purchase MAUI WOWI Products and MAUI WOWI Supplies and Equipment from our Affiliate, you are charged an additional 12 percent to be deposited into the Marketing Fund. (See ITEM 11.) You also will pay a royalty of 6 percent and a Marketing Fee of 2 percent on the gross revenue generated by your sale of products that you purchase from alternative sources and non-MAUI WOWI branded items purchased from our Affiliate or approved suppliers. (See ITEMS 6 and 11.)

You are prohibited from buying or selling MAUI WOWI Products and MAUI WOWI Supplies and Equipment from or to any other current or former franchisee without notifying us and receiving our written authorization. We may withhold our authorization in our discretion. If you are opening your first Operating Unit under the Franchise Agreement, you will purchase new MAUI WOWI Products and MAUI WOWI Supplies and Equipment from us or our Affiliate for use in that Operating Unit.

You will purchase computer hardware and other software that meets our minimum specifications. (See ITEM 11.)

You will use one or more of our Mobile Operating Units or Fixed Operating Units in the operation of your MAUI WOWI Business or have prior written approval of an alternative facility from us. You are not authorized to sell any MAUI WOWI Products or provide any MAUI WOWI Services using other marketing strategies or distribution channels such as direct sales, wholesale restaurant sales, quick-service food stores, grocery stores, or wholesale or retail outlets, without our prior written approval. If you operate a Fixed Operating Unit, you will pay our Affiliate a Launch Fee upon signing an Operating Unit Rider to open a Fixed Operating Unit and use the services of our designated vendors for locating, developing, and constructing the Operating Unit. (See ITEM 7). If you operate a Mobile Operating Unit or Fixed Kiosk, you will purchase the Mobile Operating Unit or Fixed Kiosk materials upon signing the Operating Unit Rider to open the Operating Unit. (See ITEM 7.)

You will maintain a clean and attractive Operating Unit with prompt and courteous service to the public at all times. You are required to correct any defects, deficiencies, outdated logos and Marks, and unsatisfactory conditions in the appearance, conduct or operation of your MAUI WOWI Business if we ask you to do so and will comply with our Franchise Agreement and our Library of Operating Manuals at all times. (See Franchise Agreement, Sections 7.2, 7.3 and 7.6.) In the operation of your MAUI WOWI Business, your employees will be required to wear a MAUI WOWI uniform or other apparel as approved by us. We have the

right to observe and inspect your operations at your Operating Unit(s) for compliance with the Library of Operating Manuals and for general observations. Upon a termination of an agreement with you by the landlord of a Permanent Site or the organizer of an Event, we reserve the right, in our discretion, to select an alternate franchise owner to operate at the Permanent Site or Event. As part of the System, we reserve the right, in our discretion, to require you to play music approved by us at your Operating Unit(s).

Other than the requirements above, you are not obligated to purchase or lease any goods, services, supplies, fixtures, equipment, inventory or real estate from us or any other specifically designated source.

All of our revenues are derived from franchise fees. We do not derive any revenue or other material consideration from the sale of products or services to our franchisees, and we do not derive any revenue from real estate leases. However, our Affiliate does receive revenue based on the sale of products and services to our franchisees. During the fiscal year ended December 31, 2011, our Affiliate's revenues from the sale of MAUI WOWI Products and MAUI WOWI Supplies and Equipment to franchisees of ours was \$2,609,000, which represented approximately 93 percent of our Affiliate's total revenue of \$2,820,000. In addition, our Affiliate provides construction management services for all franchisees operating from Retail Stores. (See ITEM 7). During the fiscal year ended December 31, 2011, our Affiliate's income from Location Assistance Fees (now referred to as the Launch Fee) was \$68,500, which represented approximately 2 percent of our Affiliate's total revenue. This information was taken from our Affiliate's unaudited financial statements. Other than our Affiliate, no affiliate of ours derived revenues from the sale of any products or services to our franchisees, or from the lease of real estate to our franchisees during the fiscal year ended December 31, 2011.

We do not have any purchasing or distribution cooperatives as of the date of this Disclosure Document. We do not provide material benefits, such as renewing or granting additional franchises, to franchisees based on their use of designated or approved suppliers. We may negotiate purchase arrangements with other suppliers and distributors in the future.

Instead of charging you a royalty on the gross revenues resulting from your sales of MAUI WOWI Products, certain of our designated suppliers make payments to us based on purchases by our franchisees. Certain food and drink item suppliers pay us a rebate equal to approximately 43% of the prices paid by our franchisees for purchases. Our uniform supplier pays us a rebate equal to 3.5% of the prices paid by our franchisees for uniforms purchased. These payments are in addition to the Marketing Fee payable to us based on purchases by our franchisees. Some of our suppliers pay us to be recognized as a sponsor at our Franchise Owner International Conventions.

Except as stated in this ITEM 8, you do not receive a material benefit from us based on your use of any particular designated or approved source.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation		Section in Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Section 1.3	ITEM 11
b.	Pre-opening purchases/leases	Sections 4.1, 6.1 and 8.1	ITEMS 5 and 7
c.	Site development and other pre-opening requirements	Sections 1.3, 1.4, 3.11 and 4.5	ITEM 11
d.	Initial and ongoing training	Sections 6.1.3, 6.1.5, 6.2.1, 7.8 and 7.9	ITEM 11
e.	Opening	Section 7.16	ITEM 11

Obligation		Section in Agreement	Disclosure Document Item
f.	Fees	Sections 4.1 - 4.6	ITEMS 5 and 6
g.	Compliance with standards and policies/ Operating Manual	Sections 7.2, 7.3 and 7.6	ITEMS 8 and 11
h.	Trademarks and proprietary information	Sections 3.1 - 3.11	ITEMS 13 and 14
i.	Restrictions on products/services offered	Sections 7.4, 8.2 and 8.4	ITEM 16
j.	Warranty and customer service requirements	Sections 7.6 and 8.3	ITEM 11
k.	Territorial development and sales quotas	Sections 7.16 and 8.1	ITEM 12
l.	Ongoing product/service purchases	Sections 8.1, 8.2 and 8.4	ITEM 8
m.	Maintenance, appearance and remodeling requirements	Sections 1.3, 3.3, 3.11, 3.12, 7.2, 7.6 and 7.7	ITEM 11
n.	Insurance	Section 7.5	ITEM 7
o.	Advertising	Sections 5.1 – 5.3	ITEM 11
p.	Indemnification	Section 7.12	ITEM 6
q.	Owner's participation/management/staffing	Section 7.13	ITEM 15
r.	Records/reports	Section 7.10	ITEM 11
s.	Inspections/audits	Section 7.3	ITEM 8
t.	Transfer	Sections 12.1 – 12.10	ITEM 17
u.	Renewal	Sections 2.2, 2.3 and 2.4	ITEMS 6 and 17
v.	Post-termination obligations	Sections 10.1, 10.2 and 10.3	ITEM 17
w.	Non-competition covenants	Sections 14.1 and 14.2	ITEMS 14, 15 and 17
x.	Dispute resolution	Sections 15.1 - 15.8	ITEM 17

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

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

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

Pre-Opening Assistance

Before you make your first sale through your MAUI WOWI Business, we or our designees will:

1. If you execute an Operating Unit Rider to open a Fixed Operating Unit, provide assistance for your Fixed Operating Unit including site selection, site evaluation, lease review, and construction and project management; and provide you with advice about your Fixed Operating Unit construction. (See Operating Unit Riders to the Franchise Agreement.)

2. If you execute an Operating Unit Rider to open a Mobile Operating Unit, or Fixed Kiosk, provide you information on how to use the Mobile Operating Unit or Fixed Kiosk. (See Operating Unit Riders to the Franchise Agreement.)

3. Counsel you on necessary start-up and inventory items and assist you with ordering, through our Affiliate or other suppliers, as applicable, MAUI WOWI Products and MAUI WOWI Equipment and Supplies that are necessary for commencement of operations, including MAUI WOWI Blends, Hawaiian coffee, espresso, merchandise, parasols, cups, straws and other MAUI WOWI Products and MAUI WOWI Supplies and Equipment purchased from our Affiliate and other suppliers. (See Franchise Agreement, Section 6.1.1.)

4. Provide you with advice about which optional equipment to purchase. (See Franchise Agreement, Section 6.1.2.)

5. Provide training and assistance with site selection, acquisition and development, but we assume no liability related to your selection, negotiation and acquisition of Permanent Sites or Events and you are responsible for selecting your Permanent Sites or Events. (See Operating Unit Riders to the Franchise Agreement.) You may elect to locate your MAUI WOWI Business at a Permanent Site or Event which we have previously secured and made available to you or other MAUI WOWI franchise operators. (See Operating Unit Riders to the Franchise Agreement.)

6. Provide the Mainland Training Program (defined below) for up to two individuals (or up to three individuals if you purchase an Empire Builder Franchise). We will provide this training program for additional individuals for an additional fee. We will also provide you with online training at no additional cost to you. (See Franchise Agreement, Section 6.1.3)

7. Establish and provide to you operating standards and specifications for the operation of the MAUI WOWI Business, which standards and specifications shall be provided in the Library of Operating Manuals or other writing or on the website, and loan you one copy of our confidential Library of Operating Manuals. (See Franchise Agreement Sections 3.12 and 6.1.5.)

Continuing Assistance

During the operation of your MAUI WOWI Business, we or our designees will:

1. If you acquire a Standard Franchise or Empire Builder Franchise, provide each of the items described in Pre-Opening Assistance above for each additional Operating Unit you open and operate except the Mainland Training Program listed in paragraph number 6, above. (See Franchise Agreement, Section 6.2.1.) However, if you operate a Mobile Operating Unit as your first Operating Unit, and later open a Fixed Operating Unit, we may require you, in our discretion, to participate in additional initial training before opening the Fixed Operating Unit. (See below.)

2. Establish and provide to you operating standards and specifications for the operation of your MAUI WOWI Business in the Library of Operating Manuals as presented in writing or on our website. We may change or update these procedures, standards and specifications at our discretion. (See Franchise Agreement, Sections 3.3, 3.12, and 7.2.)

3. Hold a Franchise Owner International Convention, at certain times at our discretion, to discuss sales techniques, operational standards, and advertising. You are required to attend the Franchise Owner International Convention, which will be held no more often than once per year at a location chosen by us. (See Franchise Agreement, Sections 6.2.4 and 7.9.)

4. Provide you with reasonable numbers of samples of new advertising and promotional materials as they are developed by Maui Wowi, if requested by you. We reserve the right to charge a fee for these materials.

5. Provide you with a reasonable amount of consultation by telephone, facsimile or e-mail correspondence to assist with problems you may encounter, based on the availability of our representatives and in our discretion. (See Franchise Agreement, Section 6.2.2.)

6. Provide you with additional training at our corporate headquarters at no additional charge, whether we determine that you require additional training, or if you request additional training. We may require you to undergo additional training if we determine that you are not operating your MAUI WOWI Business in accordance with our standards and specifications. If we provide any additional training or assistance at a location other than our corporate headquarters, you will be charged our standard rate in effect at the time. As of the date of this Disclosure Document, we charge a fee of \$500 per day, payable in advance or

as otherwise agreed. You will also pay the cost of travel, meals and accommodations for our representatives, if we provide on-site training or assistance. You will pay the cost of travel, meals and accommodations for you or your representatives associated with any additional training or assistance that is conducted at our corporate headquarters. (See Franchise Agreement, Section 7.8.3.)

7. We will provide you with a newsletter that we may periodically publish in print or electronic format, in our sole discretion. (See Franchise Agreement, Section 6.2.5.)

Marketing

You pay a Marketing Fee equal to 12 percent of your purchase price of all MAUI WOWI Products and MAUI WOWI Supplies and Equipment (the "**Marketing Fee**"), which amount will be added to the prices charged by our Affiliate when you purchase items directly from our Affiliate. If the product or equipment is purchased via a third party supplier and if the third party supplier does not collect the 12 percent Marketing Fee at the time of sale, our Affiliate may collect the Marketing Fee by supplying you with an invoice summarizing the purchases made by you via a third party supplier and then collecting 12 percent of the purchase price via an ACH (Automatic Clearing House) transaction.

There is no royalty on the purchase of any proprietary Maui Wowi Products. You will pay a royalty of 6 percent and a Marketing Fee of 2 percent of your gross revenue generated by your sales of approved, non-proprietary products purchased from any source and on your gross revenue generated from your sale of non-MAUI WOWI branded items that you purchase from our Affiliate. Our Affiliate will collect the 6 percent royalty and 2 percent Marketing Fee related to the sale of approved non-proprietary and non-MAUI WOWI branded items after you report the sales of those items, as required, with collection being made via an ACH transaction. Our Affiliate deposits these marketing contributions into a separate bank account known as the MAUI WOWI Marketing Fund ("**Marketing Fund**"). We reserve the right to discontinue or defer the Marketing Fee, or limit the products, supplies, equipment, and items to which the Marketing Fee is applied, in our sole discretion.

The Marketing Fund's primary purpose is to support sales by the System and to build brand identity. Our Affiliate may use the Marketing Fund for production and placement of media advertising; agency costs and commissions; creation and production of video, audio and written advertisements; administering regional and multi-regional advertising programs; direct response literature; direct mailings; online mailings; brochures; collateral advertising material; research; surveys of advertising effectiveness; providing materials and personnel to support the marketing function and creating, producing, and implementing websites for us and/or our franchisees; in-house staff assistance and related administrative costs; local promotions; supporting public relations; and other advertising expenditures relating to advertising our services and products. The Marketing Fund may also be allocated to pay the overhead expenses related to the Marketing Fund. If we or our Affiliate places advertising rather than engage an advertising agency for this purpose, we or our Affiliate shall be entitled to receive a reasonable fee for such services, which will not exceed the highest rate charged for similar services by any recognized advertising agency not owned in whole or part by us or our officers, directors, or employees (in addition to reimbursement for costs incurred). We and our Affiliate have the right but no obligation to contribute to the Marketing Fund. We and our Affiliate have the right to deposit into the Marketing Fund any advertising, marketing or similar allowances paid by the suppliers who deal with us when we and our Affiliate have agreed that they will so deposit these allowances.

Our Affiliate is solely responsible for administering the Marketing Fund and may use professional public relations, advertising agencies or media buyers to assist us. Any unused funds in any calendar year will be applied to the following year's advertising expenses. Any expenditures in prior years which are not covered by the prior year's Marketing Fund may be paid from the current year's Marketing Fund. Upon your written request, we or our Affiliate will make available to you, no later than 120 days after the end of each calendar year, an annual unaudited financial statement for the Marketing Fund which indicates how the Marketing Fees have been spent. Since we and our Affiliates do not have the Marketing Fund audited, audited financial statements for the advertising expenditures are not available to franchisees. We and our Affiliate will have sole

discretion as to whether or not to take legal or other action against any franchisee who is in default of his, her or its obligations concerning the Marketing Fund (including obligations to pay the Marketing Fees) and whether a franchisee may be allowed to make direct advertising expenditures in place of contributions to the Marketing Fund.

We may, at any time, defer or reduce your required contributions or, upon 30 days prior written notice to you, reduce or suspend fund contributions and operations for one or more periods of any length or terminate (and, if terminated, reinstate) the Marketing Fund. If the Marketing Fund is terminated, all unspent monies will be distributed to the contributors in proportion to their respective fund contributions during the preceding 12 month period.

In the year ended December 31, 2011, our Affiliate spent 27 percent of the Marketing Fund on payroll and payroll related costs, 3 percent on media placement, including public relations, and 53 percent on other uses, including limited time offers and other marketing programs. We and our Affiliate did not use in 2011, nor do we plan on using in 2012 the Marketing Fund to solicit the sale of franchises.

We and our Affiliate make no guarantee to you or to any other franchisee that expenditures from the Marketing Fee will benefit you or any other franchisee directly, on a pro rata basis, or at all. We and our Affiliate assume no other direct or indirect liability or obligation to you regarding collecting amounts due to the Marketing Fund or maintaining, directing or administering the Marketing Fund.

We reserve the right to require that you spend, each quarter, a minimum amount of up to than 3 percent of your gross revenues for that quarter on local advertising ("**Local Advertising Expenditure**"). If we do require you to make this Local Advertising Expenditure, we also reserve the right to require you to submit receipts verifying your Local Advertising Expenditure and a quarterly report detailing your Local Advertising Expenditure (which shall be due no later than 10 days following the end of each quarter), upon our request.

Although we have not done so, we may require advertising cooperatives to be formed to share in local advertising ("**Local Advertising Cooperatives**"). If we implement a program to permit franchisees to form Local Advertising Cooperatives, franchisees in your geographic area may form a Local Advertising Cooperative. If a Local Advertising Cooperative is formed in your region, you are required to join and participate. The rules and regulations of the Local Advertising Cooperative to which you will be bound, including the required contributions and how the contributions are to be spent, will be established in bylaws that are approved by us. If and when such contributions to a Local Advertising Cooperative are collected, all franchised and company-owned MAUI WOWI Businesses in the relevant region will be required to pay on an equal basis into the Local Advertising Cooperative. We have not established any criteria for the formation and operation of Local Advertising Cooperatives.

You will also participate in any promotional campaigns and advertising or other programs that we or our Affiliate may periodically establish.

See ITEMS 6, 8 and 9 of this Disclosure Document for more discussion regarding advertising.

You may create your own advertising and promotional materials in addition to those provided by us; however, all advertising and promotional material created by you, or by a third party for you, must be in a media and of a type and format that we approve in writing, will be conducted in a dignified manner, will conform to our standards and requirements, will be submitted for our review (by e-mail or by mail, return receipt requested) at least 30 days prior to publication, and approved in writing by us prior to use. Without our prior written approval, you may not advertise on the Internet. You may not use any advertising or promotional plans or materials, unless and until you have first received written approval from us. If you elect to purchase custom advertising materials developed by us or our Affiliate, you will be required to pay for actual production and reproduction costs plus a 20 percent markup to cover set up and art charges. All purchase costs charged to you are paid directly to the Marketing Fund.

Peer Review Program

We currently provide a peer review program to review the acceptability of franchisee candidates into the System by current franchisees. We, in our discretion, may ask you to participate in the peer review program by making telephone calls to, and participating in conference calls with, prospective franchisees. If we request you to participate in the peer review program, and you agree to do so, we may compensate you for your participation. We may require you to sign an acknowledgement in a form that we specify affirming your compliance with our peer review program as a condition to receiving this compensation. We reserve the right to discontinue the peer review program, in our sole discretion.

Computer, Electronic, and Accounting Systems

You will, at your sole cost, purchase, use, maintain and update the point-of-sale system (“**POS System**”) and other computer systems that we specify for use in the operation of the MAUI WOWI Business, and must follow all policies and procedures that we specify in the Operating Manuals or otherwise in writing. (Section 7.15 of the Franchise Agreement.) We may also, at any time, change the required POS System or the required equipment comprising the POS System.

You will maintain the POS System and other computer systems in good working order at all times, and upgrade or update the computer hardware and software during the term of the Franchise Agreement, as we may require. You will enter into contracts for the maintenance, support, upgrades and updates to the POS System and other computer systems with approved suppliers described in the Operating Manuals, and you must purchase any updated software upgrades for the POS System or other computer systems. (See ITEMS 6 and 7.) There are no obligations on us or any of our affiliates to provide any ongoing maintenance, repair, upgrades or updates. The estimated cost of purchasing the required POS System, hardware, software and related equipment ranges from \$5,000 to \$12,000. See ITEM 7. The current monthly fees for the software maintenance, support, and upgrade contract are \$112.50, for an annual total of \$1,350.00.

The POS System and all other computer systems will be capable of connecting with our computer systems. You will install any other hardware or software for the operation of the MAUI WOWI Business that we may require in the future, including any enhancements, additions, substitutions, modifications, and upgrades. Specifically, we may require that you install and maintain systems that permit us to access and retrieve electronically any information stored in your computer systems, including information regarding each of your Operating Unit(s) gross sales, at the times and manner we specify. There is no contractual limitation on the frequency or cost of these obligations. You will have access to the Internet via a high speed Internet connection (no dial-up) where available, have an electronic mail address and periodically check your electronic mailbox and the portion of our website devoted to franchise operators. If you operate from one or more Permanent Sites, you will have a computer with required software and high speed Internet access at each of your Permanent Sites. There are no obligations on us or any of our affiliates to provide any ongoing maintenance, repair, upgrades or updates for your computer system. You are solely responsible for protecting your computer from viruses, computer hackers, and other communications and computer-related problems. We reserve the right to independently access your electronic information and data and to collect and use your electronic information and data in any manner we choose to promote development of the System and the sale of franchises. (See Franchise Agreement, Section 7.15, Operating Unit Riders to the Franchise Agreement.)

Site Selection

You select your own Events or Permanent Sites for your MAUI WOWI Business, but you may not select an Event or Permanent Site in the State of Utah without our approval. Prior to your selection of a Permanent Site, you will provide us with a letter of intent related to the lease of the Permanent Site (“**Letter of Intent**”) and a completed site submittal workbook (“**Site Submittal Workbook**”) in the form which we will provide, pictures of the location, a budget for construction, a breakeven analysis, a copy of the proposed lease for a Permanent Site prior to execution by you, and other materials we may request. We will provide our comments and recommendations within 15 days after receiving the above listed materials from you.

You and the lessor will be required to agree to and sign the Addendum to Lease attached to the Franchise Agreement as Attachment VIII and the Collateral Assignment of Lease attached to the Franchise Agreement as Attachment VIII-1, unless the provisions of Attachment VIII and Attachment VIII-1 are included in the executed lease provisions to our satisfaction. You will provide a copy of the executed lease to us. You will provide to us the names and contact information for your landlord and/or management companies of any Permanent Site as applicable. We reserve the right to contact your landlord and/or management company for the purposes of assessing your performance and customer satisfaction.

We may, in our sole discretion, extend the time period in which you will make your first sale through your MAUI WOWI Business to accommodate delays in selecting a Permanent Site. If we do not extend this deadline and you fail to make a sale through your Operating Unit within the required time, as described below, we may terminate your Franchise Agreement.

You have the ultimate responsibility in choosing and obtaining the site for your MAUI WOWI Business. Our consultation, comments and recommendations regarding the Permanent Site, the Letter of Intent, and the lease is not a promise or guarantee that your MAUI WOWI Business will be successful. You will agree to indemnify and hold us harmless for any claims, obligations and damages related to our consultation, comments or recommendations regarding any Permanent Site, Letter of Intent, or lease.

If you operate a Mobile Operating Unit at Events we do not permit you to operate your Mobile Operating Units at any Event that another franchisee has reserved as a Protected Event (as defined in ITEM 12) as long as the reserving franchisee is operating the number of Operating Units and offering the MAUI WOWI Products and MAUI WOWI Services that the event coordinator desires. (See ITEM 12.) Other than Protected Events, we do not approve or disapprove of the Events at which you operate your MAUI WOWI Business. However, if you are operating at Events, you will provide reports to us on a monthly basis disclosing the Events at which you have operated.

Schedule for Opening

For purposes of the Franchise Agreement, your MAUI WOWI Business is deemed to open and you will be deemed to have commenced operations upon the date that you (or, if you are not an individual, then a managing member, partner or officer of you designated by you to participate personally in the MAUI WOWI Business) successfully complete (in our determination) the Mainland Training Program and Launch Program.

It is estimated that the length of time between the signing of the Franchise Agreement and the first sale through your MAUI WOWI Business to the public will usually be between one and six months if you open a Mobile Operating Unit for your first Operating Unit or between one and 12 months if you open a Fixed Operating Unit as your first Operating Unit. Factors affecting this length of time include the type of Operating Unit you choose to operate, financing arrangements, availability of retail opportunities within a market, and scheduling and successful completion (in our determination) of the Mainland Training Program. If you open a Mobile Operating Unit for your first Operating Unit, you are required to purchase the Mobile Operating Unit within two weeks after signing the Franchise Agreement, and make the first sale through your MAUI WOWI Business within six months of signing the Franchise Agreement. If you open a Fixed Operating Unit for your first Operating Unit, you are required to make the first sale through your MAUI WOWI Business within 12 months of signing the Franchise Agreement. If extenuating circumstances beyond your control exist, such as a delay in your ability to obtain a lease for your business or your serious illness, we may (in our sole discretion) agree to extend that time period for an additional reasonable amount of time. Otherwise, we may terminate your Franchise Agreement for your failure to purchase the Operating Unit or make a first sale through your MAUI WOWI Business within that time period.

Additional Training Information

We will provide an initial training program to be conducted in the Denver, Colorado metropolitan area or at another site we designate (the "Mainland Training Program"). The Mainland Training Program usually

lasts approximately five to eight days, in our discretion, depending on the type of Operating Unit you choose to open as your first Operating Unit. We conduct our Mainland Training Program approximately every six weeks. Up to two individuals designated by you (three if you acquire an Empire Builder Franchise) are eligible to participate in our Mainland Training Program without a tuition charge. You (or, if you are not an individual, then a managing member, partner or officer of you designated by you to participate personally in the MAUI WOWI Business) will attend and successfully complete our Mainland Training Program and Launch Program prior to making any sales to the public through your MAUI WOWI Business, unless we agree otherwise in writing, in our sole discretion. Any person designated by you to assume the primary responsibility for operating one of your individual Operating Units (“**Manager**”) will attend and successfully complete our Mainland Training Program prior to the time that you make any sales to the public through that Operating Unit. If you purchase an Empire Builder Franchise, we will provide the Mainland Training Program for an additional Manager for each subsequent Operating Unit you elect to open. The Mainland Training Program will be completed to our satisfaction.

The actual length of your training programs and your training schedules may be adjusted by us based on your prior experience, training or other factors. You will be responsible for all transportation and living expenses of each person who you designate to attend the Mainland Training Program or any other training programs that may be provided.

All of the training programs are typically supervised by Holli Gallaher, our Director of Franchise Operations, or another employee of ours identified in ITEM 2. Ms. Gallaher has six years of experience with us as a trainer. Information regarding the background and experience of Holli Gallaher and those other individuals is contained in ITEM 2 of this Disclosure Document. The training program instructors are Jill Summerhays (Ms. Summerhays has eight years of experience as a Maui Wowi trainer and over 20 years of experience in the field. Her experience and relationship with us is stated in ITEM 1), representatives of our “Operations Team,” “Development Team,” “Marketing Team,” “Event Team,” and Real Estate Department, and various MAUI WOWI Business associates. Each of our instructors has demonstrated to us satisfactory knowledge of the topics they instruct, has experience in the fields of their topics, and are overseen and reviewed by our training supervisors. The instructional materials consist of the Library of Operating Manuals. The Table of Contents for the Library of Operating Manuals is attached hereto as **Exhibit H**. (See ITEM 8.)

TRAINING PROGRAM

The subjects covered in the Mainland Training Program and the general time devoted to each subject are described below. However, the program may be modified, in our discretion, to meet the needs of trainees, which may include increasing the hours of instruction through Aloha University, our online training program, and reducing the hours of classroom instruction.

MAINLAND TRAINING PROGRAM AGENDA

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-The-Job Training (Note 1)	Column 4 Location (Note 2)
Introduction	1		Denver, Colorado Metropolitan Area Or Another Site We Designate
Equipment/Maintenance/Health Department	1		Denver, Colorado Metropolitan Area Or Another Site We Designate

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-The-Job Training (Note 1)	Column 4 Location (Note 2)
Marketing	3		Denver, Colorado Metropolitan Area Or Another Site We Designate
Ordering Product and Supplies	1		Denver, Colorado Metropolitan Area Or Another Site We Designate
Real Estate/ Special Events (Note 3)	2		Denver, Colorado Metropolitan Area Or Another Site We Designate
Smoothie Product Training	8	4	Denver, Colorado Metropolitan Area Or Another Site We Designate
All Other Product Training - Otis Spunkmeyer Cookies and Muffins, Hawaiian Products (Note 3)	1		Denver, Colorado Metropolitan Area Or Another Site We Designate
Customer Service (Note 3)	1 ½		Denver, Colorado Metropolitan Area Or Another Site We Designate
Site Visits (Note 3)	½		Denver, Colorado Metropolitan Area Or Another Site We Designate
Hawaiian Coffee/Esspresso Training	16	8	Denver, Colorado Metropolitan Area Or Another Site We Designate
Peer Review Program	1		Denver, Colorado Metropolitan Area Or Another Site We Designate
Accounting	1		Denver, Colorado Metropolitan Area Or Another Site We Designate
Leasing & Financing	1		Denver, Colorado Metropolitan Area Or Another Site We Designate
Insurance	1		Denver, Colorado Metropolitan Area Or Another Site We Designate
Mobile Operating Unit	1	1	Denver, Colorado Metropolitan Area Or Another Site We Designate

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-The-Job Training (Note 1)	Column 4 Location (Note 2)
Sales Training	1		Denver, Colorado Metropolitan Area Or Another Site We Designate
Intranet	1		Denver, Colorado Metropolitan Area Or Another Site We Designate
Leadership & Employee Management Training (Note 3)	1		Denver, Colorado Metropolitan Area Or Another Site We Designate
Catering	1		Denver, Colorado Metropolitan Area Or Another Site We Designate
Merchandising (Note 3)	½		Denver, Colorado Metropolitan Area Or Another Site We Designate
Real Estate and Construction Processes - Non-Traditional / Fixed Location (Note 3)	1		Denver, Colorado Metropolitan Area Or Another Site We Designate
Operational Overview - Workbooks, Expectations, Preparing for Opening	1		Denver, Colorado Metropolitan Area Or Another Site We Designate
Special Session - Secrets to Success	4		Denver, Colorado Metropolitan Area Or Another Site We Designate
Totals:	50½	13	

Note 1: On-the-job training, also known as “Hands on Training (H.O.T.),” is typically conducted at a variety of locations, including our corporate headquarters, the Operating Units of our Franchisees, and at the facilities of our suppliers.

Note 2: Classroom training conducted in the Denver, Colorado metropolitan area is typically conducted at our corporate headquarters. In our sole discretion, certain subjects addressed in the classroom training portion of the Mainland Training Program may be conducted online, including through our Aloha University online training program.

Note 3: These training subjects may not be provided or may be shortened in your Mainland Training Program in Maui Wowi’s discretion, depending upon the type of Operating Unit you choose to open as your first Operating Unit. If you later open a different type of Operating Unit, we may require you in our discretion to participate in the additional initial training before opening that different type of Operating Unit.

Additional training or assistance will be provided upon your reasonable request. Further, if we determine that it is appropriate or necessary, in our sole discretion, whether as a result of observations or

otherwise during the operation of your MAUI WOWI Business, we can require that you (or, if you are not an individual, then a managing member, partner or officer of you designated by you to participate personally in the MAUI WOWI Business) and/or any of your Managers, attend and successfully complete additional training, including online computer training designated by us. You will be charged our then current costs (currently \$500 per day) for any additional training or assistance provided in a location other than our corporate headquarters. You will be responsible for all of the travel and living expenses that we incur if we send a representative to provide on-site training or assistance. You will be responsible for the travel expenses and living expenses of you or your representatives, if such additional training or assistance is not provided on-site. All of the amounts payable to us related to this additional training will automatically be billed to you through ACH or credit card.

You (or, if you are not an individual, then a managing member, partner or officer of you designated by you to participate personally in the MAUI WOWI Business) will attend, at your expense, any international conferences held by us to discuss sales techniques, operational standards and advertising that we designate as mandatory. There will be additional costs associated with these mandatory conferences. (See ITEM 6.)

Library of Operating Manuals

You will strictly follow our product and service specifications as stated in the library of operating manuals we will provide to you (the "**Library of Operating Manuals**" or "**Operating Manuals**"). The Table of Contents of the Library of Operating Manuals as of the date of this Disclosure Document is included in this Disclosure Document as **Exhibit H**. The Library of Operating Manuals consists of one or more manuals, technical bulletins and/or other written materials, including a site submittal workbook, event workbook, train the trainer manual, employee training manual, construction manual, and store design guidebook, all of which we may modify at any time in our sole discretion. At our option, we may make the Library of Operating Manuals available to you via the Internet or other electronic means. If any inconsistencies exist between the provisions in the Library of Operating Manuals we loan to you, or otherwise make available to you, and our master Library of Operating Manuals we maintain at our office, regardless of whether it is in electronic or other form, our master Library of Operating Manuals will control.

ITEM 12 TERRITORY

As a Single Unit Franchise Owner, you may only have one Operating Unit. As a Standard Franchise Owner, you may have up to three Operating Units. An Empire Builder Franchise allows you the right to operate up to 10 Operating Units within the United States of America.

If you are operating a Mobile Operating Unit at Events, you may operate at any Event except for a Protected Event of another franchisee or an Event located in the State of Utah. A "**Protected Event**" is an Event for which a franchisee: (1) obtains a written contract to operate one or more Mobile Operating Units at the Event with the appropriate Event personnel; (2) operates a Mobile Operating Unit at the most recent occurrence of the Event; (3) posts required information regarding the Event on our current intranet system and submits, annually, our Standard Event Protection form, which shall contain the Event dates, name and contact information for the organizer, costs, number of Operating Units desired by the organizer, and expected crowds, and receives our approval; and (4) maintains protection of the Event by operating one or more Mobile Operating Units at each occurrence of the Protected Event, continuing to have the approval of the appropriate Event personnel, complying with the procedures described in the Library of Operating Manuals, and doing nothing to cause us to revoke the Protected Event status. A Protected Event provides the franchisee with the Right of First Refusal to add additional Operating Units at the Event or to expand the MAUI WOWI Product offering. For example, if a franchisee has a Protected Event and is only operating one Mobile Operating Unit and is only selling smoothies, and the event coordinator wishes to have three Mobile Operating Units selling smoothies plus nutritional supplements, Hawaiian coffee and espressos, then the protected franchisee is first provided the opportunity to fulfill the Event's needs, however, should the protected franchisee elect to forego

the opportunity on expanding either the product offering or the number of Mobile Operating Units at the Event, another franchise operator may take advantage of the opportunity and apply for Protected Event status covering their participation at the Event.

You may not use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make Product sales outside of and apart from your Operating Unit(s), without our prior written consent, which we may deny in our discretion.

If you are operating a Fixed Operating Unit, or if you are operating a Mobile Operating Unit at a Permanent Site, you may operate at any Permanent Site, outside of the State of Utah, which has been approved in writing by us (as described in ITEM 11). Once a Permanent Site is selected by you and approved by us for one or more Operating Units, you may not relocate the Operating Units without our prior written approval, which approval will typically be granted as long as the relocation will not be detrimental to other franchisees of ours or to us.





We do not offer Territories, and we reserve the right to approve another Operating Unit in a location in close proximity to your Operating Unit. Other than the specific approved Permanent Site or Protected Event, you will not receive an exclusive territory. You may face competition from other franchisees, from other outlets that we own, or from other channels of distribution or competitive brands that we control. Nor do you have any exclusive right to any particular market or customers. However, we will consider your proximity when evaluating the Permanent Site of another franchisee submitted for our approval. The continuation of your right to an approved Permanent Site or a Protected Event, if applicable, is not dependent on the achievement of a certain sales volume, market penetration or similar contingency.

We and our Affiliate retain the rights, among others, without any compensation to you:

1. To use, and to license others to use, the Marks and the System for the operation of MAUI WOWI Businesses at any location other than at the approved Permanent Site of an Operating Unit of a franchisee or at a Protected Event;
2. To establish company-owned or franchisee-operated businesses that sell similar products and/or services under different trade names or trademarks other than the Marks or System.
3. To sell products or services under the Marks, or any other marks, through any other wholesale or retail outlets, and we may establish other channels of distribution providing the same or similar services under the same or a different trade name or trademark;
4. To acquire, merge with, or be acquired by any other business, including a business that competes directly with your Operating Units; and
5. To implement multi-area marketing programs, including Internet and regional or national accounts, which may allow us or others to solicit or sell products to customers anywhere. We reserve the right to issue mandatory policies to coordinate these multi-area marketing programs.

ITEM 13 TRADEMARKS

We grant you the non-exclusive right to use the Marks, including the Mark MAUI WOWI® (and designs) in the operation of your MAUI WOWI Business. Our Parent owns the following Marks which are either registered or applied for on the Principal Register of the United States Patent and Trademark Office, or protected by common-law rights, or registered or applied for in the following international jurisdictions:

Mark	Description	Application/Registration No.
	MAUI WOWI and design	U.S. Registration No. 1923970 Registered: October 3, 1995
	MAUI WOWI and design	U.S. Registration No. 3274286 Registered: August 7, 2007
	MAUI WOWI and design	U.S. Registration No. 3150464 Registered: October 3, 2006
	MAUI WOWI and design	U.S. Registration No. 3351418 Registered: December 11, 2007
MAUI WOWI	MAUI WOWI and design	U.S. Registration No. 3150463 Registered: October 3, 2006
MAUI WOWI®	MAUI WOWI® word mark	U.S. Registration No. 3147091 Registered: September 26, 2006
MAUI WOWI™	MAUI WOWI™ word mark for use in Australia	Reg. 1018028
MAUI WOWI™	MAUI WOWI™ word mark for use in Brazil	App. 830.149.457
MAUI WOWI™	MAUI WOWI™ word mark for use in China (People's Republic)	Reg. 875962
MAUI WOWI™	MAUI WOWI™ word mark for use in European Union	Reg. 4464293
MAUI WOWI™	MAUI WOWI™ word mark for use in India	Reg. 1463383
MAUI WOWI™	MAUI WOWI™ word mark for use in Japan	Reg. 5008805
MAUI WOWI™	MAUI WOWI™ word mark for use in South Korea	Reg. 16148 and App. 40-2--5-54432

Mark	Description	Application/Registration No.
MAUI WOWI™	MAUI WOWI™ word mark for use in Kuwait	Reg. 76811
MAUI WOWI™	MAUI WOWI™ word mark for use in Lebanon	Reg. 118928
MAUI WOWI™	MAUI WOWI™ word mark for use in Malaysia	Reg. 05/17282 05017283
MAUI WOWI™	MAUI WOWI™ word mark for use in Mexico	Reg. 941163
MAUI WOWI™	MAUI WOWI™ word mark for use in Oman	Reg. 36599
MAUI WOWI™	MAUI WOWI™ word mark for use in Qatar	Reg. 35864
MAUI WOWI™	MAUI WOWI™ word mark for use in Saudi Arabia	Reg. 917/21
MAUI WOWI™	MAUI WOWI™ word mark for use in Singapore	Reg. 868062
MAUI WOWI™	MAUI WOWI™ word mark for use in Turkey	Reg. 868062
MAUI WOWI™	MAUI WOWI™ word mark for use in UAE	Reg. 80557
MAUI WOWI™	MAUI WOWI™ word mark for use in Egypt	Reg. Application Pending
MAUI WOWI™	MAUI WOWI™ word mark for use in Bahrain	Reg. Application Pending

Our Parent has filed all required affidavits related to the registration of these Marks.

Our Parent has granted us, in a License Agreement, dated effective March 19, 2002, an exclusive, royalty-free license to use and sublicense to our franchisees the use of the Marks anywhere in the world. The license is for 10 years commencing March 19, 2002, but automatically renewed for an additional 10-year period and will continue to do so, if we continue in business and do not materially breach the License Agreement by engaging in any activity that damages those Marks or the goodwill of those Marks. If the license is terminated for any reason, our Parent has agreed to license the use of the Marks directly to our franchisees until each franchise agreement expires or is otherwise terminated.

You will use all Marks in full compliance with our Library of Operating Manuals and the System. You will modify or discontinue the use of any of our Marks at your cost if we modify or discontinue any of them. You are prohibited from using any Marks or portions of Marks as part of your entity name. You cannot make application for registration or other protection of any MAUI WOWI Mark. You may only use the Marks with the letters "TM", "SM" or "®", as appropriate. You are prohibited from using any Marks in the sale of any unauthorized product or service or in any manner not expressly authorized in writing by us. You cannot use the Marks in Internet advertising, as part of any web page, URL, domain name, address, locator, link, or as part of

any metatag. All uses of the Marks in advertising or electronic media will be with our prior written approval. You are required to adhere fully and strictly to all security procedures required by us for maintaining the proprietary information as confidential.

There are presently no effective determinations by the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court nor pending interference, opposition or cancellation proceedings, nor pending material litigation involving any use of our Marks.

There are no agreements currently in effect that significantly limit our rights to use or license the use of any of our Marks, other than a settlement agreement that our Parent entered into with Sport-Scheck GmbH, a German limited liability company ("Sport-Scheck"), who markets sporting goods and apparel and who was seeking registration for the mark MAUI WOWIE with the United States Patent and Trademark Office (United States Trademark Application Serial Number 76/404,925 filed on May 8, 2002). On March 3, 2004, our Parent filed an opposition action against Sport-Scheck's trademark registration. On September 2, 2005, the parties entered into the settlement agreement. Under the settlement agreement, Sport-Scheck agreed to limit the use of its mark in the U.S. strictly as part of a logo which we agreed was not likely to cause confusion to our Marks, and further that it would not use its mark in any manner likely to cause confusion as to a connection with our Parent or us. Our Parent agreed that it would not use the Marks in any manner likely to cause confusion as to a connection with Sport-Scheck. The parties then consented to the others' use and registration of their trademarks, and our Parent withdrew its opposition to Sport-Scheck's trademark registration. The settlement agreement will only affect you to the extent that you will not be permitted to use the Marks in a manner likely to cause confusion with Sport-Scheck. The settlement agreement is not limited in duration, and provides that it may only be modified with the consent of both parties to that agreement. On February 17, 2007, Sport-Scheck abandoned its registration of the mark MAUI WOWIE.

We are not aware of any superior rights or any infringing uses that could materially affect your use of the Marks in any state in which the MAUI WOWI Business may be located.

You are obligated to notify us within three days of when you learn about an infringement of or challenge to your use of our Marks. We have the discretion to take the action we deem appropriate. We are not obligated to protect any rights that you have to use the Marks, or to protect you against claims of infringement or unfair competition. You are given the right to protect yourself, at your sole cost, from any of these claims if we elect not to prosecute any claim of infringement or unfair competition. We do not know of any superior prior rights or infringing uses that could materially affect your use of the Marks.

If we, in our sole discretion, determine it necessary to modify or discontinue use of any proprietary Marks, or to develop additional or substitute marks, you shall, within a reasonable time after receipt of written notice of a modification or discontinuation from us, take action, at your sole expense, as may be necessary to comply with the modification, discontinuation, addition or substitution.

You may not contest, directly or indirectly, our right and interest in the Marks, trade secrets, methods, and procedures that are part of the System and agree to execute documents and assurances necessary to effectuate these provisions. Any goodwill associated with the Marks belongs exclusively to the respective owners of the Marks.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents that are material to the franchise, but we claim common law copyright rights in the Library of Operating Manuals, all advertising and marketing materials, all menus, and the MAUI WOWI website.

You can use the proprietary information in our Library of Operating Manuals. ITEM 11 describes limitations on the use of the Library of Operating Manuals by you and your employees. We have not registered

a copyright for the Library of Operating Manuals, but we claim a copyright in it and the information is proprietary. The Library of Operating Manuals must be returned to us upon termination of your Franchise Agreement. The System is proprietary to us. All recipes, formulations, ingredient lists, trade dress, Operating Unit designs, MAUI WOWI Products, MAUI WOWI Supplies and Equipment, MAUI WOWI Services, MAUI WOWI Product preparation methods and MAUI WOWI Blends are trade secrets and proprietary to us and our Affiliate. You will not use any proprietary information or trade secret without our written permission. You must promptly tell us if you learn about unauthorized use of this proprietary information. We are not obligated to take any action, but we will respond to this information as we think appropriate. We shall control any litigation related to the proprietary information. We will indemnify you against losses claimed by a third party concerning your use of this information. Our right to use or license these copyrighted and proprietary materials is not materially limited by any agreement or known infringing use. There are no determinations of any administrative office or any court regarding these copyrighted and proprietary materials.

The Franchise Agreement also provides that you will: (a) follow all of our security procedures, (b) disclose our proprietary information to your employees only as needed to market our MAUI WOWI Products and MAUI WOWI Services; (c) not use any proprietary information in any other business; and (d) exercise the highest degree of diligence to maintain our proprietary information as confidential. You, your Managers (as defined in ITEM 15), your principal employees, anyone you may choose to send to our training, and anyone who has access to the Library of Operating Manuals or any of our proprietary information must sign a Nondisclosure and Noncompetition Agreement. (See Exhibit C to this Disclosure Document.)

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

We recommend that you (or, if you are not an individual, then a managing member, partner or officer of you designated by you to participate personally in the MAUI WOWI Business) are the primary operator of the MAUI WOWI Business at all times and devote substantial full time and best efforts on a daily basis, in person, to the supervision and conduct of the MAUI WOWI Business.

If you enter into a Standard Franchise Agreement or an Empire Builder Franchise Agreement, you will be permitted to operate multiple Operating Units, and we recommend that you assign a Manager who has completed our Mainland Training Program or yourself to be responsible for the operation of each Operating Unit. We recommend that a designated Manager devote substantial full time and best efforts on a daily basis, in person, to the supervision and conduct of that Manager's Operating Unit.

In signing the Franchise Agreement, you acknowledge that the risks, financial and otherwise, which are inherent with the beginning of any new business, are yours alone. We, as a matter of policy, will not assist you in any decision-making process that may affect your business operations. The success or failure of the franchise as a business enterprise is dependent on your efforts. Purchase of this franchise should not be considered by anyone who is unfamiliar with standard business practices or is unwilling to accept the responsibilities associated with running a small business.

Neither you nor any of your Managers may have an interest in or business relationship with any business competing with MAUI WOWI Businesses or with MAUI WOWI Products and MAUI WOWI Services. Your Manager or Managers, if applicable, do not need to have an ownership interest in your MAUI WOWI Business. However, you, each of your Managers, your principal employees, anyone you may choose to send to our training, and anyone who has access to the Library of Operating Manuals or any of our proprietary information will be required to sign a Nondisclosure and Noncompetition Agreement and to conform to the covenants not to compete described in ITEM 17. (See Exhibit C to this Disclosure Document.) If the franchisee is a corporation, limited liability company or partnership, we also require that the entity's principals execute our standard Guaranty and Assumption of Franchisee's Obligations attached to the Franchise Agreement as Attachment II.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer and sell only those products, goods, and services specified and approved by us in writing. You will follow our policies, procedures, specifications, methods and techniques. (See ITEM 8.) All products will be sold through one of our Operating Units. We have the right to add additional MAUI WOWI Products, MAUI WOWI Services or concepts that you are required to offer and we may change or delete current MAUI WOWI Products and MAUI WOWI Services, without any limits on such rights. We reserve the right to establish maximum resale prices for use with multi-area marketing programs and special price promotions. Except as stated in ITEM 12 above and in this ITEM 16, we do not impose any restrictions limiting your access to customers.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise or Other Agreement	Summary
a.	Length of the franchise term	Section 2.1	10 years.
b.	Renewal or extension of the term	Sections 2.2-2.4	10 years.
c.	Requirements for you to renew or extend	Sections 2.2-2.4	You can renew for one term of 10 years if you have complied with the Franchise Agreement during the initial term; provide notice; execute a new Franchise Agreement in the form then in use by us (which may contain terms and conditions materially different from your original Franchise Agreement); execute a general release in a form satisfactory to us; pay us a renewal fee of 20% of the then current Initial Franchise Fee; update your equipment, which may include refurbishing your Operating Unit(s) under our refurbishment program; and comply with other conditions.
d.	Termination by you	Section 9.5	You can terminate if we materially breach the agreement and do not cure after 30 days notice.
e.	Termination by us without cause	Not Applicable	We must have cause to terminate the Franchise Agreement.
f.	Termination by us with cause	Sections 9.1-9.4	We can terminate only if you default as stated in the Franchise Agreement.
g.	"Cause" defined – curable defaults	Sections 9.3 and 9.4	You have 10 days to cure various defaults including failure to follow the Library of Operating Manuals, failure to purchase MAUI WOWI Products from approved suppliers, failure of your estate to make an authorized transfer within 120 days following death or incapacity, failure to pay for products, and failure to purchase equipment required to open your first Operating Unit within the time period required, and 30 days to cure a default for failure to purchase the minimum amount of MAUI WOWI Products for a 360-day period.

	Provision	Section in Franchise or Other Agreement	Summary
h.	“Cause” defined – non-curable defaults	Section 9.2	Non-curable defaults include failure to satisfactorily complete the Mainland Training Program, material misrepresentation in the purchase of the franchise, repeated defaults even if cured, unauthorized use of proprietary information, abandonment, sales of unauthorized products, misuse of the Marks or System, bankruptcy ¹ , criminal conviction, threats to public health, and physical or verbal abuse of our employees or other franchisees, defaults under equipment leases or loans with us or third parties, defaults under related agreements.
i.	Your obligations on termination/non-renewal	Section 10.1	Obligations include complete de-identification and payment of amounts due, including a lump sum amount equal to the net present value of Royalties, Marketing, and IT Management Fees that would have become due following termination of the Franchise Agreement for the period the Franchise Agreement would have remained in effect but for your default and termination. The lump sum due for purposes of this determination shall be calculated based on the average fees paid for the 12 months preceding the termination date of your MAUI WOWI Business. Also, at our option, you must sell your equipment back to our Affiliate. (See also r. below.)
j.	Assignment of contract by us	Section 12.1	No restrictions on our right to assign.
k.	“Transfer” by you – defined	Section 12.2	Includes assignment and transfer of Franchise Agreement and ownership change. You must transfer equipment and an ongoing business operation. You may not merely transfer the rights contained in your Franchise Agreement without our express written permission, which may be granted or denied at our discretion.
l.	Our approval of transfer by you	Section 12.2	We have the right to approve all transfers, but will not unreasonably withhold approval.
m.	Conditions for our approval of transfer	Sections 12.2, 12.3, 12.4, 12.5, 12.8 and 12.9	Potential transfer registered with us at least 45 days before you actively market to third parties, new franchise operator is approved, initial deposit and later remainder of transfer fee paid, resale assistance fee paid (if applicable), all amounts owed to us are paid, transfer agreement approved, assumption of Franchise Agreement obligations by new franchisee, current franchise agreement signed by new franchisee (which may contain terms and conditions materially different from your original Franchise Agreement), training fee paid, new franchisee satisfactorily completed the initial training program required for new franchise owners (unless waived), refurbishment of Operating Unit and equipment, and general release signed. (See also r. below.)
n.	Our right to first refusal to acquire your business	Section 12.8	We can match any offer for all or part of your MAUI WOWI Business.
o.	Our option to purchase your business	Section 11.1	Upon expiration or termination, we have the right to purchase inventory, equipment, signs and accessories.
p.	Your death or disability	Section 12.9	Personal representative appointed or franchise must be assigned to approved buyer within 120 days after event.
q.	Non-competition covenants during the term of the franchise	Section 14.1	Non-involvement in competing business anywhere.

Provision		Section in Franchise or Other Agreement	Summary
r.	Non-competition covenants after the franchise is terminated or expires	Section 14.2	No competing business for two years at the same Events you served and Events served by any MAUI WOWI Business and within five miles the Permanent Site of any MAUI WOWI Operating Unit, except as stated in the State Addenda in Exhibit J to this Disclosure Document.
s.	Modification of the franchise agreement	Section 16.2	No modifications generally without mutual consent, but Library of Operating Manuals subject to change.
t.	Integration/merger clause	Section 16.12	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises, except in writing, are not enforceable. Nothing in the Franchise Agreement is intended to disclaim any representations made by us in this Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Sections 15.1 and 15.2	Non-binding mediation in Colorado, or, if disputes are not resolved through mediation, arbitration in Colorado. Litigation if permitted in Colorado (subject to state law).
v.	Choice of forum	Sections 15.1, 15.2 and 15.4	Colorado (subject to state law).
w.	Choice of law	Section 15.5	Colorado (subject to state law). The Colorado Consumer Protection Act does not apply
x.	Individual Claims	Section 15.4	All disputes between you and us must be in an action separate from disputes between us and third parties or between you and third parties.
y.	Limitation of Actions	Section 15.7	All claims that you bring against us, or that we bring against you, must be brought within two years from when the claim is discovered.
z.	Cross Default and Termination	Section 16.14	A default by you of your Franchise Agreement will constitute a default of all other agreements between you and us, and vice versa. If we terminate your Franchise Agreement due to a default by you, all other agreements between us may also be terminated.

¹ A default due to bankruptcy may not be enforceable under federal bankruptcy laws.

Certain states have statutes that may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise. These and other states may have court decisions that may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise.

The State Addenda in **Exhibit J**, if applicable, may also describe certain state laws that may supersede the Franchise Agreement in your relationship with us including in the areas of the termination and renewal of the franchise.

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

ITEM 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

While the figures below represent the actual average monthly case purchases of MAUI WOWI Blends made by the 40 franchisees who purchased the most cases of MAUI WOWI Blends during calendar year 2011, the annual revenue numbers in the chart are estimates only and are not the actual results of any franchisee. Therefore, the following data should not be considered as the actual, potential or probable revenues that will be realized by you or any other franchisees. We do not represent that you can expect to attain these MAUI WOWI Blends purchase levels, revenue levels or any income or profit that could result from owning a MAUI WOWI Business. Your financial results are likely to differ from the figures presented. You should carefully review the attached explanatory notes.

Top 40 Purchasing Franchisees (See Note 1)				Annual Gross Revenues from Smoothie Sales Before Expenses Based on a Sales Price of ...			
Quartile	Average Time, in Months, Each Franchisee Was in Business Within Each Quartile	Average number of Operating Units per Franchisee in Quartile	Average Number of Cases of MAUI WOWI Blends Purchased by Each Franchisee per Month (Rounded to Nearest Hundredth)	\$3.50 per 12-Ounce Smoothie	\$4.00 per 12-Ounce Smoothie	\$5.00 per 12-Ounce Smoothie	\$6.00 per 12-Ounce Smoothie
1st Quartile	96	7.00	79.9	\$251,659	\$323,561	\$359,513	\$431,415
2nd Quartile	61	2.60	34.9	\$109,856	\$141,244	\$156,938	\$188,325
3rd Quartile	82	2.10	26	\$82,005	\$105,435	\$117,150	\$140,580
4 th Quartile	37	1.70	21.4	\$67,568	\$86,873	\$96,525	\$115,830

The accompanying explanatory notes are an integral part of this chart and should be read in their entirety for a full understanding of the information contained in the chart.

EXPLANATORY NOTES:

1. The information provided above is based on a subset of franchisees representing the 40 franchisees who purchased the greatest number of cases of MAUI WOWI Blends during calendar year 2011 (the “Top 40 Purchasing Franchisees”). The information is derived from the number of sales of cases of MAUI WOWI Blends by our approved suppliers. These Top 40 Purchasing Franchisees, which include 3 DRS franchisees who operate MAUI WOWI Businesses, are considered our top performers. Other franchisees of ours do not purchase as many cases of MAUI WOWI Blends. There are 40 total franchisees included in this information out of 207 total franchisees (with 236 total franchise agreements) in the system at the end of calendar year 2011. The Top 40 Purchasing Franchisees represent 19.3% of the franchisees in the system at the end of calendar year 2011, and these 19.3% attained the results described in the chart. The Top 40 Purchasing Franchisees were drawn from all of our franchisees, including those who operate their business or particular Operating Units on a less than year-round basis, who add or discontinue Operating Units during the year, who have been in operation for less than 12 months and regardless of the type of Operating Unit(s) they operate. This information is for calendar year 2011 purchases of MAUI WOWI Blends only and does not include purchases or sales of other MAUI WOWI Products such as Hawaiian coffee and espresso beverages.

2. The quartiles listed above were derived by sorting the total number of cases purchased during calendar year 2011 by franchisees, in descending value, identifying the Top 40 Purchasing Franchisees, and then splitting these Top 40 Purchasing Franchisees into four equal groups, or quartiles, based on the number of cases of MAUI WOWI Blends purchased by each franchisee. The average months in business, the average

number of Operating Units and average monthly purchases of cases of MAUI WOWI Blends were then calculated based on the franchisees in each quartile as outlined in this Item 19.

3. The average months in business for each quartile is based on the franchise agreement date for each franchisee.

4. The average number of Operating Units for each quartile is calculated by determining the total number of Operating Units for each franchisee, adding the sum of all Operating Units for each franchisee in each quartile and dividing by the number of franchisees in each quartile. The Top 40 Purchasing Franchisees may operate any type or types of Operating Units individually or in any combination. The maximum number of Operating Units that a franchisee is entitled to operate is determined based on the type of franchise acquired by the franchisee. A Single Unit Franchise permits a franchisee to operate one Operating Unit, a Standard Franchise permits a franchisee to operate up to three Operating Units, and an Empire Builder Franchise permits a franchisee to operate up to 10 Operating Units. See Item 1.

5. The number of 12-ounce smoothies you can expect to make from one case of MAUI WOWI Blends ranges from 75 to 80 depending on various factors including the size of the banana used in each drink, if any, and waste, which varies from franchisee to franchisee. As of the date of this Disclosure Document, our designated supplier charges from \$54.80 to \$70.08 for each case of MAUI WOWI Blends (this includes the 12 percent Marketing Fee but does not include costs of shipping, distribution, storage, fuel surcharges, minimum order fees, or any other fees that may be charged by suppliers). To make MAUI WOWI smoothies, you may use up to one banana and ice for each 12-ounce smoothie, in addition to the MAUI WOWI Blends. You may purchase bananas and ice from suppliers of your choice who meet all of our specifications and standards.

6. The MAUI WOWI Blends referenced above are only used to make smoothies. A franchisee will also offer other Maui Wowi proprietary products, including Hawaiian coffee and espresso products. Purchases of and revenues that may be derived from these products are not included in the figures above.

7. The "Annual Gross Revenues" calculations are based on the average number of cases of MAUI WOWI Blends purchased by each franchisee in each quartile times 75, representing the most conservative estimated number of 12-ounce smoothies that may be made per case of MAUI WOWI Blends, times the variable sales price for a 12-ounce smoothie indicated in the chart ranging from \$3.50 to \$6.00 per smoothie. The "Annual Gross Revenues" calculations do not take into account any costs or expenses, including the costs of purchasing the MAUI WOWI Blends. See Note 11 below. These "Annual Gross Revenues" calculations also do not consider any additional revenues that may be attained from the sale of MAUI WOWI Products other than smoothies (or any additional expenses that may be incurred related to those other MAUI WOWI Products).

8. This presentation assumes that only 12-ounce smoothies are sold. You may sell a larger or smaller drink size or multiple sizes. It also assumes that all cases of MAUI WOWI Blends purchased during 2010 were sold during the annual period and that there was little to no waste of smoothie mix. Waste from franchisee to franchisee may vary.

9. Aside from geographical and demographic differences and managerial emphasis, there is no material difference in the products, services, training or support offered to any franchisee. Differences in amounts of MAUI WOWI Blends purchased and revenues attained may be attributable to the length of time a MAUI WOWI Business has been open, whether it is operated year round, the type and number of Operating Units operated, the types of venues from which the Operating Units are operated, geographical and demographic differences, and a franchisee's ability and willingness to follow the MAUI WOWI System.

10. The above information was prepared from our approved suppliers' sales records and the reports on prices charged by our approved suppliers for smoothies purchased by each franchisee as reported to our Affiliate. A franchisee pays a Marketing Fee in addition to the purchase price of a case of MAUI WOWI Blends. Based on information provided to us from our franchisees, the price charged by our franchisees for one 12-ounce smoothie ranges from \$3.50 to \$6.00. You may sell smoothies at a price that may be higher or lower

than the price range used in the chart. Sales prices vary between franchisees and may be impacted by competition, contractual requirements, geographical areas, demographics, etc. We recommend that you conduct your own evaluation of sales price or prices that would be acceptable in your own areas of operation.

11. No expenses are shown in this chart. See ITEMS 5, 6 and 7 for information regarding initial investment and other expense considerations. The initial investment and other expenses and costs will vary substantially for each franchisee, and are dependent on different factors particular to each franchisee. Although we have the right to request, inspect and audit certain records related to the expenses of MAUI WOWI Businesses, we have not requested, inspected or audited those records for all MAUI WOWI Businesses, and we do not have knowledge of the expenses or costs incurred by each MAUI WOWI Business disclosed in this ITEM 19. The above purchase figures may not necessarily predict any given MAUI WOWI Business's profitability.

12. This information is based on potential sales of only MAUI WOWI Blends by our approved suppliers to certain franchisees. The estimated revenues should not be considered the actual or probable sales of smoothies which will be achieved by any individual franchisee. We do not represent that any prospective franchisee has or can expect to attain these sales or annual revenue levels. A franchisee's purchases of MAUI WOWI Blends, and its revenues from sales of smoothie drinks, are likely to be lower in its first year of business. We recommend that you conduct your own independent investigation to determine whether or not a franchise may be profitable. We also recommend that you consult with professional advisors before executing any agreement.

13. Actual results may vary from franchise to franchise and depend on a variety of internal and external factors, many of which neither we nor any prospective franchisee can estimate, such as competition, economic climate, demographics, and changing consumer demands and tastes. A franchisee's ability to achieve any level of MAUI WOWI Blends purchases, sales, revenues or net income will depend on these factors and others, including the franchisee's level of expertise, none of which are within our control. Accordingly, we cannot, and do not, estimate the results of any particular franchise.

14. The cost of goods sold ("COGS"), expressed as a percentage of the price charged by franchisees for one 12-ounce smoothie, range from 24 percent to 30 percent for MAUI WOWI Blends. These COGS include only the costs of the MAUI WOWI Blends, bananas, ice, shipping, and distribution, and do not include costs of storage, fuel surcharges, minimum order fees, Marketing Fees, or any other fees that may be charged by suppliers. Factors affecting COGS include but are not limited to, the types of beverages sold, recipes, drink preparation, sale price, waste, and operator error.

15. The average monthly purchase of cases of MAUI WOWI Blends for the Top 40 Purchasing Franchisees is approximately 40.56 cases. The percentage of the Top 40 Purchasing Franchisees that exceed the average monthly purchase of cases is approximately 27.5% (eleven of the 40 franchisees).

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

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**ITEM 20 TABLE NO. 1
Systemwide Outlet Summary
(MAUI WOWI Businesses)
For Years 2009 to 2011⁽¹⁾**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2009	308	256	-52
	2010	256	209	-47
	2011	209	201	-8
Company-Owned	2009	0	0	0
	2010	0	0	0
	2011	0	0	0
Total Outlets	2009	308	256	-52
	2010	256	209	-47
	2011	209	201	-8

**ITEM 20 TABLE NO. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
(MAUI WOWI Businesses)
For Years 2009 to 2011⁽¹⁾**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
California	2009	0
	2010	0
	2011	0
Colorado	2009	1 ²⁾
	2010	0
	2011	0
Indiana	2009	0
	2010	1 ⁽²⁾
	2011	0
Total	2009	1
	2010	1
	2011	0

**ITEM 20 TABLE NO. 3
Status of Franchised Outlets
(MAUI WOWI Businesses)
For Years 2009 to 2011⁽¹⁾**

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations- Other Reasons	Column 9 Outlets at End of the Year
Alabama	2009	3	1	0	0	0	0	4
	2010	4	0	0	0	0	1	3
	2011	3	0	0	0	0	0	3
Arizona	2009	13	1	2	0	0	2	10
	2010	10	1	1	0	0	0	10
	2011	10	0	1	0	0	2	7

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations-Other Reasons	Column 9 Outlets at End of the Year
Arkansas	2009	1	1	0	0	0	0	2
	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
California	2009	81	4	11	0	0	12	62
	2010	62	2	16	0	0	8	40
	2011	40	2	3	0	0	1	38
Colorado	2009	4	0	0	0	0	2 ⁽²⁾	2
	2010	2	3	0	0	0	0	5
	2011	5	1	1	0	0	0	5
Connecticut	2009	3	0	0	0	0	1	2
	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	1
District of Columbia	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Delaware	2009	0	1	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	1	0	0	0	1	1
Florida	2009	27	1	3	0	0	3	22
	2010	22	2	3	0	0	4	17
	2011	17	1	0	0	0	3	15
Georgia	2009	1	0	0	0	0	0	1
	2010	0	0	1	0	0	0	0
	2011	1	0	0	0	0	0	1
Hawaii	2009	3	0	2	0	0	1	0
	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
Idaho	2009	2	0	0	0	0	0	2
	2010	2	3	0	0	0	0	5
	2011	5	0	0	0	0	1	4
Illinois	2009	16	0	0	0	0	2	14
	2010	14	1 ⁽²⁾	2	0	0	0	13
	2011	13	1	0	0	0	1	13
Indiana	2009	7	1	0	0	0	0	8
	2010	8	1	0	0	0	3 ⁽²⁾	6
	2011	5	1	0	0	0	1	6
Iowa	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Kansas	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	0	2
	2011	2	1	0	0	0	0	3
Kentucky	2009	2	0	1	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Louisiana	2009	3	0	0	0	0	0	3
	2010	3	0	0	0	0	0	3
	2011	3	0	0	0	0	1	2
Maine	2009	1	0	1	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
Maryland	2009	5	0	2	0	0	0	3

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations- Other Reasons	Column 9 Outlets at End of the Year
	2010	3	0	0	0	0	0	3
	2011	3	2	0	0	0	0	5
Massachusetts	2009	3	1	0	0	0	1	3
	2010	3	0	0	0	0	0	3
	2011	3	1	0	0	0	1	3
Michigan	2009	12	0	1	0	0	1	10
	2010	10	2	1	0	0	0	11
	2011	11	0	0	0	0	0	11
Minnesota	2009	7	0	0	0	0	0	7
	2010	7	0	0	0	0	1	6
	2011	6	1	0	0	0	0	7
Mississippi	2009	1	0	1	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
Missouri	2009	3	0	0	0	0	1	2
	2010	2	0	0	0	0	0	2
	2011	2	1	1	0	0	0	2
Nebraska	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	1	0	0	0	0	2
Nevada	2009	6	0	1	0	0	0	5
	2010	5	2	2	0	0	1	4
	2011	4	0	0	0	0	0	4
New Mexico	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	1	1
	2011	1	0	0	0	0	0	1
New Jersey	2009	15	1	3	0	0	0	12
	2010	12	0	4	0	0	0	8
	2011	8	1	2	0	0	1	6
New York	2009	8	0	0	0	0	0	8
	2010	8	0	0	0	0	2	6
	2011	6	0	0	0	0	2	6
North Carolina	2009	8	0	2	0	0	2	4
	2010	4	0	0	0	0	1	4
	2011		2	0	0	0	2	4
Ohio	2009	3	2	1	0	0	0	4
	2010	4	0	1	0	0	0	3
	2011	3	1	0	0	0	1	3
Oklahoma	2009	3	0	0	0	0	0	3
	2010	3	0	0	0	0	0	3
	2011	3	0	0	0	0	0	3
Oregon	2009	5	0	0	0	0	0	5
	2010	5	0	1	0	0	1	3
	2011	3	0	0	0	0	0	3
Pennsylvania	2009	3	0	1	0	0	0	2
	2010	2	0	1	0	0	1	0
	2011	0	0	0	0	0	0	0
South Carolina	2009	5	0	0	0	0	0	5
	2010	5	0	4	0	0	0	1
	2011	1	0	0	0	0	1	1
South Dakota	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations-Other Reasons	Column 9 Outlets at End of the Year
	2011	1	0	0	0	0	0	1
Tennessee	2009	2	0	0	0	0	1	1
	2010	1	1	1	0	0	0	1
	2011	1	0	0	0	0	0	1
Texas	2009	23	2	4	0	0	4	17
	2010	17	4	1	0	0	1	19
	2011	19	3	2	0	0	3	17
Utah	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Virginia	2009	9	0	0	0	0	0	9
	2010	9	0	0	0	0	3	6
	2011	6	1	0	0	0	2	5
Washington	2009	4	1	0	0	0	0	5
	2010	5	0	1	0	0	2	2
	2011	2	0	0	0	0	0	2
Wisconsin	2009	3	0	0	0	0	0	3
	2010	3	0	1	0	0	0	2
	2011	2	0	1	0	0	0	2
Egypt	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
England	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
Ireland	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	0
Mexico	2009	1	2	0	0	0	0	3
	2010	3	0	0	0	0	0	3
	2011	3	0	0	0	0	0	3
Saudi Arabia	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	2
	2011	1	1	0	0	0	0	1
Singapore	2009	1	0	0	0	0	1	0
	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
Turkey	2009	1	0	0	0	0	0	1
	2010	1	0	1	0	0	0	0
	2011	0	0	0	0	0	0	0
Total	2009	308	19	36	0	0	35	256
	2010	256	21	42	0	0	29	206
	2011	209	25	12	0	0	21	201

ITEM 20 TABLE NO. 4
Status of Company-Owned Outlets
(MAUI WOWI Businesses)
For Years 2009 to 2011⁽¹⁾

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
District of Columbia	2009	0	0	0	0	0	0
	2010	0	0	0	0	0	0
	2011	0	0	0	0	0	0
Totals	2009	0	0	0	0	0	0
	2010	0	0	0	0	0	0
	2011	0	0	0	0	0	0

ITEM 20 TABLE NO. 5
Projected Openings As Of December 31, 2011
(MAUI WOWI Businesses)

Column 1 State/Country	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlet In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlet In The Next Fiscal Year
Bahrain	0	1	0
Egypt	1	1	0
Ireland	1	1	0
Kuwait	0	0	0
Qatar	0	1	0
Saudi Arabia	0	4	0
UAE	0	0	0
England	0	1	0
California	0	6	0
Colorado	0	0	1
Florida	0	3	0
Nevada	0	1	0
Texas	0	1	0
Total	2	20	1

Notes for the Above Charts:

(1) Each year period begins on January 1 and ends on December 31.

(2) In 2009, one Colorado franchise transferred their franchise to Florida. In 2010, one Indiana franchise transferred their franchise to a new Illinois franchisee. These interstate transfers are noted in the second chart (as a transfer in the transferor's state), and also in the third chart under the heading "Ceased Operations-Other Reasons" (for the transferor's state) and "Outlets Opened" (for the transferee's state).

A list of the names of all franchisees and their addresses and telephone numbers are listed as **Exhibit E** to this Disclosure Document. A list of the name and last known city, state and telephone number of every franchisee who has had a MAUI WOWI Business terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during fiscal year 2011 or who has not communicated with us within 10 weeks of the date of this Disclosure Document is listed on **Exhibit F** to this

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

Some franchisees have signed confidentiality clauses during the last three fiscal years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the MAUI WOWI System. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

As of the date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with the MAUI WOWI System.

ITEM 21 FINANCIAL STATEMENTS

Attached to this Disclosure Document as **Exhibit D** are our audited financial statements as of December 31, 2011, 2010, and 2009.

ITEM 22 CONTRACTS

The following agreements regarding the offering of a franchise are attached as exhibits to this Disclosure Document.

Exhibit B	Franchise Agreement with Attachments
Exhibit C	Nondisclosure and Noncompetition Agreement
Exhibit G	Statement of Franchisee

ITEM 23 RECEIPTS

On the last two pages of this Disclosure Document, you will find two copies of the Receipt Page. You must sign, date and deliver one copy of the Receipt Page to us for our records.