



FRANCHISE DISCLOSURE DOCUMENT

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

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

Franchisee Program. The estimated initial investment required to begin operations of a Fresh Healthy Vending franchise ranges from \$119,320 to \$207,820. This amount includes \$112,000 to \$259,000 that you will pay to the Franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Alex Kennedy at 9605 Scranton Road, Suite 350, San Diego, California 92121, telephone (858) 210-4200.

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

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

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

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS APRIL 1, 2013, AS AMENDED ON SEPTEMBER 30, 2013.

STATE COVER PAGE

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

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

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

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

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

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

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

The Effective Date of this Disclosure Document in each State is set forth below.

State	Effective Date	State	Effective Date
California	_____, 2013	North Dakota	April 25, 2013, as amended on _____, 2013
Hawaii	April 12, 2013, as amended on _____, 2013	Rhode Island	April 30, 2013, as amended on _____, 2013
Illinois	April 8, 2013, as amended on _____, 2013	South Dakota	April 5, 2013, as amended on September 30, 2013
Indiana	April 26, 2013, as amended on September 30, 2013	Virginia	April 26, 2013, as amended on _____, 2013
Maryland	_____, 2013, as amended on _____, 2013	Washington	June 4, 2013, as amended on _____, 2013
Michigan	April 26, 2013, as amended on September 30, 2013	Wisconsin	April 5, 2013, as amended on _____, 2013
Minnesota	April 8, 2013, as amended on _____, 2013		
New York	June 18, 2013, as amended on _____, 2013	All States not listed above	September 30, 2013

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

The Franchisor: Fresh Healthy Vending LLC

Fresh Healthy Vending LLC (“**FHV**”) is a California limited liability company that was organized on February 8, 2010. FHV began offering franchises on April 19, 2010. The principal place of business of FHV is 9605 Scranton Road, Suite 350, San Diego, CA 92121. FHV’s agents for service of process are listed in **Exhibit B** to this disclosure document.

To simplify the language used in this disclosure document, the terms “**FHV**” means Fresh Healthy Vending LLC, and the terms “**you**” and “**franchisee**” means the person who purchases a franchise from FHV. If you are a corporation, partnership, limited liability company, or other entity, “**you**” may also refer to the owners of a non-individual franchisee.

FHV does business only under the name Fresh Healthy Vending LLC. FHV and its affiliates also operate businesses in California similar to the businesses that FHV franchises. FHV does not and has not offered franchises for sale in any other line of business. FHV has no other business activities, nor does FHV do business under any other name.

FHV’s Parents, Predecessors, and Affiliates

FHV was originally formed by FHV Holdings Corp. (“**FHV Holdings**”), which has its principal business address at 6577 Mira Mesa Blvd., #123-158, San Diego, CA 92121. At the time of FHV’s formation, FHV’s common membership units were owned by Jolly Backer (an employee of FHV Holdings), while the preferred units were held by FHV Holdings itself. In May 2013, FHV Holdings bought out the interests of Mr. Backer, and Mr. Backer no longer owns any interest in FHV.

FHV Holdings was originally formed under the name YoNaturals Incorporated in April 2006. From 2006 to 2009 (under the name YoNaturals), FHV Holdings was a supplier of healthy products and vending machines for those machines. The name of the company was changed from YoNaturals Incorporated to FHV Holdings in August 2010 (at around the same time that FHV was formed and began franchising).

Although he was not an owner of FHV Holdings at the time of its formation, Nicholas Yates began purchasing stock in FHV Holdings at about the time that FHV Holdings formed FHV and began selling franchises. Mr. Yates now owns all of the stock in FHV Holdings. Before his involvement with FHV Holdings, Mr. Yates had experience operating a similar business in Australia that operated under the name “Healthy Vending Pty. Ltd. Australia.” Mr. Yates owned that company from December 2002 until December 2005.

FHV and FHV’s parent company engaged in a series of transactions in 2013 designed to render the overall business publicly-traded. To accomplish this, Fresh Healthy Vending International (“**FHV International**”), which was then known as “Green 4 Media, Inc.,” a Nevada corporation traded on the over-the-counter stock market, formed a subsidiary named FHV Acquisitions Corp. a California corporation (“**FHV Acquisitions**”) in June 2013. Then, in July 2013, the reorganization was completed. FHV became a wholly-owned subsidiary of FHV Acquisitions, and FHV Holdings became the majority shareholder of FHV International. FHV International trades on the over-the-counter market under the ticker symbol “VEEP.”

As a result of these transactions, FHV Acquisitions, FHV International, and FHV Holdings are each considered to be FHV’s “parent companies.” The principal business addresses of FHV

Acquisitions and FHV International are the same as FHV's address (9605 Scranton Road, Suite 350, San Diego, CA 92121).

None of FHV Holdings, FHV International, or FHV Acquisitions has ever sold franchises in any line of business, and none of them provides goods or services to FHV's franchisees. FHV Acquisitions operates vending machine businesses similar to the businesses that FHV franchises. Those businesses are described in this disclosure document as "company owned" businesses, even though they are operated by FHV's affiliate instead of by FHV directly.

Except for FHV Holdings, FHV International, and FHV Acquisitions, FHV has no "affiliates" (that is, companies controlling, controlled by, or under common control with FHV) that need to be disclosed in this Item 1.

The Fresh Healthy Vending Franchise

FHV offers franchises for the right to purchase, operate, service, maintain, repair, clean, and restock vending machines. The businesses that FHV franchises (each, a "**Franchised Business**") are identified by trademarks, trade names, service marks, designs, emblems, logos, graphics, slogans, trade dress, and commercial symbols including the service mark "**Fresh Healthy Vending**" (the "**Marks**"). The Franchised Businesses use a format and method of operating that is characterized by the Marks, specifications for vending machine equipment and uniforms, defined product offerings, standard operating and administrative procedures, and management and technical training programs (which are described in this disclosure document as FHV's "**System**").

FHV offers, and awards to qualified applicants, a franchise to own and operate a minimum number of snack and beverage vending machines that are identified by the Marks and that are located in facilities such as business offices, hotels, hospitals, secondary schools, colleges and universities, and office and in-plant food service facilities. The machines operated by Franchised Businesses all dispense a variety of snack food and beverage products, such as juices, smoothies, drinks, yogurts, fresh fruits, fresh vegetables, and popular chips and bars ("**Snack Products**"). The Snack Products that FHV approves for sale generally fall in the "better for you" category because they are healthier (such as being lower in salt and fats), natural, and/or organic.

At this time, FHV has approved three types of vending machines for use in Franchised Businesses. FHV's basic vending machine is a "**Healthy Vending Combo Machine**." Because not all Snack Products require refrigeration, the Healthy Vending Combo Machines are equipped with dual-zone temperature-controlled snack and drink vending features to dispense a variety of refrigerated and non-refrigerated Snack Products. "**Healthy Vending Touch Machines**" sell the same types of Snack Products but have touch screens. Finally, "**Healthy Vending Café Machines**" sell the same types of Snack Products and also dispense freshly-prepared hot coffee and tea products.

As described in more detail later in this disclosure document, if you purchase a Franchised Business, you must agree to purchase a minimum of 10 vending machines. Generally, you can purchase your chosen mixture of machines, except that if you choose to purchase any Healthy Vending Café Machines as part of your purchase, you must purchase at least three Healthy Vending Café Machines, and if you choose to purchase any Healthy Vending Touch Machines as part of your purchase, you must purchase at least three Healthy Vending Touch Machines. Also, as described in more detail later in this disclosure document, you will need inventory space (in addition to the vending machines), and a vehicle to service and resupply your vending machines.

To acquire a franchise, you will sign a franchise agreement (in the form of **Exhibit A**). You will conduct your Franchised Business at sites that FHV will provide or that you will obtain with FHV's prior approval (the "**Locations**") within a specified geographic area (your "**Territory**"). Your Territory will be described in an exhibit to your Franchise Agreement. You and FHV will agree on your Territory at the time you sign your franchise agreement, based on the factors discussed later in this disclosure document. Franchisees may be individuals or may be entities that meet FHV's then-current requirements for non-individual franchisees. These requirements generally include personal guarantees from some or all of the individuals holding an equity interest in the franchise.

Competition

The market for the Franchised Business is the general public, is well-developed, and is non-seasonal. Although FHV and its franchisees focus more on the "better for you" segment of the market, your competitors will include all national and local chain vending companies that operate vending machines and provide institutional food service facilities, as well as other refreshment services, convenience stores, coffee retailers, quick service restaurants, and fast food chains. As with any business enterprise, there is no assurance of your success.

Special Industry Regulation

The (federal) Food and Drug Administration regulates labels on and advertising of food products, and your Franchised Business must comply with the FDA regulations, although it is typically the case that any labels on the products sold through your vending machines will have been supplied by the product's manufacturer. Although FHV is not specifically aware of any state or local regulation of these matters, it is possible that those types of laws may be passed over the life of your franchise agreement.

Additionally, if any health permits or other state, county, or local permits are necessary to operate the Vending Machines, you will be required to obtain those permits (at this time, FHV is not aware of any state or local requirements of this type).

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

ITEM 2 BUSINESS EXPERIENCE

Chief Executive Officer:

Alex Kennedy

Ms. Kennedy became FHV's Chief Executive Officer on February 1, 2013. Previously, Ms. Kennedy served as FHV's Vice President of Franchise Development from December 2011 to February 2013. Since June 2013, Ms. Kennedy has also served as CEO and a member of the Board of Directors of FHV's parent company, FHV International, and as that company's interim Chief Financial Officer since September 2013. Ms. Kennedy worked for one of FHV's affiliates from September 2007 to April 2010, when she was the President of Business Development for what is

now FHV's parent company, FHV Holdings (then known as YoNaturals, Inc.) in Solano Beach, California.

From October 2004 to the present, Ms. Kennedy has also been licensed as a Realtor in San Diego, California. Ms. Kennedy served on the Arbitration Board for the North County San Diego Association of Realtors from 2007 to 2011 in San Diego County, California.

Vice President of Franchise Operations:

Maria Truong

Ms. Truong became FHV's Vice President of Franchise Operations on June 19, 2012. Previously, Ms. Truong had served as FHV's General Manager in San Diego, California, from April 2010 to June 2012 and as the General Manager for what is now FHV's parent company, FHV Holdings (then known as YoNaturals, Inc.) in Solano Beach, California, since October 2007.

Franchisee Coach:

Abby Hanneman

Ms. Hanneman joined FHV in April 2012 as a franchisee coach, training FHV's new franchisees and assisting FHV's franchisees with their operational issues. From July 2011 to April 2012, Ms. Hanneman served as FHV's Territory Manager in San Diego, California.

Additionally, from January 2007 to the present, Ms. Hanneman has served as one of the co-founders and owners of JakNative, Inc., in Encinitas, California. JakNative is the distributor of Mayesa, a dairy-free, soy-free, gluten-free beverage made from organic cacao.

Vice President of Corporate Operations, FHV International

Nicholas Yates

Mr. Yates has been Vice President of Corporate Operations for FHV International since July 15, 2013, from which position he focuses on the development of "company-owned" businesses operated by FHV Acquisitions. Mr. Yates has also served as a member of the Board of Directors of FHV International since the reorganization in July 2013.

In addition to his formal positions with FHV International, Mr. Yates has been the sole owner of FHV Holdings (the controlling shareholder of FHV International) since March 1, 2012, which gives him practical control over all of the activities of FHV Holdings, FHV International, FHV Acquisitions, and FHV. In that role, he serves (on an as-needed basis) as an advisor to FHV's Chief Executive Officer in San Diego, California, providing (among other things) advice on marketing, general and industry knowledge, and the development of strategies and infrastructure to support the vending machine business, as well as administrative back-up and guidance to company staff.

As noted in Item 1, Mr. Yates was the founder, creator, and manager of Healthy Vending Pty. Ltd. Australia (the world's first healthy vending machine business) from December 2002 to December 2005.

Director, FHV International

Steven Finley

Mr. Finley joined the Board of Directors of FHV International in August 2013.

Mr. Finley graduated with a degree in Physiology from Southern Illinois University at Carbondale in 1987. From 1987 through June 2007, Mr. Finley was a major league baseball player for teams including the Houston Astros, San Diego Padres, and Arizona Diamondbacks, winning five gold gloves, appearing in two All-Star games and winning a World Series with the Arizona Diamondbacks in 2001. Throughout his career Mr. Finley was known for his physical fitness programs which enabled him to play until his retirement in 2007 at age 42. Since late 2009, Mr. Finley has also provided business development services for Apheta, a life insurance brokerage company based in Los Angeles providing advance planning services for

high net worth individuals and athletes, and GS Levine insurance services, a property/casualty and commercial insurance brokerage company based in San Diego. .

ITEM 3 LITIGATION

Pending Litigation

None.

Franchisor-Initiated Litigation

None in the fiscal year immediately preceding the date of this disclosure document.

Currently-Effective Injunctive Orders

In Re: California Corporations Commissioner v Fresh Healthy Vending LLC, California Department of Corporations, File No. 993-6326, Order entered March 18, 2013.

FHV entered into a Settlement Agreement in this case with the State of California, Department of Corporations (the “DoC”), which is now known as the Department of Business Organizations. The DoC had alleged that FHV failed to notify the DoC concerning material changes in the information contained in FHV’s 2010 disclosure document, and that FHV failed to disclose information concerning FHV’s predecessor and parent companies, two of FHV’s principals who had management responsibilities, litigation history alleging fraud and deceptive practices, and bankruptcy history of an officer and two principals with management responsibilities. Without admitting or denying the allegations made by the DoC, FHV agreed to entry of an order (a) that retroactively revoked the effectiveness of FHV’s franchise registrations for 2010 and 2011, (b) that denied the effectiveness of FHV’s registration for 2012, (c) that requires FHV (on a continuing basis) to desist and refrain from making material misrepresentations or omissions in franchise registration applications filed with the DoC and to notify the DoC of any material changes that are made to FHV’s registered franchise offers, and (d) that required FHV to extend a one-time offer of rescission (refund of initial fees and repurchase of vending machines at depreciated value) to all of FHV’s franchisees in California. FHV also agreed, as part of the settlement, to waive FHV’s rights to a hearing and judicial review of this matter. Since the date of that settlement, FHV offered rescission to all of FHV’s franchisees in California; none of those franchisees chose to accept FHV’s offer, although one franchisee (Mr. Horn; see the case described below) brought a separate lawsuit against FHV for rescission.

In Re: Violation of the Washington Investment Protection Act by Fresh Healthy Vending LLC and Jolly Backer, Washington Department of Financial Institutions, Order S-11-0712-12-CO01 (May 24, 2012).

In this case, the Securities Division of the Washington Department of Financial Institutions alleged that FHV and Mr. Backer, the former Chairman of FHV’s Board of Directors, (a) made inaccurate or incomplete disclosures in FHV’s 2010 and 2011 Franchise Disclosure Documents regarding FHV’s business experience and the business experience of FHV’s directors and managers, regarding the litigation history of Mark Trotter (a former shareholder of FHV Holdings), and Mr. Yates, regarding the bankruptcy history of Mr. Backer, and regarding the relationship between FHV, FHV Holdings, Mr. Yates, and Mr. Trotter; (b) solicited the sale of franchises in Washington using inaccurate or incomplete franchise disclosure documents or franchise disclosure documents that had not yet been registered; and (c) sold at least one franchise in the State of Washington using an inaccurate franchise disclosure document. Without admitting or denying the State’s findings of fact or conclusions of law, FHV and Mr. Backer

agreed in the Consent Order to cease and desist from the offer and sale of franchises in violation of the Washington Franchise Investment Protection Act, to pay the Securities Division \$5,000 for its costs of investigation of the matter, and to waive all rights to a hearing and judicial review of this matter.

In Re: Violation of the Washington Business Opportunity Fraud Act by Mark Trotter, Nicholas Franklyn Yates, and FHV Holdings Corp. (f/k/a YoNaturals Incorporated), Washington Department of Financial Institutions, Order S-12-0911-12-CO01 (May 30, 2012).

In this case, the Securities Division of the Washington Department of Financial Institutions alleged that, between 2007 and 2009, FHV Holdings, Mr. Yates, and Mr. Trotter offered and sold business opportunities in Washington without a registered disclosure document and without providing a disclosure document to the purchasers of those business opportunities. Without admitting or denying the State's findings of fact or conclusions of law, FHV Holdings, Mr. Yates, and Mr. Trotter agreed to cease and desist from the offer and sale of business opportunities in violation of the Business Opportunity Fraud Act of the State of Washington, to pay the Securities Division \$3,000 for its costs of investigation of the matter, and to waive all rights to a hearing and judicial review of this matter.

Australian Competition and Consumer Commission v. Global Prepaid Communications Pty Ltd, In Touch Networks Pty Ltd, Nicholas Yates, Frank Yates, Nicholas Rhodin, Daniel Albert, and Russell Fielding (Case No. NSD 328 of 2003, Federal Court of Australia, New South Wales District Registry filed June 30, 2003).

These cases were brought by the Australian Competition and Consumer Commission under Sections 51A and 52 of the Trade Practices Act of 1974 and the Trade Practices (Industry Codes-Franchising) Regulations 1998, alleging that Mr. Yates and the other respondents (defendants) engaged in misleading and deceptive conduct in the operation of a business that sold pre-paid telephone cards. A default judgment was entered in favor of the Australian Competition and Consumer Commission and against several respondents (defendants), including Mr. Yates, on February 27, 2006, for AUD \$3,538,243.94 (approximately US \$3,725,000) and on June 5, 2008, for AUD \$1,077,673.13 (approximately US \$1,139,000). Mr. Yates' liability with respect to these judgments was discharged as part of Mr. Yates' bankruptcy (which is described in Item 4).

Resolved Litigation

Ross Horn v. Fresh Healthy Vending, LLC, Fresh Healthy Vending Holding Company, Inc., Nicholas Yates, Mark Trotter, Jolly Backer, Todd William London, and Maria Truong, (Case No. 37-2013-00057717- CU-CO-CTL, Superior Court of California, County of San Diego; filed July 16, 2013).

Mr. Horn, one of FHV's franchisees, filed a complaint against FHV and several of FHV's current and former officers, for rescission of his franchise agreement and for restitution and damages, alleging violations of the California Franchise Investment Law in connection with his purchase of his franchise in October 2011. Before FHV filed an answer to this lawsuit, FHV entered into a settlement with Mr. Horn, as a result of which FHV will give Mr. Horn substantially the same relief as the rescission offer that FHV made to FHV's other franchisees in California (see discussion above concerning the California Department of Corporations).

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

ITEM 4 BANKRUPTCY

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

Nicholas Yates, the Vice President of Company Operations for FHV International, filed a Debtor's Petition with the Australian Financial Security authority (then known as the Insolvency and Trustee Service Australia) on March 30, 2007, to declare himself bankrupt. On March 31, 2010, his debts were discharged.

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

ITEM 5 INITIAL FEES

In this Item 5, FHV describe as "Initial Fees" all amounts that you pay to FHV (or any of FHV's affiliates) before you open for business. This does not include amounts that you pay to others before you open (for a discussion of those amounts, see Item 7), nor does it include payments that you make to FHV or FHV's affiliates after you open (which are discussed in Item 6).

There are two types of payments that you make to FHV before you open. You will pay FHV an "Initial Franchise Fee," which is an amount of money to obtain the franchise agreement, and you will buy vending machines from FHV.

Initial Franchise Fees

You will pay FHV an initial franchise fee of \$1,000 per Vending Machine (the "**Initial Franchise Fee**"), in addition to the purchase price for the vending machines you buy from FHV. The Initial Franchise Fee is fully earned by FHV when paid and is not refundable under any circumstances.

Vending Machines

When you sign your franchise agreement, you will agree to purchase a minimum of ten vending machines from FHV before you open for business.

In some circumstances, you will be granted an "exclusive" territory, contingent on an agreement by you to buy additional vending machines by agreed deadlines during the term of your franchise agreement. See Item 12 for more detail.

At this time, FHV offer for sale three types of vending machines: (a) Healthy Vending Combo Machines, which are equipped with dual-zone temperature-controlled combo snack and drink vending features that dispense a variety of refrigerated and non-refrigerated snack products, such as juices, smoothies, drinks, yogurts, fresh fruits, fresh vegetables, and popular chips and bars; (b) Healthy Vending Touch Machines, which sell the same types of snack products but have large (46") touch screens on the front of the machine; and (c) Healthy Vending Café Machines, which sell the same types of snack products but also dispense freshly-prepared hot coffee and tea products. Generally, you can purchase your chosen mixture of machines, except that if you choose to purchase any Healthy Vending Touch Machines as part of your purchase, you must purchase at least three Healthy Vending Touch Machines, and if you choose to purchase any Healthy Vending Café Machines as part of your purchase, you must purchase at least three Healthy Vending Café Machines.

On the date of this disclosure document, the basic purchase price for a Healthy Vending Combo Machine is \$10,000; the basic purchase price for a Healthy Vending Touch Machine or a Healthy Vending Café Machine is \$14,500. If you buy more than 10 units of any type of vending machine, FHV will give you a discount on the eleventh and additional machines of the same type purchased over the life of your franchise agreement. For the 11th through 19th machines of any type, the discount is \$250 per machine (*note*: you still pay the full price on the first 10 machines). For the 20th through 29th machines of any type, the discount is \$500 per machine (you pay full price for

the first 10 machines, get a \$250 discount on the 11th through 19th machines, and get a \$500 discount on the 20th through 29th machines). If you buy more than 30 units of any type of machine, the discount on the 30th and all later machines is \$750. The following chart illustrates these prices.

	1 to 10 machines	11 to 19 machines	20 to 29 machines	30+ machines
Price per Healthy Vending Combo Machine	\$10,000 (\$100,000 for 10 machines)	\$100,000 for first 10 machines, plus \$9,750 for each additional machine	\$187,750 for first 19 machines, plus \$9,500 each for additional machine	\$282,750 for first 29 machines, plus \$9,250 for each additional machine
Price per Healthy Vending Touch Machine	\$14,500 (\$145,000 for 10 machines)	\$145,000 for first 10 machines, plus \$14,250 for each additional machine	\$273,250 for first 19 machines, plus \$14,000 for each additional machine	\$413,250 for first 29 machines, plus \$13,750 for each additional machine
Price per Healthy Vending Café Machine	\$14,500 (\$145,000 for 10 machines)	\$145,000 for first 10 machines, plus \$14,250 for each additional machine	\$273,250 for first 19 machines, plus \$14,000 for each additional machine	\$413,250 for first 29 machines, plus \$13,750 for each additional machine

The purchase prices for all vending machines (as well as the applicable discounts) will apply throughout the term of your franchise agreement, even if we raise prices to new franchisees.

Payment of Initial Fees

The Initial Franchise Fee is payable in full when you sign the franchise agreement.

You have two options for paying the purchase price for the vending machines. You may elect to pay the purchase price in full when you sign your Franchise Agreement. If you do not pay the entire purchase price in full, then you must pay FHV a non-refundable deposit for the vending machines equal to 40% of the purchase price when you sign your franchise agreement and then pay FHV the remaining 60% of the purchase price before the scheduled delivery date for the vending machines. FHV will not deliver the machines until they have been paid for in full.

The purchase price for the vending machines is fully earned by FHV when paid and is not refundable under any circumstances. Except for the discount program described above (which is uniform for all franchisees), the purchase price for all vending machines is uniform for all franchises that FHV offer.

Different Fees

FHV may reduce, finance, defer, or waive the Initial Franchise Fee, and reduce, otherwise finance, or defer the purchase price for the vending machines if FHV determines, in FHV's sole discretion, that doing so is warranted by a unique or compelling situation. Initial Franchise Fees paid to FHV in 2012 ranged from \$0 to \$30,000.

ITEM 6 OTHER FEES

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty fee	6% of the Monthly Gross Revenue of each vending machine.	10 th day of each month, for sales during the immediately-preceding month.	"Monthly Gross Revenue" means all funds deposited into a vending machine during a month for the purchase of products from the vending machine.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Advertising fee	\$75 per vending machine	The anniversary date of the date you sign the franchise agreement, each year during the term of your franchise agreement.	You will pay FHV an annual advertising fee for each vending machine that you own.
Remedial training	\$1,000 per day	Upon demand	FHV may provide you with a remedial training program if FHV determines that you are not in compliance with the terms of your franchise agreement after providing you with written notice and an opportunity to cure. You will be responsible for all expenses incurred to send your employees to the remedial training program such as the costs for transportation, lodging, meals, training materials, and any wages.
Gross-up fees	To be determined	Upon demand	If you pay FHV by credit card, then to insure that FHV receives the full Royalty Fees to which FHV is entitled, you will pay FHV the amount of credit card service charges paid by FHV to accept credit card payments from you.
Interest on Late Payments	Greater of 10% or the maximum rate permitted by law	Upon demand	FHV may charge interest on late payments.
Additional initial training program fee	\$250 per person	Upon demand	Payable if you send more than 2 trainees to the initial training program.
Additional training fee	\$250 per person	Upon demand	Payable for additional training courses after completion of the initial training program.
Franchisee conference fee	\$500 per person	45 days before the franchisee conference	In addition to the \$500 fee, you are also responsible for all expenses you incur to send attendees to the franchisee conference.
Additional vending machines (includes coin mechanism, bill acceptor, graphics kits, cashless payment system, and lightbox (machine signage)).	\$9,250 to \$14,500 per vending machine. See Item 5 for prices and quantity discounts for various types of machines.	Minimum 40% at time order placed; balance due before machine is installed.	<p>If you purchase additional vending machines, you will purchase them from FHV.</p> <p>The purchase price for each additional vending machines is \$10,000 to \$14,500, for individual machines (depending upon the type of machine you purchase), with discounts available for purchasing larger quantities.</p>

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Dispute resolution expenses	Costs and attorney's fees vary	Upon determination of prevailing party	If you and FHV are involved in litigation, the "prevailing party" is entitled to reimbursement of reasonable legal fees.
Additional graphics kits	\$350	Upon demand	You will receive a graphics kit with each vending machine without charge. You only pay for additional graphics kits.
Indemnification	Payment of FHV's losses and expenses	Upon demand	You must indemnify FHV for claims relating to your operations.
Insurance	Amount of unpaid premiums	Upon demand	Payable only if you fail to maintain required insurance coverage and FHV elects to obtain coverage for you.
Location commissions	0% to 25% of a Vending Machine's monthly net profits	Monthly	Based on the monthly net profits of the vending machines. Payable to site owners, not FHV.
Relocation Fee	\$750 per vending machine (does not include the delivery fee); \$375 payable upon relocation request and \$375 payable upon secured relocation)	Upon demand	You may relocate your vending machines only with FHV's prior written approval. For each ten vending machines you have purchased, there is no charge for relocating up to two vending machines. If you wish to relocate additional vending machines, you must pay this relocation fee.
Management fee	\$75 per Vending Machine per day	Upon demand	If FHV issue a notice of default to you and manages your locations until you cure your defaults, you must pay FHV this fee to reimburse FHV's expenses (including compensation, travel, and living expenses) while FHV manages your locations.
Manual replacement fee	\$100	Upon demand	Payable if you lose or misplace manuals.
Successor fee – Franchise Agreement	\$5,000	When you sign a successor Franchise Agreement	The successor fee is in lieu of an initial franchise fee.
Storage facility lease	\$0 - \$500 per month	As agreed with lessor	You are not required to lease a storage unit if local laws allow for products to be stored at your residence.
Technical service fees (outside of warranty period)	\$120 per hour	Upon demand	
Transfer fee	\$5,000 plus FHV's attorneys' fees associated with the transfer	Before transfer	Payable if you transfer/assign your franchise.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Freight/delivery fee	\$120 per hour	Upon demand	You will pay a delivery fee for the physical move for each relocation. This fee is estimated and paid directly to your local distributor or to any reputable, experienced, and insured mover that you choose.

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

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT (Note 1)

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 2)	\$10,000	Lump sum	When you sign the Franchise Agreement	FHV
Purchase Price for Vending Machines (Note 3)	\$100,000 to \$145,000	Lump sums	At least 40% when you sign Franchise Agreement, rest before delivery.	FHV
Travel and Living Expenses While Training (Note 4)	\$0 to \$2,000	As incurred	During training	Airlines, hotels, restaurants
Storage Unit (Note 5)	\$0 to \$500	Monthly	As determined by lease	Lessor
Equipment (Note 6)	\$1,200 to \$5,000	Lump sum	Before opening	Vendors
Internet account (see Note 7)	\$0 - \$50	Monthly or quarterly	Before opening	Service Provider
Deposits and Other Permits and Fees (Note 8)	\$0 to \$1,000	As incurred	Before opening	Various third parties
Insurance (Note 9)	\$350 to \$3,000	Annually	Before opening	Third parties
Vehicle (Note 10)	\$0 to \$750	Monthly	Before opening	Vendor/Lessor
Customized Vehicle Graphics (Note 11)	\$0 to \$3,000	As incurred	Before opening	Vendor
Professional (legal and accounting) Fees (Note 12)	\$0 to \$1,500	As incurred	Upon demand	Third parties

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Opening Inventory (Note 13)	\$2,000 to \$4,000	As incurred	As incurred	Vendors or FHV
Coin Float (Note 14)	\$770	As incurred	As incurred	Banks
Additional Funds – 3 months (Note 15)	\$5,000 to \$30,000	As incurred	As incurred	Various
Total (Note 16)	\$119,320 - \$207,820			

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

NOTES TO ITEM 7:

(1) As described in Item 5, you must commit to purchase a minimum of 10 vending machines from FHV when you buy your franchise. All amounts in this Item 7 assume that you elect to purchase 10 vending machines, although you are free to purchase as many more as you desire. If you choose to purchase more than 10 machines, substantially all of your costs will increase; the notes to this Item 7 explain that.

(2) The Initial Franchise Fee is \$1,000 per machine, and is fully earned by FHV when paid and is not refundable under any circumstances. If you choose to purchase more than 10 machines, this amount will go up by \$1,000 per additional machine.

(3) When you sign your Franchise Agreement, you will agree to purchase a minimum of 10 vending machines from FHV. The base price of the vending machines is \$10,000 for a “Healthy Vending Combo” machine and \$14,500 for a “Healthy Vending Café” machine or a “Healthy Vending Touch” machine. There are discounts available (as described in Item 5) if you purchase more than 10 of a particular type of vending machine. The low cost in this table is for 10 Healthy Vending Combo machines; the high estimate is for 10 Healthy Vending Café machines or 10 Healthy Vending Touch machines. If you purchase more than 10 machines, your costs will increase.

When you sign your Franchise Agreement and decide how many vending machines you wish to buy, you will pay FHV a non-refundable deposit for the vending machines equal to at least 40% of the purchase price of the vending machines you commit to buy. You must pay FHV the remainder of the Purchase Price before the delivery of the vending machines. You may elect to pay the purchase price in full when you sign your Franchise Agreement.

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

- (5) You will need adequate storage space for the products you will use to stock your vending machines. You may store your inventory at your home or in your vehicle or rent a storage facility from a third party. In any event, your storage arrangement may not violate any applicable laws, regulations, or zoning restrictions and must conform to FHV's requirements for a storage facility. Your costs may vary considerably depending on the size, condition, and location of the leased storage facility, local building and fire code requirements, and requirements of the lease. In addition to storage space, you will need access to a location where the products can be delivered, that is acceptable to the suppliers and distributors for the vending machine products.
- (6) This estimate covers a portable cold storage unit (which cost ranges from \$1,200 to \$3,000 if purchased new; less for used) for your vehicle, a mobile telephone, computer equipment, a printer, a fax machine, a note and coin counter, and uniforms for you and your employees.
- (7) You will need to obtain and maintain an Internet account to send and receive email.
- (8) This estimate includes amounts for security deposits, utility deposits, business licenses, permits, health permits, and other prepaid expenses.
- (9) This estimate covers your cost of general liability insurance, workers compensation insurance, and automobile insurance premiums. See Item 8 for full requirements.
- (10) Unless you already own or otherwise have access to a small sports utility vehicle, hatchback car, or other midsize or large vehicle, you will need to acquire a vehicle for the transportation of your inventory. The cost estimate for your vehicle varies based on the make and model of your vehicle, and whether you currently own, lease, or purchase your vehicle. The estimates above are based upon leasing a vehicle of the types listed above, if you do not own one already.
- (11) This estimate is for the recommended signs for your vehicle (which may be in the form of a vehicle "wrap"). Signage is advisable for all franchisees, and may be required by some customers to allow access to the locations of your machines.
- (12) If you choose to set up an entity (such as a corporation or LLC) to operate your franchise business, you may need assistance from a lawyer. Whether or not you set up an entity, you may want assistance from an accountant with your record-keeping. Note, however, that these figures *do not include* costs for you to have an attorney or accountant review and advise you on this disclosure document (which is a cost that you will incur before you sign the Franchise Agreement).
- (13) This estimate is based on an inventory cost estimate of \$200 to \$400 per vending machine, for 10 machines. You may purchase inventory from FHV or other suppliers. If you choose to buy from FHV, all payments for inventory must be made by EFT before the delivery date of the products.
- (14) This estimate is based on coin/bill float of approximately \$77 per vending machine, for 10 machines. This is not a payment. It is cash that you must keep circulating in each vending machine to provide change to customers.
- (15) The franchise disclosure laws require FHV to include an estimate of all costs and expenses to operate the franchised business during the "initial phase" of the business, which current law defines as at least three months or a reasonable period for the industry. FHV is not aware of any established longer "reasonable period" for the vending machine industry, so FHV's disclosures cover a three-month period.

New businesses often have larger expenses than revenues, and this additional funds category is an estimate of the funds needed to cover certain business expenses during the first three months of operation of the business. The additional funds that FHV estimates you may need will vary considerably from one franchisee to the next based on a variety of factors, including the number of vending machines you choose to buy, the number of employees you chose to hire (along with the salary and other benefits you choose to pay to those employees); the extent you will be actively involved in operations; your skill, experience, business acumen, and credit rating; how much you follow FHV's recommended systems and procedures; local competition; local economic conditions, including rent and wage scales; the cost of supplies; and the actual sales levels that you achieve during the initial three-month period. Payroll expenses included in the estimate of additional funds cover all operating employees, but do not include any allowance for a draw or salary to you.

The "additional funds" category is not the only source of cash, but is in addition to cash flow from operations. FHV cannot estimate your cash flow from operations and encourage you to speak with existing franchisees to evaluate this on your own. You should not assume that cash flow from operations after the first three months will necessarily be sufficient to pay all operating expenses. FHV does not project your break-even point or when you might reach it; you must investigate and make your own calculations. FHV has made no provision for capital or other reserve funds necessary for you to reach "break-even" or any other financial position. In addition, the estimates presented relate only to costs associated with the franchised business and do not cover any personal, "living" or other expenses.

FHV anticipates you will use the additional funds to defray miscellaneous and incidental operating costs like inventory, employee and management expenses/benefits, utilities, recruitment and training costs, donations and discounts, bank charges, and outside services. This is only an estimate. FHV does not guarantee that the amounts specified will be adequate. You may need substantial additional funds both during the three months of initial operation and afterwards.

The estimate of Additional Funds *excludes* payments of Royalty Fees, and rent to the site owner, since these amounts will depend upon your actual Gross Sales. FHV does not project what your actual Gross Sales will be; however, you should allow for these expenses in your own calculations.

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

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

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Vending Machines

You must purchase all vending machines from FHV, because FHV is the only approved supplier for the vending machines. There are no other products or services for which FHV is the sole supplier.

Once you have purchased the vending machines from FHV, you are responsible to maintain the vending machines (yourself or through the services of third parties). You may purchase parts for the vending machines from any supplier of your choice, if the parts and the workmanship meet FHV's standards as set out in FHV's Manuals.

Products for Vending

All products that you offer for sale in your vending machines must be approved by FHV, because maintaining the quality and uniformity of the products offered in the branded vending machines is central to the reputation, goodwill, and value of the Fresh Healthy Vending System. You may purchase approved products from any vendor that you choose. FHV may change the list of products, and/or suppliers at any time.

FHV will periodically distribute to franchisees a list of approved products. If you wish to stock your vending machines with products other than those included in the list of approved products, you must apply to FHV for permission. Generally, FHV will approve any additional products provided that the products are natural and of the same or equal quality as the products already approved by FHV. FHV may request that you or the proposed supplier of the product furnish to FHV product samples and other information that FHV may require, at no cost to FHV, so that FHV can confirm that the proposed new products meet FHV's standards. FHV will approve or disapprove the proposed new products within two business days after FHV receives the samples and all other requested information.

While FHV act as a distributor of most approved products, you are not required to purchase your approved products from FHV.

Uniforms

You must purchase uniforms for yourself and your employees from FHV or a supplier approved by FHV.

Our Revenue from Purchases

For FHV's fiscal year ended December 31, 2012, FHV had revenue of \$11,494,304 from sales to franchisees (primarily from sales of vending machines and inventory items). In addition, FHV received \$121,840 in rebates from vendors based upon franchisees' purchases of products (FHV credited half of FHV's rebate income to franchisees against the franchisees' costs for snack products). The total of those amounts equals 93% of FHV's total revenue for 2012 of \$12,363,473, based on FHV's most recent audited financial statements.

FHV estimate that your required purchases described in this Item, including vending machines, will represent approximately 85% of your cost to acquire the franchised business. FHV estimate that the required purchases described in this Item represent approximately 5% of your cost to operate your franchised business on an ongoing basis.

FHV has negotiated purchase agreements with suppliers of Products for the benefit of FHV's franchisees, and anticipate that FHV will negotiate additional agreements with other suppliers. FHV does not provide material benefits to a franchisee based on a franchisee's use of approved suppliers.

Purchasing Co-Ops

Presently there are no purchasing or distribution co-ops for FHV's franchisees.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION(S) IN FRANCHISE AGREEMENT	ITEMS IN DISCLOSURE DOCUMENT
a. Site selection and acquisition/lease	Section 2.1	Items 7 and 8
b. Pre-opening purchases	Sections 5.1 and 8.1	Items 7, 8 and 11
c. Site development and other pre-opening requirements	Not Applicable	Items 7, 11 and 16
d. Initial and ongoing training	Section 6.1	Item 11
e. Opening	Section 5.1	Item 11
f. Fees	Sections 4, 5.1, 18.3	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	Sections 7, 8.1, 8.2, 8.5. 8.9	Item 11
h. Trademarks and proprietary information	Sections 10, 12	Items 13 and 14
i. Restrictions on Products/services offered	Section 8.1	Items 8 and 16
j. Warranty and customer service requirements	Sections 8.3	Item 11
k. Territorial Development and sales quotas	Section 8.5	Item 12 and 16
l. Ongoing Product/service purchases	Sections 5.3, 8.1	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	Sections 8.10, 8.11, 8.12, 8.15	Item 11
n. Insurance	Section 9	Items 7 and 8
o. Advertising	Section 11	Items 6, 7 and 11
p. Indemnification	Section 16	Item 6
q. Owner's participation/management/staffing	Section 8.6	Item 15
r. Records and reports	Sections 8.12, 8.15	Item 6
s. Inspections and audits	Sections 8.8, 8.17	Item 6
t. Transfer	Section 15	Items 6 and 17
u. Renewal	Section 3.2	Items 6 and 17
v. Post-termination obligations	Section 14	Item 17
w. Non-competition covenants	Section 8.6, 14.3	Item 17
x. Dispute resolution	Section 17	Item 17
y. Security Interest	Not Applicable	Not Applicable

ITEM 10 FINANCING

You may pay FHV a non-refundable deposit of at least 40% of the purchase price for your vending machines when you sign your franchise agreement and must pay FHV the remaining balance before your vending machines are delivered.

With this exception, FHV does not offer direct or indirect financing to you or guarantee any note, lease, or obligation of yours in connection with the purchase or establishment of the franchised business.

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

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

Before you begin operating your franchised business, FHV will:

- (1) Designate your protected territory, if any. (**Franchise Agreement, Section 2.1 and Exhibit A**).
- (2) Sell you your vending machines. (**Franchise Agreement, Section 5 and Exhibit B**).
- (3) Provide you or your representative (if you are an entity) with FHV's initial training program. (**Franchise Agreement, Section 6.1**).
- (4) Obtain locations for you. (**Franchise Agreement, Section 2.1**).
- (5) Lend you a copy of, or provide access to, the Manuals for operating the franchised business. The Manuals contain FHV's standard operational procedures, policies, rules, and regulations with which you will comply. (**Franchise Agreement, Section 7**).
- (6) Provide you a list of products currently approved for sale in your vending machines. The list of products approved for sale in your vending machines is subject to change.
- (7) Sell you the products (inventory) for your vending machines. (**Franchise Agreement, Section 8.1**). FHV reserves the right to accept or reject, in whole or in part, any order you place.

FHV's pre-opening obligations are completed once FHV has provided you with these services, the Manuals, and FHV's current list of approved products.

During the operation of your Franchised Business, FHV will:

- (1) Provide refresher and additional training courses (described in greater detail later in this Item) which you or your representative (if you are an entity) may attend. (**Franchise Agreement, Section 6.2**).
- (2) Provide you with revisions and updates to FHV's Manuals. (**Franchise Agreement, Section 7**).
- (3) Provide additional training programs and support services as FHV deems appropriate. (**Franchise Agreement, Section 6.2**).
- (4) Periodically modify the list of products and sources for those products. (**Franchise Agreement, Section 8.1**).
- (5) Periodically modify your obligations under the franchise agreement including the adoption of new or modified Marks, services, equipment, and new techniques. (**Franchise Agreement, Section 8.7. 12.4**).
- (6) Review your advertising materials and approve or disapprove them for your use. (**Franchise Agreement, Section 11**).
- (7) At FHV's discretion (but without any obligation to do so), inspect your vending machines, your vehicle, and storage facility, at any time the storage facility and/or the locations are open for business or at any other reasonable time, to confirm their condition, operation, and

compliance with the franchise agreement and all applicable laws, regulations, or zoning restrictions. (**Franchise Agreement, Sections 8.6, 8.16**).

- (8) Sell you the products for your vending machines, if you choose to buy them from FHV. (**Franchise Agreement, Section 8.1**).

Advertising Fund

Each year during the term of your franchise agreement, you will pay an advertising fee in the amount of \$75 for each vending machine that you own. This payment is made to the advertising fund on the anniversary of the date you sign the franchise agreement .

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

In the fiscal year ended December 31, 2012, FHV spent 100% of the advertising fund's contributions on media placement. None of the revenue from the advertising fund was used primarily for the solicitation of new franchisees.

Computer System and Equipment

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

All vending machines feature remote reporting systems that FHV approves. You will provide FHV with direct, independent, and uninterrupted access to your vending machines' reporting systems, computer systems, and the files stored in your vending machines at all times and via any

means FHV specifies. You may not interfere in any way, or turn off or disable the remote reporting system at any time. (**Franchise Agreement, Section 8.12**).

Site Selection

In most cases, FHV will obtain your locations for you. FHV does not own or lease the locations. If you reject a location for a vending machine that satisfies the site criteria set forth in the Manuals (a “**Rejected Location**”), that Rejected Location will qualify as an “Approved Location” for purposes of satisfaction of FHV’s obligation to obtain locations for your vending machines and FHV will be entitled to additional time to replace a Rejected Location.

You may suggest Locations for your vending machines, but you may not enter into any location agreements with site owners without FHV’s prior written approval of the proposed locations. (**Franchise Agreement, Section 2.1.2**). FHV will approve or disapprove your suggested locations within a reasonable time period after FHV’s receipt of all required information necessary for FHV to assess your suggested locations. All vending machines must remain at the locations that FHV has obtained or approved. FHV’s approval of a new proposed location will depend on whether the location meets FHV’s specifications, including the zoning of the location for any vending machine, demographic information about the surrounding area, traffic patterns, and visibility of and access to the vending machine. (**Franchise Agreement, Section 5.2**). You will fulfill your obligations under the location agreements with the site owners. (**Franchise Agreement, Section 2.1.3**). FHV and the site owner may also designate an alternate location or additional locations for one or more of your vending machines. (**Franchise Agreement, Sections 5.2 and 5.3**).

Recommended locations* include the following:

- Schools (Elementary, Middle, High) with a minimum 150 students
- Colleges and Universities with a minimum 150 students
- Fraternities, Sororities, and Student Housing with a minimum of 100 students
- Military and Trade Schools with a minimum 150 students
- Businesses with a minimum of 200 employees
- Shopping Malls
- Hospitals and Medical Facilities (with a minimum of 200 beds)
- Urgent Care facilities with a minimum of 100 visitors per day
- Health Clubs with a minimum of 200 visitors or members per day
- Yoga and Pilates Studios with a minimum of 100 visitors per day
- Gymnastics Centers, Dance Studios, Cheer Facilities, Karate Studios, and MMA facilities with a minimum 80 students/visitors/members per day
- YMCAs/Boys and Girls Clubs with a minimum of 200 visitors per day
- Government Departments/Institutions with a minimum 200 employees
- Municipalities/Park Districts/Community Centers with a minimum of 200 visitors per day
- Aquatic/Swim Centers with a minimum of 100 students/visitors per day
- High foot traffic retail locations
- Large residential apartment complexes and condominiums with a minimum of 300 residents
- Hotel/motel chains with a minimum of 200 rooms
- Museums, Theme Parks, Aquariums, Zoos, Tourist Attractions, and Libraries with over 200 visitors per day
- Military bases

* These are recommended locations for Healthy Vending Combo machines and Healthy Vending Touch machines. FHV may authorize a location with less than the minimum number of people or rooms/beds set forth above if there are no other vending machines present in the location. The required minimum number of people or rooms/beds for Healthy Vending Café machines is 30% lower than the figures listed above.

FHV anticipates that your business will be completely handed over to you approximately 90 to 180 days after you sign the Franchise Agreement and after you have provided proof of insurance as required under the franchise agreement. (**Franchise Agreement, Section 5.1**). FHV will secure locations for the vending machines within (i) 90 to 120 days after you sign the franchise agreement if you purchase 10 vending machines, (ii) 121 to 150 days after you sign the franchise agreement if you purchase 11 to 20 vending machines, and (iii) 151 to 180 days after you sign the franchise agreement if you purchase 21 to 30 vending machines.

After you sign the franchise agreement, you will attend FHV's initial training program. (**Franchise Agreement, Section 6.1**).

The factors that affect the time between the signing of the franchise agreement and the complete hand-over of all vending machines and locations are delays in obtaining the vending machines or any necessary licenses and permits; your obtaining a suitable storage facility; completion of the training, hiring, and training of your support staff; installation of equipment and signs; and your ability to adequately service the franchised business. You may begin operating your franchised business only after FHV gives FHV's written approval for you to do so. (**Franchise Agreement, Section 5.1**).

FHV may extend the date for securing locations for your vending machines by 60 days and any additional extension period authorized under the franchise agreement. For Healthy Vending Touch machines, FHV may additionally extend the date for securing locations for your vending machines by a 90-day extension period and any additional extension period authorized under the franchise agreement. (**Franchise Agreement, Sections 5.2 and 5.5**).

You will not be entitled to any damages nor will you be entitled to terminate your franchise agreement if FHV fails to secure locations for your vending machines within the time frames listed above or within FHV's 60-day extension period, and any additional extension period FHV has, if FHV has made reasonable efforts to secure locations for the vending machines within those time periods. (**Franchise Agreement, Sections 5.2 and 5.5**).

Upon your request and after all of your vending machines have been in operation for a minimum of 12 months, you may resell your vending machines to FHV at fair market value. FHV will prepare a valuation of the fair market value of your vending machines within 30 days of your request. If you elect to sell at that price, you must sign a termination agreement and general release at the time FHV purchases your Vending Machines from you. (**Franchise Agreement, Section 5.2**).

If you commit to purchase additional vending machines from FHV, the number of additional vending machines you commit to purchase will be listed on Exhibit F of your franchise agreement. (**Franchise Agreement, Section 5.3**). You may also buy additional vending machines even if you have not committed to do so. FHV will generally select the locations for your additional vending machines (**Franchise Agreement, Section 2.1.2**) and install the additional vending machines within 90 days after you order the additional vending machines. (**Franchise Agreement, Section 5.5**). FHV may extend the date for the delivery of your additional vending machines by 60 days

and any additional extension period authorized under the franchise agreement. (**Franchise Agreement, Section 5.4**).

Operations Manuals and Product List

The instructions for operating your franchise business are contained in FHV's "Manuals." The Manuals contain FHV's standard operational procedures, policies, rules, and regulations with which you must comply.

Attached as **Exhibit D** is a copy of the Table of Contents of FHV's Manuals. There are approximately 168 total pages in the Manuals.

In addition to FHV's Manuals, FHV has a list of products that are currently approved for sale in your vending machines. The list of products approved for sale in your vending machines is subject to change. You may review the current list of approved products before you sign your franchise agreement, without signing a confidentiality agreement

Training

FHV's initial training program lasts approximately 2 - 3 days. You or your representative (if you are an entity) will generally attend the initial training program at a time FHV designates at FHV's corporate headquarters. If that is not convenient, FHV may agree to conduct the training program at the offices of a vending machine distributor close to you. (**Franchise Agreement, Section 6.1**). If either you or your representative does not, in FHV's judgment, successfully complete the training course, FHV may terminate the franchise agreement. (**Franchise Agreement, Section 13.1**). You will receive no compensation or reimbursement for services or expenses for your participation in training. You will pay for all of the expenses of your personnel and you to attend any training program, including travel, lodging, car rentals, meals, and the wages of any person attending training. (**Franchise Agreement, Section 6.5**).

The Initial Franchise Fee includes training for 2 persons. (**Franchise Agreement, Section 6.1**). If you would like to have additional persons attend the initial training program, you must pay FHV a fee of \$250 per person. (**Franchise Agreement, Section 6.1, Exhibit B**). FHV generally holds the initial training program on an as needed basis, but no less than 5 or 6 times a year.

FHV's current initial training program, which may be periodically changed, is as follows:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Introduction to Fresh Healthy Vending	15 minutes	None	FHV's Corporate Office, currently located in San Diego, California.
Class Preview	30 minutes	None	
Introduction to Fresh Healthy Vending Products	1 hour	None	
Healthy Vending Touch Operating Software	45 minutes	None	
Healthy Vending Café Cleaning and Maintenance	1 hour	None	
Product Ordering	1 hour	None	
Machine Theory and Functionality	1 hour	None	

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Coin and Bill Operation	1 hour	None	
E-Port Overview	30 minutes	None	
Guided Practice Machine Set-Up	1½ hours	None	
Business System – Quickbooks for Vending	1½ hours	None	
Location Training			
Your Role as a Franchisee	20 minutes	None	FHV’s Corporate Office, currently located in San Diego, California.
How to Conduct a Location Interview	30 minutes	None	
Hosting Product Sampling Events	20 minutes	None	
Building Relationships with Potential Locations in Your Area	30 minutes	None	
Generating Press / Conducting Interviews	15 minutes	None	
School Nutrition and Guidelines	30 minutes	None	
Corporate Wellness Initiatives	20 minutes	None	
General Sales and Marketing Tips	15 minutes	None	
Vehicle Care/Usage	1½ hours	None	
Exit Interview/Quiz	30 minutes	None	
TOTAL	15 hours		

Maria Truong will supervise the training program. Ms. Truong is FHV's Vice President of Franchise Operations, and has worked for FHV or FHV's affiliates or predecessors since October 2007.

You must complete your initial training at least 10 days before you begin operation of the franchised business. FHV recommend that you complete your training within the first 30 days after signing your franchise agreement. FHV's primary instructional materials consist of FHV's Manuals and vending menus and discussions.

Additional and Refresher Training

FHV may require you and/or your representative to attend additional training courses, or similar continuing education related to the franchised business. You will pay FHV \$250 per person to cover FHV's direct costs for training materials, travel expenses, and facility expenses for the additional training courses. FHV may require you to attend webinars at no charge. (**Franchise Agreement, Section 6.3**).

FHV may also require your representative (if you are an entity) and you to attend refresher courses, and may charge a fee for this. (**Franchise Agreement, Section 6.2**).

You will also have to pay all of your and your representative's expenses to attend any refresher or additional training course. (**Franchise Agreement, Section 6.1**.)

Remedial Training

FHV may provide you with a remedial training program if FHV determines that you are not in compliance with the terms of your franchise agreement. You will pay FHV \$1,000 per attendee per day to cover FHV's costs for training materials, travel expenses, and facility expenses for the remedial training program, whether or not you (personally) attend the remedial training program. (**Franchise Agreement, Section 6.2**).

Franchisee Conference

FHV may hold an annual franchisee conference for all Fresh Healthy Vending franchisees. You will not be required to attend the franchisee conference, but if you elect to attend the franchisee conference, you will pay FHV \$500 per person to cover FHV's costs for training materials, travel expenses, and facility expenses for the franchisee conference. (**Franchise Agreement, Section 6.4**).

Your Travel, Lodging, and Other Expenses

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

ITEM 12 TERRITORY

At the time you sign your franchise agreement, you and FHV will agree on a territory in which all of your vending machines will be located. Your territory will be described on Exhibit A to the franchise agreement, and will be determined based on several factors, including zip codes, population density, and demographics. The population density of your territory will depend on the number of sites in your territory that satisfy the site criteria set forth in the Manuals and may range from a population of 50,000 to 1,000,000 people. The geographic size of your territory will also vary and will depend on the locations of your vending machines and the population density in your territory.

Under no circumstances will your assigned territory be considered "exclusive" within the meaning of applicable law. As a result, you may face competition from other franchisees, from outlets that FHV own, or from other channels of distribution or competitive brands that FHV controls.

Occasionally, FHV grants territories that FHV refer to as "exclusive," based on multiple factors, including the number of vending machines you purchase, the size of your territory, the locations of your vending machines, and the population density and demographics in your territory. If you purchase 30 or more vending machines, you will qualify, but will not be automatically eligible, for an exclusive territory. If you purchase 30 or more vending machines, FHV will still consider other factors in deciding whether or not to grant you an exclusive territory. If FHV grants you what FHV refers to as an exclusive territory, then, (a) you will need to purchase, by deadlines set forth in Exhibit F to your franchise agreement, agreed numbers of additional vending machines (which FHV will assist you to place at locations within your territory), and (b) as long as you are in compliance with your commitment to purchase those additional vending machines, FHV will not place any vending machines (identified by the Marks) at locations within your exclusive territory.

If you fail to purchase the agreed number of additional vending machines by the agreed deadlines during the term of your franchise agreement, FHV may terminate any exclusive rights that you may have in your territory on 30 days' prior written notice. If FHV terminates your exclusive rights in the territory, you may continue to operate your existing vending machines in accordance with your franchise agreement; however, FHV will have the absolute right to grant unlimited rights for the operation of vending machines in the territory to other Fresh Healthy Vending franchisees.

Currently, there are no other circumstances that permit FHV to modify your rights in your territory.

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

You may relocate the vending machines only with FHV's prior approval of the locations for the relocated vending machines. You will move all relocated vending machines at your own expense. FHV will secure and approve locations for your relocated vending machines within 60 days after FHV consents to the relocation of your vending machines. FHV may extend the date for relocating your vending machines by 60 days. For every ten vending machines that you

purchase, FHV will relocate up to two vending machines without charging a relocation fee (although you must still pay for the physical move of the vending machines). If you choose to relocate more vending machines than just described, you must pay a relocation fee (described in Item 6, above).

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

You may solicit business outside of your territory. There are no restrictions on your or FHV's right to solicit or accept business and you and FHV are free to advertise or solicit business from any area desired, subject to the general controls on advertising contained in the franchise agreement.

ITEM 13 TRADEMARKS

As a Franchisee, you are licensed to use and display the trade name FRESH HEALTHY VENDING and the trademark FRESH HEALTHY VENDING (collectively, the "**Marks**") for the duration of the franchise agreement, but only for the operation of the franchised business. You may not license or sublicense any trademarks, service marks, trade names, logotypes, or commercial symbols owned by FHV, or FHV's affiliates. FHV may require you to use this name with other words or symbols. FHV may also permit you to use other trademarks owned or licensed by FHV in the operation of your franchised business.

By "Marks," FHV mean trade names, trademarks, service marks, logos and other commercial symbols used to identify your franchised business. FHV has registered the following trademark on the Supplemental Register of the United States Patent and Trademark Office ("USPTO"):

TRADEMARK	REGISTRATION/ SERIAL NUMBER	REGISTRATION/ FILING DATE
FRESH HEALTHY VENDING	3963761	May 17, 2011

No affidavits of use or of incontestability have yet become due, but FHV will file them at the time specified by law.

FHV does not have a federal registration on the Principal Register for FHV's principal trademark. Therefore, FHV's trademark does not have many of the legal benefits and rights of a trademark registered on the Principal Register. If FHV's right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

You must follow FHV's rules when you use the Marks. You cannot use any of the Marks as part of your corporate, partnership, limited liability company, or other entity name or with modifying words, terms, designs, or symbols. You may not use the Marks for the sale of an unauthorized product or service or in a manner not authorized in writing by FHV.

FHV is not aware of any currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition, or cancellation or any pending material litigation involving FHV's principal trademarks. There are no agreements currently in effect that significantly limit FHV's rights to use or license the use of the principal trademarks that are material to the franchise, nor are there any prior superior rights or infringing uses actually known to FHV that could materially affect your use of the licensed trade name, trademarks, or service marks.

However, FHV have not conducted an exhaustive search of users of names which may be the same or similar to the Marks and FHV may not be able to prevent their continued use of these words, particularly in cases where their use predates FHV's federal trademark and service mark registrations. There may be similar uses to the Marks of which FHV is unaware, which could arise from prior users. No agreements limit FHV's right to use or license the use of the Marks.

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

You will use the trade name FRESH HEALTHY VENDING without any suffix or prefix attached to it to identify the franchised business. You are prohibited from using FHV's tradename or the Marks as part of any corporate name or using the FRESH HEALTHY VENDING trade name with any prefix, suffix, or other modifying words, terms, designs, or symbols. You will promptly notify FHV if you learn about an infringement of the Marks or a challenge to your use of the Marks. FHV may take the action FHV decides is appropriate to protect and defend the Marks and the System. If FHV institutes litigation or elects to defend an action, you will cooperate in any action if requested by FHV.

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

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

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

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent, but you can use the proprietary information FHV provides to you periodically for the operation of your franchised business, including FHV's operations manual and other written materials. Although FHV has not filed an application for copyright registration, does not currently have any pending patent applications, and does not currently own any rights in, or licenses to patents or copyrights that are material to the franchise, FHV claims copyright protection for the operating manuals, artistic designs, word combinations, and other materials that FHV licenses you to use, other proprietary information and publications FHV owns or has acquired under license from a third party, and

everything concerning operating procedures. All of this is FHV's proprietary intellectual property.

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

You must notify FHV if you learn about an infringement of or challenge to your use of these copyrighted materials. FHV may take the action FHV believes appropriate if a third party is infringing on any of FHV's copyrights.

FHV will provide you with information that is confidential, proprietary, and a trade secret. Examples of this type of information include knowledge of the system and the technology, concepts, or results relating to new vending technology, sources and suppliers of equipment, suitable sites for vending machines and, in general, methods, location service agreements, techniques, formulas, formats, specifications, standards, procedures, know-how, information systems, forms of agreement, and actual agreements such as those providing for locations of vending machines, and the entire contents of the Manuals. You must maintain the absolute confidentiality of all of this information during and after the term of the franchise agreement. You also may not use any of this information in any other business or in any manner not specifically authorized or approved in writing by FHV, or make copies of the information, or divulge the information to any other person except as permitted by FHV. You may be required to obtain a confidentiality agreement (in a form provided by FHV, which form, among other provisions, will designate FHV as a third-party beneficiary of all covenants with the independent right to enforce them) from any other person involved in your franchised business who will have access to any confidential information or trade secrets.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You will directly supervise the operation of your franchised business. If you are a corporation or other entity, an owner must directly supervise the business. FHV must approve any person employed by you to perform any of your obligations to FHV or to your customers, and FHV may require you to have that person complete FHV's initial training program at your expense.

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

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

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

All products that you offer for sale in your vending machines must be approved by FHV, because maintaining the quality and uniformity of the products offered in the branded vending machines is central to the reputation, goodwill, and value of the Fresh Healthy Vending System.

You may purchase approved products from any vendor that you choose. FHV may change the list of products, and/or suppliers at any time.

FHV will periodically distribute to you and FHV's other franchisees a list of approved products. If you wish to stock your vending machines with products other than those included in the list of approved products, you must apply to FHV for permission. Generally, FHV will approve any additional products provided that the products are natural and of the same or equal quality as the products already approved by FHV.

FHV may add to or change the list of approved products at any time, and FHV may remove approved products from the list at any time. There are no restrictions on FHV's right to make these types of changes. Some changes may require you to purchase new equipment in order to sell the new items. You must discontinue selling any products that FHV advises you at any time are disapproved.

You may not use alternative channels of distribution to solicit or fill orders for Vending Machines (See Item 12).

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

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 3.1	10 years
b. Renewal or extension of the term	Section 3.2	Two 5-year renewal terms
c. Requirements for franchisee to renew or extend	Section 3.2	Upon renewing, sign the then-current franchise agreement, be in good standing, pay the \$5,000 renewal fee, sign a general release, and sign any documents necessary for the renewal term within 15 business days of the date FHV sends them to you. FHV may decline to renew your franchise if FHV has discontinued offering new or renewal franchises in the state where your vending machines are located, subject to certain conditions. You may be asked to sign a franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement.
d. Termination by franchisee	Section 13.6	Only if FHV defaults and fails to cure within 90 days.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
e. Termination by franchisor without cause	None	Not applicable.
f. Termination by franchisor with cause	Section 13	FHV can terminate if you default or if events described in (g) and (h) below occur.
g. "Cause" defined – curable defaults	Section 13.2	You have 10 days to cure any default, other than those described in (h) below.
h. "Cause" defined – non-curable defaults	Sections 8.4, 13.1, 18.17	Non-curable defaults by you: insolvency, assignment for creditors, bankruptcy; material misrepresentation or omission in application or report; felony convictions or involvement in conduct that reflects unfavorably on FHV; violation of transfer restrictions; breach of other agreement; unauthorized use of Marks or trade secrets; receipt of two or more notices of default in any 12-month period, if those defaults are not cured by you after notice is given to you; failure to comply with federal, state, or local regulations; suspension of or termination of any license or permit; intentional understatement of any payment to FHV by 2% or more or intentional understatement of any payment due to FHV in any amount, twice in any two-year period; failure to provide proper access to the vending machine statistics at any time; failure to provide FHV with written notice of any change of your contact information within five days of any the change, or failure to respond to any written request from FHV within the time period demanded by FHV in the request; continued violation of any health, safety, or sanitation law that presents a health or safety hazard to customers or the public; failure to stock, service or operate at least 75% of your vending machines for five consecutive days; your vehicle is repossessed; you engage in an activity that conflicts with your obligations under the franchise agreement; failure to pay any amounts owed to FHV within 10 days after notice; failure to successfully complete the initial training program; loss of the right to service any vending customer due to failure to make any payment to a 3rd party; FHV's receipt of five complaints in any 12-month period about your service, or if a vending customer requests that you cease providing services to any location for cause; failure, for 10 days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including anti-terrorism

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		laws, and others.
i. Franchisee's obligations on termination/non-renewal	Section 14	Obligations include: pay all amounts owed to FHV; cease purchasing products from FHV's suppliers and cease identifying yourself as affiliated with FHV, cease using the Marks, trade secrets, technology, and return the Manuals, remove all of the Marks from the vending machines and your vehicle, and cancel all fictitious or assumed names relating to the Marks; comply with any other requirements in the Manuals; and others (see (r) below). If you commit a default under the franchise agreement before the installation of any of your vending machines, FHV may terminate the franchise agreement and retain your deposit.
j. Assignment of contract by franchisor	Section 15.1	No restriction on FHV's right to assign.
k. "Transfer" by franchisee- definition	Section 15.2	Includes transfer of rights under franchise agreement, transfer of your franchised business or its assets, and transfer of equity or interest in you.
l. Franchisor approval of transfer by franchisee	Section 15.2	FHV must approve any assignment or transfer.
m. Conditions for franchisor approval of transfer	Section 15.2	You must give FHV prior written notice describing the terms of any proposed transfer at least 60 days in advance of the proposed transfer; you must be in good standing; the sale and purchase agreement between the parties must not damage the goodwill of the System, the proposed transferee must meet FHV's standards; you and your principals must sign a general release of FHV; the proposed transferee must obtain all requisite licenses and consents; the proposed transferee must sign FHV's then-current form of franchise agreement and guaranty; the proposed transferee must expressly assume your obligations under the franchise agreement in writing; you must pay a transfer fee of \$5,000; the proposed transferee or the individual designated by the proposed transferee to manage the day-to-day operations of the franchised business must successfully complete a training program and others.
n. Franchisor's right of first refusal to acquire your business	Section 15.3	FHV can match any offer for a proposed transfer.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
o. Franchisor's option to purchase your business	Section 5.2.4	<p>None.</p> <p>However, upon your request and after all of your primary vending machines have been in operation for a minimum of 12 months, you may sell your primary vending machines to FHV at fair market value.</p>
p. Death or disability of franchisee	Section 15.4	<p>Within six months after death or proven disability, your heirs or legal representatives may take over or assign to a third party the interest of the disabled or deceased person, subject to the transferee's satisfaction of the prerequisites for approving other assignees, as described in (m) above.</p>
q. Non-competition covenants during the term of the franchise	Section 8.6	<p>You may not engage in any business or activity that will conflict with your obligations under the Franchise Agreement, including involvement in a business engaged in vending or office refreshment services.</p>
r. Non-competition covenants after the franchise is terminated or expires	Section 14.3	<p>Non-competition obligations continue for one year after the Franchise Agreement terminates, expires or is assigned; you may not advise, operate, engage in, or have any interest or relationship with a business which provides vending services at any site which is within 25 miles of the location of any of your vending machines.</p> <p>If you violate the post-term covenant not to compete, you will pay FHV, throughout the one-year period following the termination, transfer, or expiration of your Franchise Agreement, 5% of the gross revenue of any business that provides vending services at any site within 25 miles of the location of your vending machines.</p>
s. Modification of the agreement	Sections 7, 18.4, 18.9	<p>Generally, no modifications except in writing signed by both parties. The System and the operations manual are subject to change; a court may also modify an unenforceable provision to the extent necessary to make it enforceable.</p>
t. Integration/merger clause	Section 18.6	<p>Only the terms of the franchise agreement and any addendum are binding (subject to state law). Any representations or promises outside of this disclosure document and the franchise agreement may not be enforceable.</p>

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
u. Dispute resolution	Section 17.4, 17.5	Most disputes between the parties will first be submitted to good faith discussions, then mediation; waiver of jury trial; recovery limited to actual damages sustained.
v. Choice of forum	Section 17.2	California, in the county in which FHV's principal place of business is located, which is currently San Diego, California.
w. Choice of law	Section 17.1	California law applies, except the Lanham Act will also apply to provisions concerning trademarks, trade names, service marks, slogans, copyrights, designs, emblems, logos, trade dress, trade secrets and commercial symbols.

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

ITEM 18 PUBLIC FIGURES

FHV does not use any public figure to promote FHV's franchises.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

FHV does not make any representations about a franchisee's future financial performance or the past financial performance of franchises. FHV also does not authorize FHV's employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing franchise, however, FHV may provide you with the actual records of that franchise.

If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting FHV's Chief Executive Officer, Alex Kennedy, at 9605 Scranton Road, Suite 350, San Diego, CA 92121, telephone (858) 210-4200, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Note that the numbers of “outlets” in each of the following tables reflect the numbers of vending machines. All of our franchisees operate multiple vending machines.

TABLE NO. 1
SYSTEM-WIDE OUTLET SUMMARY
FOR YEARS 2010 TO 2012

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE (+ or -)
Franchised	2010	0	74	+74
	2011	74	644	+570
	2012	644	1320	+676
Company Owned	2010	0	0	0
	2011	0	31	+31
	2012	31	10	-21
Total Outlets	2010	0	74	+74
	2011	74	675	+601
	2012	675	1330	+655

TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN FRANCHISOR OR AN AFFILIATE) FOR YEARS 2010 TO 2012

STATE	YEAR	NUMBER OF TRANSFERS
Arizona	2010	0
	2011	0
	2012	5
Illinois	2010	0
	2011	0
	2012	5
Louisiana	2010	0
	2011	30
	2012	0
North Carolina	2010	0
	2011	0
	2012	6
Washington	2010	0
	2011	0
	2012	11
Total Outlets	2010	0
	2011	30
	2012	27

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2010 TO 2012

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLET OPENED*	TERMINA TIONS	NON- RENEWALS	REAC- QUIRED BY FRAN- CHISOR	CEASED OPER- ATIONS - OTHER REASONS	OUTLETS AT END OF THE YEAR
Alabama	2010	0	0	0	0	0	0	0
	2011	0	10	0	0	0	0	10
	2012	10	0	0	0	0	0	10
Arkansas	2010	0	0	0	0	0	0	0
	2011	0	10	0	0	0	0	10
	2012	10	22	10	0	0	0	22
Arizona	2010	0	5	0	0	0	0	5
	2011	5	21	0	0	0	0	26
	2012	26	13	0	0	0	0	39
California	2010	0	3	0	0	0	0	3
	2011	3	49	0	0	0	5	47
	2012	47	114	0	0	0	0	161
Colorado	2010	0	0	0	0	0	0	0
	2011	0	12	0	0	0	0	12
	2012	12	24	0	0	0	0	36
Connecticut	2010	0	4	0	0	0	0	4
	2011	4	21	0	0	0	5	20
	2012	20	0	0	0	0	0	20
Florida	2010	0	10	0	0	0	0	10
	2011	10	26	12	0	0	0	24
	2012	24	25	0	0	0	20	29
Georgia	2010	0	0	0	0	0	0	0
	2011	0	22	0	0	0	0	22
	2012	22	21	0	0	0	0	43
Illinois	2010	0	9	0	0	0	0	9
	2011	9	12	0	0	0	0	21
	2012	21	5	0	0	0	0	26
Kansas	2010	0	10	0	0	0	0	10
	2011	10	10	0	0	0	10	10
	2012	10	0	0	0	0	0	10
Kentucky	2010	0	0	0	0	0	0	0
	2011	0	20	0	0	0	0	20
	2012	20	0	0	0	0	0	20
Louisiana	2010	0	0	0	0	0	0	0
	2011	0	40	0	0	0	0	40
	2012	40	13	0	0	0	0	53
Massa-	2010	0	0	0	0	0	0	0
	2011	0	26	0	0	0	0	26

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLET OPENED*	TERMINA TIONS	NON- RENEWALS	REAC- QUIRED BY FRAN- CHISOR	CEASED OPER- ATIONS - OTHER REASONS	OUTLETS AT END OF THE YEAR
chusetts	2012	26	34	0	0	0	0	60
Maryland	2010	0	2**	0	0	0	0	2**
	2011	2	22	0	0	0	0	24
	2012	24	39	5	0	4	0	54
Michigan	2010	0	0	0	0	0	0	0
	2011	0	5	0	0	0	0	5
	2012	5	28	0	0	0	0	33
Minnesota	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	16	0	0	0	0	16
Missouri	2010	0	3	0	0	0	1	2
	2011	2	8	0	0	0	0	10
	2012	10	15	0	0	0	0	25
Montana	2010	0	0	0	0	0	0	0
	2011	0	25	0	0	0	0	25
	2012	25	0	0	0	0	0	25
New Hampshire	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	13	0	0	0	0	13
North Carolina	2010	0	5	0	0	0	0	5
	2011	5	25	0	0	0	0	30
	2012	30	33	0	0	1	0	62
New Jersey	2010	0	10	0	0	0	0	10
	2011	10	24	0	0	0	0	34
	2012	34	11	0	0	0	0	45
Nevada	2010	0	0	0	0	0	0	0
	2011	0	16	0	0	0	0	16
	2012	16	10	0	0	0	16	10
New York	2010	0	0	0	0	0	0	0
	2011	0	17	0	0	0	0	17
	2012	17	33	0	0	1	0	49
Ohio	2010	0	0	0	0	0	0	0
	2011	0	10	0	0	0	0	10
	2012	10	20	0	0	0	0	30
Oklahoma	2010	0	0	0	0	0	0	0
	2011	0	36	0	0	0	0	36
	2012	35	0	0	0	0	30	5
Oregon	2010	0	0	0	0	0	0	0
	2011	0	10	0	0	0	0	10
	2012	10	9	0	0	0	0	19
Pennsylv-	2010	0	5	0	0	0	0	5

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLET OPENED*	TERMINA TIONS	NON- RENEWALS	REAC- QUIRED BY FRAN- CHISOR	CEASED OPER- ATIONS - OTHER REASONS	OUTLETS AT END OF THE YEAR
California	2011	5	0	5	0	0	0	0
	2012	0	13	0	0	0	0	13
Puerto Rico	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	8	0	0	0	0	8
South Carolina	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	10	0	0	0	0	10
Tennessee	2010	0	0	0	0	0	0	0
	2011	0	22	0	0	0	0	22
	2012	22	36	0	0	0	0	58
Texas	2010	0	0	0	0	0	0	0
	2011	0	58	0	0	0	0	58
	2012	58	103	0	0	1	0	160
Vermont	2010	0	0	0	0	0	0	0
	2011	0	28	0	0	0	0	28
	2012	28	2	0	0	0	0	30
Virginia	2010	0	0	0	0	0	0	0
	2011	0	10	0	0	0	0	10
	2012	10	33	0	0	0	0	43
Wash- ington	2010	0	9	0	0	0	0	9
	2011	9	2	0	0	0	0	11
	2012	11	3	0	0	0	0	14
Wisconsin	2010	0	0	0		0	0	0
	2011	0	0	0	0	0	0	0
	2012	0	22	0	0	0	0	22
Canada	2010	0	0	0	0	0	0	0
	2011	0	10	0	0	0	0	10
	2012	10	36	0	0	0	0	46
Total Outlets	2010	0	75	0	0	0	1	74
	2011	74	607	17	0	0	20	644
	2012	644	764	15	0	7	66	1320

**TABLE NO. 4
STATUS OF COMPANY OWNED OUTLETS
FOR YEARS 2010 TO 2012**

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REAC- QUIRED FROM FRAN- CHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRAN- CHISEE	OUTLETS AT END OF THE YEAR
California	2010	0	0	0	0	0	0
	2011	0	15	30	0	14	31
	2012	31	3	16	0	40	10

TABLE NO. 5
PROJECTED OPENINGS AS OF
DECEMBER 31, 2012

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR
Alabama	15		
Arizona	11	11	
California	40		
Colorado	30	25	
Florida	31	28	
Illinois	11	18	
Kentucky	7		
Michigan	11	25	
Minnesota	10	23	
Missouri	10	10	
North Carolina	21	31	
New Jersey	7	16	
New York	8	13	
Ohio	10	20	
South Carolina	25	5	
Texas	56	50	
Washington	10	10	
Total	313	146	0

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

Attached as **Exhibit G** is a current list of the names, addresses, and phone numbers of FHV's current franchisees as of December 31, 2012. Also included in **Exhibit G** are the names, addresses, and last known telephone numbers of any franchisee who had their franchise agreement terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased doing business during the fiscal year ended on December 31, 2012, or who has not communicated with FHV within 10 weeks of the application date of FHV's application for registration or renewal.

Each franchisee operates more than one vending machine at various locations under his or her franchise agreement.

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

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

ITEM 21
FINANCIAL STATEMENTS

Attached as **Exhibit F** to this Disclosure Document are the following audited Financial Statements:

- **For the Years Ended December 31, 2012, and 2011.**
- **For the Year Ended December 31, 2011, and Period February 8, 2010 (Inception), through December 31, 2010**

FHV's fiscal year-end is December 31.

ITEM 22
CONTRACTS

The following agreements are attached to this Disclosure Document:

- | | |
|---------------------|----------------------------------|
| • Exhibit A: | Franchise Agreement |
| • Exhibit D: | Confidentiality Agreement |

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this disclosure document appear as **Exhibit H**. Please return one copy to FHV and retain the other for your records.

EXHIBIT A

Franchise Agreement

FRESH HEALTHY VENDING LLC

FRANCHISE AGREEMENT

FRESH HEALTHY VENDING LLC
FRANCHISE AGREEMENT
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EXHIBIT F ADDITIONAL VENDING MACHINE AMENDMENT

FRESH HEALTHY VENDING LLC FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “**Agreement**”) is made this ____ day of _____, 201__ (the “**Effective Date**”) by and between FRESH HEALTHY VENDING LLC, a California limited liability company (“**Franchisor**”), and _____, a(n) _____ (“**Franchisee**”) with reference to the following facts:

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

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

C. Franchisor desires to grant, and Franchisee wishes to obtain, the right and license to operate a snack and beverage vending machine business (a “**Franchised Business**”), as a franchisee of Franchisor using the Marks, the Manuals and the Trade Secrets in strict accordance with the System and to acquire, operate, service, maintain, repair, clean, restock and use the “Vending Machines” (as defined below) at certain designated Locations within a designated geographic Territory to be described on **Exhibit A**. For purposes of this Agreement, “**Vending Machines**” means Healthy Vending Combo Machines, Healthy Vending Café Machines, and Healthy Vending Touch Machines, unless the context indicates or implies otherwise.

NOW, THEREFORE, IT IS AGREED:

1. DEFINED TERMS

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

2. FRANCHISEE APPOINTMENT

2.1 Grant

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

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

(c) Franchisee shall have the right to suggest Locations for Primary Vending Machines and Additional Vending Machines in the Territory which satisfy the Site Criteria set forth in the Manuals, which must be submitted to Franchisor by Franchisee for Franchisor’s written approval; however, under no circumstances may Franchisee, without submission to, and approval by, Franchisor obtain Locations for the Vending Machines. Franchisor shall approve or reject Locations suggested by Franchisee within a reasonable

time period after Franchisor's receipt of all required information necessary for Franchisor to assess Franchisee's suggested Locations.

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

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

2.2 Franchisor's Reservation of Rights. Franchisor retains the right, among others, in any manner and on any terms and conditions that Franchisor deems advisable, and without granting Franchisee any rights therein, except that Franchisor shall not install any vending machines using the Marks in Franchisee's Location:

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

(b) To own, acquire, establish and/or operate, and license others to establish and operate, businesses under other proprietary marks or other systems, whether such businesses are the same, similar, or different from the Franchised Business, at any location, whether inside or outside of the Territory.

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

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

(e) To own, acquire, establish and/or operate and grant others the right to develop, own, operate and issue franchises and licenses to others to develop, own and operate other methods and channels of distribution under different marks and branding or utilizing the Marks and the System, including, without limitation, toll-free telephone numbers, domain names, URLs, on-line computer networks and services, the Internet, kiosks, carts, concessions, satellite units, other mobile, remote, limited service or non-permanent facilities or other retail operations as a part of larger retail venues such as department stores, supermarkets, shopping malls or in public areas such as amusement parks, airports, train stations, public facilities, college and school campuses, arenas, stadiums, hospitals, office buildings, convention centers, airline terminals and military bases.

(f) To install additional Vending Machines at any Location within or outside of the Territory if Franchisee is unable or unwilling to satisfy a Site Owner's request to do so. In this regard, if a Site Owner requires or requests additional Vending Machines, Franchisor shall give Franchisee seven (7) days prior written notice of the opportunity to install the additional Vending Machines at the Location. If Franchisee does not wish to exercise its right to install the additional Vending Machines at the Location, or fails to respond to Franchisor within seven (7) days after receipt of Franchisor's notice, Franchisor shall have the right to install the additional Vending Machines itself or to assign its rights to do so to a third party, including another Fresh Healthy Vending franchisee, and thereby directly or indirectly compete with Franchisee at a Location.

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

3. TERM AND SUCCESSOR AGREEMENTS

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

3.2 **Successor Agreements.** Franchisee shall have an option to a successor agreement to continue to operate the Franchised Business for two successive 5-year periods, subject to its satisfaction of all of the following conditions:

- (a) Franchisee shall pay the Successor Agreement Fee on or before expiration of the current Term.
- (b) Franchisee has been throughout the Term, and at the expiration of the Term, still is, in full compliance with this Agreement, and all other agreements between Franchisee and Franchisor.
- (c) Franchisee executes and delivers a general release of all known claims against Franchisor, and its respective officers, shareholders, directors, employees, agents, representatives and affiliates in a form acceptable to Franchisor.
- (d) Franchisor shall provide Franchisee with a Successor Notice prior to the expiration of the Initial Term or first Successor Term, as applicable, and Franchisee shall thereafter notify Franchisor that Franchisee desires to sign a Successor Agreement to operate the Franchised Business for the applicable Successor Term.
- (e) Franchisee shall sign and return to Franchisor any documents necessary for the Successor Term within 15 days after Franchisor has delivered them to Franchisee, including a new franchise agreement in its then-current form.

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

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

be, on a week-to-week basis for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer its then-current form of franchise agreement or disclosure document.

4. FEES

4.1 Initial Franchise Fee. On the Effective Date, Franchisee shall pay to Franchisor an Initial Franchise Fee for the Vending Machines in the amount set forth on **Exhibit B**. Franchisee shall purchase a minimum of ten (10) Vending Machines. Franchisee may purchase any combination of Vending Machines except that if Franchisee desires to purchase any Healthy Vending Café Machines or Healthy Vending Touch Machines, Franchisee must purchase a minimum of 3 Healthy Vending Café Machines and/or 3 Healthy Vending Touch Machines. The Initial Franchise Fee shall be payable in addition to the Purchase Price of the Vending Machines (as described in Article 5 below). The Initial Franchise Fee shall be deemed fully earned by Franchisor on the Effective Date and shall not be refundable, in whole or in part, upon any expiration or termination of this Agreement, at any time, or under any other circumstances.

4.2 Royalty Fees and Advertising Fees.

(a) Franchisee shall pay Franchisor a Royalty Fee equal to 6% of the Monthly Gross Revenue of each Vending Machine. The Royalty Fee shall be payable on the entire Monthly Gross Revenue of each Vending Machine during the Term.

(b) Franchisee shall pay an Advertising Fee to the Advertising Fund on the anniversary date of the Effective Date each year during the Term in the amount set forth on **Exhibit B** for each Vending Machine owned by Franchisee.

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

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

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

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

4.7 Gross-Up Fees. To insure that Franchisor receives the full amount of Royalty Fees to which Franchisor may be entitled, Franchisee shall pay Franchisor, upon demand, whether in arrears, in advance, in a lump sum or in the same manner as Royalty Fees are paid to Franchisor, the amount of all credit card service charges paid by Franchisor to accept payments from Franchisee by credit card.

5. VENDING MACHINES

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

5.2 Primary Vending Machines. The Purchase Price for the Primary Vending Machines is set forth on **Exhibit B**. On the Effective Date, Franchisee shall pay Franchisor a non-refundable deposit equal to 40% of the Purchase Price (the “**Deposit**”). Before the scheduled delivery date for the Vending Machines, Franchisee shall pay Franchisor the remaining 60% of the Purchase Price. Franchisee may elect to pay for the Vending Machines in full at any time prior to the scheduled delivery date for the Vending Machines. If Franchisee pays the Purchase Price for the Primary Vending Machines in full prior to the scheduled delivery date, Franchisee may elect to have the Primary Vending Machines that have been paid for in full delivered in advance of the scheduled delivery date to a distributor or directly to Franchisee, if Franchisee has adequate storage space for the Primary Vending Machines.

(a) Franchisor shall secure locations for the Primary Vending Machines at the Locations within (i) 90 -120 days after the Effective Date if Franchisee purchases 5 - 10 Primary Vending, (ii) 121 – 150 days after the Effective Date if Franchisee purchases 11 - 20 Primary Vending Machines, and (iii) 151 - 180 days after the Effective Date if Franchisee purchases 21 - 30 Primary Vending Machines, subject to Franchisor’s rights to an Automatic Extension Period. In addition to the Automatic Extension Period, Franchisor shall have an additional 90-day extension to ensure the premium placement for all Healthy Vending Touch Machines. Provided, however, that if Franchisee causes a delay in Franchisor being able to deliver and install the Primary Vending Machines at the Locations due to Franchisee’s interference, absence, lack of response, default, lack of communication with Franchisor and/or other misconduct, Franchisor shall have an additional 30 days in addition to all other extensions provided for under this Agreement, or such longer time period necessary due to Franchisee’s action or inaction, to deliver and install the Primary Vending Machines.

(b) At any time, Franchisee may pay Franchisor the full Purchase Price for all Primary Vending Machines without set-off or deduction on or before the expiration date of the period provided in Section 5.2.1 including any extensions elsewhere provided for in this Agreement. Upon delivery of all Vending Machines to a distributor that will subsequently install the Vending Machines at Locations which have been secured by Franchisor, Franchisee acknowledges that the installation of Vending Machines is the responsibility of the Franchisee to schedule dates and times directly with the Locations and the distributor, provided that Franchisor has provided secured Locations for the Vending Machines.

(c) Franchisee shall not be entitled to any damages or fees nor shall Franchisee be entitled to terminate this Agreement if Franchisor fails to obtain Locations for the Primary Vending Machines within 90 days after the Effective Date or within any applicable Automatic Extension Period or Additional Extension Period, if Franchisor has made reasonable efforts to obtain Locations for the Primary Vending Machines within those time periods. In addition to the Automatic Extension Period or Additional Extension Period, Franchisor shall have an additional 90-day extension to ensure the premium placement for all Healthy Vending Touch Machines.

(d) Franchisee may offer to sell some or all of Franchisee’s Vending Machines to Franchisor, once all Primary Vending Machines have been in operation for 12 months. Within 30 days after Franchisee’s written request, Franchisor shall prepare a statement of the Fair Market Value for the Primary Vending Machines. “**Fair Market Value**” is defined as what a knowledgeable, willing, and unpressured buyer would pay to a knowledgeable, willing, and unpressured seller in the market. Within 10 days after Franchisor notifies Franchisee of the Fair Market Value, Franchisee shall notify Franchisor whether Franchisee still desires to proceed with the sale. If Franchisee accepts the Fair Market Value, Franchisor shall deliver the payment for the Fair Market Value to Franchisee for the Primary Vending Machines that Franchisor agrees to purchase within 30 days after both Franchisor and Franchisee sign a Termination Agreement and General Release, pursuant to which the parties shall terminate this Agreement and Franchisee shall release Franchisor of all known claims against Franchisor, and its respective officers, shareholders, directors, employees, agents, representatives and affiliates, in a form acceptable to Franchisor. If Franchisee and Franchisor cannot

agree on the Fair Market Value for the Primary Vending Machines, the parties shall appoint an independent appraiser to determine the Fair Market Value. Both the Franchisor and Franchisee shall share the costs for the appraiser.

5.3 Relocated Vending Machines.

(a) Franchisee shall provide Franchisor with a written request to relocate any Vending Machines. Franchisor will obtain, or after notification from Franchisee, approve and obtain, Locations for Franchisee's Relocated Vending Machines within 60 days after Franchisee's receipt of Franchisor's consent to the relocation, subject to Franchisor's rights to any extensions elsewhere provided for in this Agreement. If Franchisor is unable to obtain Locations for Relocated Vending Machines, Franchisee must, nonetheless, comply with all of its obligations under this Agreement, including its obligations with respect to all Vending Machines then in service and Franchisee's commitment to acquire Additional Vending Machines. Franchisee shall not relocate any Vending Machine without Franchisor's prior written approval of the new Location.

(b) For each 10 Vending Machines that Franchisee has purchased from Franchisor, Franchisor will relocate two Vending Machines without any Relocation Fee. If Franchisee desires to relocate more Vending Machines, then Franchisee shall pay Franchisor the Relocation Fee set forth on **Exhibit B**.

(c) Franchisee shall pay a local, experienced company for the physical move for all Relocated Vending Machines. Each Location for Relocated Vending Machines must comply with the Site Criteria for Vending Machines as set forth in the Manuals.

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

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

6. INITIAL TRAINING PROGRAM AND ADDITIONAL TRAINING

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

6.2 Remedial Training. If Franchisor determines that Franchisee is not in compliance with the terms of this Agreement, after providing Franchisee with written notice of non-compliance and an opportunity to cure the same, Franchisor may provide Franchisee with a Remedial Training Program. Franchisee will pay

Franchisor \$1,000 per attendee per day to defray the Direct Costs of Franchisor in providing the Remedial Training Program, whether or not Franchisee attends the Remedial Training Program.

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

6.4 Franchisee Conference. Franchisor may hold an annual Franchisee Conference for all Fresh Healthy Vending franchisees from time to time. If Franchisee elects to attend a Franchisee Conference, Franchisee shall pay Franchisor a Franchisee Conference Fee in the amount set forth on **Exhibit B** at least 45 days before the date of the Franchisee Conference.

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

7. MANUALS

7.1 Access to Manuals. Franchisor shall lend a copy of, or provide access to, Franchisor's proprietary and confidential Operations Manuals to Franchisee for use during the Term. The Manuals may be mailed, e-mailed, made available for download from Franchisor's website, or franchise internet portal, or otherwise delivered to Franchisee. The Manuals shall contain mandatory specifications, standards, operating procedures and rules for the Franchised Business. All specifications, standards, operating procedures and rules in the Manuals, or otherwise communicated to Franchisee in writing, shall constitute obligations under this Agreement as if fully set forth in this Agreement.

7.2 Modifications to Manuals. The Manuals may be modified from time to time to reflect changes to this Agreement and to the standards of authorized services or the System. All modifications to the Manuals shall be binding upon Franchisee upon being mailed, e-mailed, made available for download from Franchisor's website, or franchise internet portal, or otherwise delivered to Franchisee. Franchisee shall accept, implement and adopt any such modifications at Franchisee's own cost. The Manuals are, and shall remain, the property of Franchisor. Franchisee shall promptly return the Manuals to Franchisor upon termination or expiration of this Agreement. If Franchisee loses, misplaces or otherwise no longer has possession of the Manuals, Franchisee shall pay Franchisor a Manual Replacement Fee.

8. OBLIGATIONS OF FRANCHISEE

8.1 Products and Suppliers.

(a) Franchisee shall stock and service the Vending Machines with the Products in accordance with the standards and specifications described in the Manuals. Franchisor shall have the right at any time to add to, or subtract from, the list of Products given to Franchisee. The Products may vary depending on the Locations of the Vending Machines. Franchisee may stock and service the Vending Machines with products other than those included in the list of Products supplied by Franchisor, provided that the products are natural and of the same or equal quality as Products prescribed by Franchisor. Franchisor may request that the proposed supplier of such a product or Franchisee furnish to Franchisor, at no cost to Franchisor, product samples and other information as Franchisor may require. Franchisee shall not begin operations of the Franchised Business without Franchisor's prior written approval to do so.

(b) All Products purchased by Franchisee from Franchisor shall be purchased in accordance with the purchase order format issued from time to time by Franchisor. Franchisor may change the prices, delivery terms and other terms relating to its sale of the Products to Franchisee on prior written notice and may discontinue the sale of any Products at any time if in Franchisor's judgment continued sale becomes unfeasible, unprofitable, or otherwise undesirable. All Product orders by Franchisee shall be subject to

acceptance by Franchisor at Franchisor's designated offices and Franchisor reserves the right to accept or reject, in whole or in part, any order placed by Franchisee. Franchisor, in its sole discretion, may establish the credit terms, if any, upon which it will accept Franchisee's orders.

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

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

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

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

(g) The Suppliers and their distributors must approve the location designated by Franchisee for the delivery of the Products.

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

8.3 Service Calls. Franchisee shall respond to all service calls from Vending Customers within 24 hours. Franchisor may, upon 24 hour notice to Franchisee, dispatch a mechanic or other serviceman to a Location to minimize damage to a Vending Machine or to prevent the loss of a Vending Customer. If Franchisor does so, Franchisee shall pay to Franchisor, upon demand, the Service Fee and any other costs associated with the service provided at the Location. Subject to Section 8.10, if any Vending Machine is not operating properly, Franchisee shall use its best efforts to repair any such Vending Machine within 5 business

days after learning of any operation problem, or immediately provide satisfactory written notice to Franchisor as to Franchisee's inability to repair any such Vending Machine. Upon delivery of written notice by Franchisee to Franchisor regarding Franchisee's inability to repair the Vending Machine, Franchisee shall cooperate with and assist Franchisor in repairing the Vending Machine in a timely manner. Franchisee shall pay for all costs related to repairing the Vending Machine. If the Parties are unable to repair the Vending Machine to Franchisor's satisfaction, Franchisor may require Franchisee to remove that Vending Machine from the Location, at Franchisee's expense, within 5 days after written demand by Franchisor to do so. Failure to repair a Vending Machine or provide written notice to Franchisor as set forth in this Section 8.3, shall be deemed a material breach of this Agreement.

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

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

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

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

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

8.9 Compliance with Applicable Law. Prior to beginning operations, Franchisee shall obtain all required Permits for the operation of the Franchised Business. Franchisee shall maintain all such Permits in full force and effect throughout the Term. Franchisee shall operate in full compliance with all Applicable Laws. Immediately upon receipt of any citation, notice, complaint or other indication that Franchisee has

violated any Applicable Law, Franchisee shall immediately notify Franchisor and transmit copies of all such citations, notices, complaints or other such indications to Franchisor. Franchisee shall be responsible for and shall bear the costs to comply with any such citation, notice or complaint.

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

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

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

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

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

8.15 Location Commissions. Franchisee shall pay the Location Commissions due under the Location Agreements directly to the Site Owners on the last day of each month and shall accompany each payment with a report reflecting all monthly net profits of the Vending Machines during the previous month. Franchisee shall likewise provide Franchisor with a copy of each monthly report of monthly net profits on the tenth day of each month for the previous month.

8.16 Vehicle. Following the Effective Date, Franchisee shall acquire a small sports utility vehicle, hatchback car, or other midsize or large vehicle, sufficient to accept delivery of products and adequate to transport products to all vending machines, unless Franchisee owns or otherwise has access a Vehicle meeting these requirements. Franchisee shall maintain the physical and mechanical condition, appearance and efficient operation of the Vehicle in a manner sufficient to transport Snack Products and/or Coffee Products, to receive Snack Products and/or Coffee Products, and to stock the Vending Machines.

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

8.18 Franchisee Employee Policy. Franchisee shall take such steps as are necessary to ensure that its employees preserve good relations with the Site Owners; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as Franchisor may establish from time to time in the Manuals or otherwise in writing. All employees hired by or working for Franchisee shall be the employees of Franchisee, and Franchisee alone, and shall not, for any purpose, be deemed to be employees of Franchisor or subject to Franchisor's direct or indirect control. Franchisor may require, in its sole

discretion, that Franchisee to employ a general operations manager responsible for the oversight of all Vending Machines owned and operated by Franchisee or its affiliates. Franchisee shall be solely responsible for all employment decisions and functions of the Franchised Business, including, without limitation, those related to hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees, and shall neither request from Franchisor, nor expect to receive from Franchisor, and Franchisor shall not provide Franchisee with any advice on these subjects. Franchisee shall indemnify, defend, reimburse and hold Franchisor harmless from any direct and indirect losses, costs and expenses, including attorney's fees, arising out of any claim made by or for the benefit of any employee of Franchisee against Franchisor regarding employment decisions and employee functions of the Franchised Business, including, without limitation, those relating to hiring, firing, training, wages and hour requirements, record keeping, supervision, and discipline of employees.

8.19 Approval of Locations. When Franchisor is in the process of obtaining Locations for Franchisee (including original placement and relocations), Franchisee will respond within 7 calendar days upon Franchisor notification of a proposed or secured Location. Failure of Franchisee to respond on a timely basis shall suspend the running of all deadlines for Franchisor to secure Locations for the Vending Machines. Running of all deadlines shall resume upon Franchisee response.

9. INSURANCE

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

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

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

to own, purchase or lease a Vehicle pursuant to Section 8.16), and (e) coverage for such other risks as Franchisor may from time to time determine.

10. TRADE SECRETS

Franchisee shall maintain the absolute confidentiality of all Trade Secrets during and after the Term and shall not use any of such Trade Secrets in any other business or in any manner not specifically authorized or approved in writing by Franchisor. Franchisee shall not make copies of such information or divulge such information to any other person except as permitted in writing by Franchisor. Franchisee shall require any other person who will have access to any Confidential Information or Trade Secrets to sign a confidentiality agreement in a form provided by Franchisor, which form, among other provisions, shall designate Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.

11. ADVERTISING

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

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

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

12. MARKS

12.1 Ownership of Marks and Goodwill. Franchisee's right to use the Marks is derived solely from, and subject to, the terms and conditions of this Agreement and is limited to the operation of the Franchised Business in accordance with this Agreement and the Manuals. Franchisee shall not contest or oppose, or assist anyone else to contest or oppose, directly or indirectly, Franchisor's ownership of the

Marks, application for registration of the Marks, or registration of, or the validity or enforceability of any of the Marks. Franchisee's use of the Marks and any goodwill associated with the Marks shall inure to the exclusive benefit of Franchisor. Franchisee acknowledges and agrees that Franchisee's use of the Marks after the expiration or termination of this Agreement shall constitute an unauthorized use of the Mark and shall, in addition to all other remedies to which Franchisor may pursue, entitle Franchisor to recover damages for trademark infringement and counterfeiting.

12.2 Limitations on Franchisee's Use of the Marks. Franchisee shall not use any of the Marks or similar words or colorable imitations thereof as part of any name of any corporation, partnership, limited liability company or other business Entity, or with any other prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, or with the commercial symbols or trade dress of any other person or Entity, nor may Franchisee use any of the Marks in connection with the sale of any unauthorized Products or service or in any other manner not expressly authorized in writing by Franchisor.

12.3 Defense of Marks by Franchisor

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

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

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

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

13. TERMINATION OF FRANCHISE AGREEMENT

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

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

- (a) Becomes insolvent or admits in writing Franchisee's inability to pay its debts as they mature, makes an assignment for the benefit of creditors, files a petition under any foreign, state or United States bankruptcy act, receivership statute, or the like or if such a petition is filed by a third party, or if an application for a receiver is made by anyone and is not resolved favorably within 90 days.
- (b) Has made any material misrepresentation or omission in the application for appointment as a Franchisee or in any report that Franchisee submits to Franchisor pursuant to this Agreement.
- (c) Is convicted by a trial court of or pleads no contest to a felony or other crime or offense or engages in conduct that reflects materially and unfavorably upon the operation and reputation of Franchisor, the System or the Franchised Business.
- (d) Attempts to make or makes an unauthorized assignment, encumbrance or other Transfer of Franchisee's rights or obligations under this Agreement, or attempts to make a Transfer described in Article 15 without complying with all of the prerequisites to Transfer set forth in Article 15.
- (e) Is a party to any other agreement with Franchisor that is terminated because of a Default by Franchisee.
- (f) Makes any unauthorized use of the Marks or of the Trade Secrets or makes any duplication or disclosure of any Trade Secrets or contents of the Manuals.
- (g) Fails on 2 or more separate occasions in any 12 month period to comply with the terms of this Agreement and such failures to comply are not corrected by Franchisee after notice is delivered to Franchisee.
- (h) Fails to comply with any Applicable Law related to the operation of the Franchised Business and fails to remedy the same within 10 days after notification of noncompliance.
- (i) Has any Permit required for the operation of the Franchised Business suspended, terminated or interrupted; provided, however, that Franchisor may waive such a Default if Franchisee diligently pursues, and is able to renew, any such Permit within a reasonable amount of time after notice and Franchisor agrees to manage the Franchised Business in the interim period in accordance with Section 13.4.
- (j) Fails to adequately stock, service or operate 75% of its Vending Machines in working order for a period of 5 consecutive days. This provision shall not apply to any event of Force Majeure that prevents Franchisee from being able to adequately stock, service or operate its Vending Machines.
- (k) Violates the prohibition on engaging in any business or other activity that conflicts with Franchisee's obligations under this Agreement, including providing any vending services at any location which is not an Approved Location.
- (l) Loses the right to service any Vending Customer due to any failure to make any payment to any third party within 10 days after receipt of written notice from Franchisor.
- (m) Fails to pay any amounts due to any Site Owner or Supplier within 10 days after receipt of a written notice that a payment is past due.
- (n) Fails to pay any amounts due to Franchisor, Franchisor's affiliates, to Franchisee's suppliers or creditors, within 10 days after written demand therefor from Franchisor that any required payment is overdue, unless, with respect to Franchisee's suppliers or creditors, Franchisee notifies Franchisor of the existence of a bona fide dispute and takes immediate action to resolve it.
- (o) Intentionally understates any payment due to Franchisor by 2% or more, or intentionally understates any payment due to Franchisor in any amount, twice in any 2 year period.
- (p) Turns off or otherwise disables any Vending Machine's computer system, remote reporting system of files at any time or otherwise fails to provide Franchisor with direct and uninterrupted access to the Vending Machine Statistics at any time.

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

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

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

(t) Defaults in any obligation under this Agreement or any other agreement between Franchisor and Franchisee that is not by its nature capable of being cured by Franchisee.

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

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

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

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

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

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

14. RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION

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

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

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

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

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

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

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

(f) Immediately remove all Products from all of Vending Machines.

14.3 Post-Term Non-Competition. Franchisee specifically acknowledges and agrees that, pursuant to this Agreement, Franchisee will receive valuable specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques for vending machines, and of Franchisor and the System. In addition, Franchisee specifically acknowledges and agrees that prior to becoming a Fresh Healthy Vending franchisee, Franchisee had no experience, information or knowledge whatsoever about the operation of vending machines or a Franchised Business and that Franchisee's knowledge of the Confidential Information was obtained solely from Franchisor, following Franchisee's training by Franchisor and Franchisee's subsequent operation of the Franchised Business under this Agreement. Therefore, commencing upon the date of: (i) a Transfer permitted under Article 15, (ii) the expiration of this Agreement, or (iii) the termination of this Agreement (regardless of the cause for termination), and continuing for an uninterrupted period of 1 year thereafter, Franchisee shall not, without Franchisor's prior written consent, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal Entity, or any other person or legal Entity affiliated with Franchisee, own, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with any business which provides vending services at any site within 25 miles of any Location.

14.4 Violations. If Franchisee shall commit any violation of Section 14.3 during the 1 year period following (i) a Transfer permitted under Article 15 of this Agreement, (ii) the expiration of the Term, (iii) the termination of this Agreement (regardless of the cause for termination), or (iv) the issuance of a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of Section 14.3, in addition to all other remedies available to Franchisor, Franchisee shall pay Franchisor, throughout the 1 year period, 5% of the gross revenue of any business which provides vending services at any site within 25 miles of any Location ("**Post Termination Monthly Gross Revenue**") in violation of Section 14.3. Franchisee shall account for and pay the 5% of Post Termination Monthly Gross Revenue to Franchisor on the fifteenth day of each month on the Post Termination Monthly Gross Revenue of the competing vending machine business during the previous month. Franchisor shall have the right to audit the books and records of the competing business to confirm Franchisee's compliance with this Section 14.4, upon prior notice to Franchisee.

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

15. ASSIGNMENT, TRANSFER AND ENCUMBRANCE

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

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

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

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

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

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

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

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

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

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

15.3 Right of First Refusal. Franchisee shall provide Franchisor with complete information on the proposed Transferee and terms of the Transfer. Within 15 business days after Franchisor's receipt of this information, Franchisor shall inform Franchisee (a) whether it will exercise its right of first refusal for itself or its nominee, and (b) if not, whether it will consent to the Transfer. If Franchisor elects to exercise its right of first refusal, Franchisor or its nominee shall accept the Transfer at the price and on the terms contained in Franchisee's notice; provided, however, that Franchisor shall not be required to perform obligations of the proposed Transferee which are merely incidental to the Transfer (e.g., employment agreements in favor of individuals, and brokers or finder's fees to be paid by the proposed Transferee to Franchisee or to any Owner of Franchisee); and provided, further, that if the purchase price specified in Franchisee's notice includes consideration other than cash and notes, Franchisor or its nominee may substitute for such other compensation cash in an amount equal to the fair market value thereof. The closing of such Transfer shall be held within 60 days following receipt by Franchisee of Franchisor's notice. If Franchisor elects not to exercise its right of first refusal and consents to the proposed Transferee, Franchisee may consummate the proposed Transfer, but only upon the terms and conditions set forth in Franchisee's notice.

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

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

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

16. INDEMNIFICATION

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

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

17. DISPUTE RESOLUTION

17.1 Choice of Law. THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF CALIFORNIA. IN THE EVENT OF ANY CONFLICT OF LAW, THE LAWS OF CALIFORNIA SHALL PREVAIL, WITHOUT REGARD TO THE APPLICATION OF CALIFORNIA CONFLICT OF LAW RULES. IF, HOWEVER, ANY PROVISION OF THIS AGREEMENT WOULD NOT BE ENFORCEABLE UNDER THE LAWS OF CALIFORNIA, AND IF THE FRANCHISED BUSINESS IS LOCATED OUTSIDE OF CALIFORNIA AND SUCH PROVISION WOULD BE ENFORCEABLE UNDER THE LAWS OF THE STATE IN WHICH THE FRANCHISED BUSINESS IS LOCATED, THEN SUCH PROVISION SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THAT STATE.

17.2 Venue. THE PARTIES AGREE THAT ANY ACTION BROUGHT BY EITHER PARTY AGAINST THE OTHER IN ANY COURT, WHETHER FEDERAL OR STATE, SHALL BE BROUGHT WITHIN THE STATE OF CALIFORNIA in

the county in which Franchisor has its principal place of business at the time the action is initiated, and the Parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

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

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

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

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

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

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

18. GENERAL

18.1 Grammar, Headings, Exhibits and Construction. The masculine of any pronoun shall include the feminine and the neuter thereof, and the singular of any noun or pronoun shall include the plural, or vice versa, wherever the context requires. Article and Section headings are for convenience of reference only and shall not be construed as part of this Agreement nor shall they limit or define the meaning of any provision of this Agreement. Recitals A through C and the terms of all Exhibits attached to this Agreement are incorporated into this Agreement by reference. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by both Parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of both Parties. The Parties intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

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

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

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

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

delivery, and (v) one business day after electronic transmission (with confirmation copy sent by regular United States mail).

Any notice or demand to Franchisor shall be given to:

Fresh Healthy Vending LLC
9605 Scranton Road, Suite 350
San Diego, California 92121

Fax: 858-210-4258

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

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

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

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

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

18.10 Entity Franchisees. If Franchisee is an Entity, it shall, except as otherwise approved in writing by Franchisor: (i) confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to operating the Franchised Business, (ii) furnish Franchisor with its

shareholders', partnership or operating agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto, (iii) maintain stop transfer instructions on its records against the Transfer of any Equity securities and shall only issue securities upon the face of which a legend, in a form satisfactory to Franchisor, appears which references the Transfer restrictions imposed by this Agreement, (iv) not issue any voting securities or securities convertible into voting securities, (v) maintain a current list of all Owners of record and all beneficial Owners of any class of voting stock of Franchisee and furnish the list to Franchisor upon request, (vi) complete and deliver **Exhibit C** to Franchisor together with this Agreement, and (vii) notify Franchisor in writing within 10 days of any change in the information contained in Exhibit C.

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

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

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

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

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

18.16 Atypical Terms. Franchisee and its Owners acknowledge and agree that Franchisor may modify the offer of its franchises to other franchisees in any manner and at any time, which offers have or may have

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

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

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

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

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

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

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

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

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

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

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

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

"Advertising Fee" means the advertising fee Franchisee must pay Franchisor on the anniversary date of the Effective Date each year during the Term for each Vending Machine owned by Franchisee in the amount set forth on **Exhibit B**.

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

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

“Applicable Law” means applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, governing the operation of the Franchised Business at the Locations, as in effect on the Effective Date, and as may be amended, supplemented or enacted from time to time.

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

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

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

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

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

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

“Confidential Information” means all confidential and/or proprietary knowledge, trade secrets, data or information of Franchisor and any and all confidential and/or proprietary knowledge, data or information which Franchisee has obtained or obtains from Franchisor, including, but not limited to, tangible and intangible information (whether or not in electronic form) relating to the Marks and the System, the Manuals and the business operations of Franchisor and its affiliates, products and services, equipment, sources of materials and equipment, information management, computer hardware and software, data, other content, formulations, patterns, compilations, programs, devices and processes, know-how, business relationships, contact information for industry professionals, designs, developmental or experimental work and services, improvements, discoveries, plans for research, potential new or supplemental products and services, websites, advertisements or ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators and customers, information regarding the skills and compensation of employees and contractors of Franchisor, designs, drawings, specifications, source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, trade secrets, sales/license techniques, inventions, copyrightable material, trademarkable material, databases, current and prospective sites for the Locations, the owners or lessors of the Locations, the relationship between Franchisor and other companies, persons or entities and any other information or material considered proprietary by Franchisor, whether or not correctly or incorrectly designated as Confidential Information by Franchisor but that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor and which is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy or any other information in oral, written, graphic or electronic form which, given the circumstances surrounding such disclosure, would be considered confidential.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Manuals” means Franchisor’s Operations Manual and Guide, and any other written directive related to the System, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary and additional manuals and written directives established by Franchisor as in effect and amended from time to time.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“**Successor Notice**” means the written notice given by Franchisor to Franchisee on or prior to the expiration of the Initial Term or the first Successor Term then in effect, notifying the Franchisee that the current Term is expiring and whether Franchisee wishes to renew this Agreement.

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

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

“**Supplier**” means a producer, manufacturer, distributor, supplier or service provider, including Franchisor.

“**System**” means, without limitation, Franchisor’s operating methods and business practices related to the Fresh Healthy Vending Machine business, and the relationship between Franchisor and its franchisees, including graphics, trade dress, specifications for equipment and uniforms, defined Product offerings, Franchisor specified pricing; restrictions on ownership, standard operating and administrative procedures, management and technical training programs, all as Franchisor may modify the same from time to time. “**Term**” means the Initial Term and each Renewal Term, unless the context indicates otherwise.

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

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

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

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

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

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

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

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

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

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

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

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

FRANCHISOR:

FRESH HEALTHY VENDING LLC,
a California limited liability company

By: _____

Its: _____

FRANCHISEE:

☐ an individual;

☐ a _____ general partnership;

☐ a _____ limited partnership;

☐ a _____ limited liability company;

☐ a _____ corporation

By: _____

Its: _____

**EXHIBIT A
FRANCHISE INFORMATION**

TERRITORY:

EXCLUSIVE:

☐ **YES**

☐ **NO**

VENDING MACHINES:

☐ **HEALTHY VENDING COMBO MACHINES**

☐ **HEALTHY VENDING CAFÉ MACHINES**

☐ **HEALTHY VENDING TOUCH MACHINES**

FRANCHISOR:

FRESH HEALTHY VENDING LLC,
a California limited liability company

By: _____

Its: _____

FRANCHISEE:

☐ an individual;

☐ a _____ general partnership;

☐ a _____ limited partnership;

☐ a _____ limited liability company;

☐ a _____ corporation

By: _____

Its: _____

**EXHIBIT B
FEES AND CHARGES**

TYPE OF FEE*	AMOUNT	SECTION REFERENCE IN FRANCHISE AGREEMENT
Initial Franchise Fee	\$ _____ (\$1,000 per Vending Machine)	4.1
Purchase Price for agreed number** and types of Primary Vending Machines (includes coin mechanism, bill acceptor, graphics kits, cashless payment system, delivery, installation, set-up and lightbox (machine signage))	\$ _____	5.2
Royalty Fee	6% of the Monthly Gross Revenue of each Vending Machine	4.2.1
Advertising Fee	\$75 per Vending Machine per year	4.2.2
Additional Initial Training Program Fee	\$250 per person	6.1
Additional Training Fee	\$250 per person	6.3
Relocation Fee	\$1,000 per Vending Machine. Franchisee shall pay \$500 upon the relation request and \$500 upon securing the relocation. ***	5.3
Franchisee Conference Fee	\$500 per person	6.4
Delivery Fee for Relocated Vending Machines	\$120 per hour	5.2
Additional Graphics Kit Fee	\$350 each	11.3
Renewal Term Fee	\$5,000	3.2.1
Management Fee	\$75 per Vending Machine per day	13.4
Manual Replacement Fee	\$100	7
Service Fee	\$120 per hour	8.3
Transfer Fee	\$5,000	15.2(vii)
Transferee Training Program Fee	\$250 per person	15.2(viii)

* All fees are nonrefundable unless described otherwise in the Franchise Agreement. Water line plumbing for Healthy Vending Café Machines is not included in the Purchase Price.

** Franchisee must purchase a minimum of ten Primary Vending Machines. Franchisee may purchase any combination of Healthy Vending Combo machines, Healthy Vending Café machines, and Healthy Vending Touch machines chosen by Franchisee, *provided* that if Franchisee chooses to buy any Healthy Vending Café machines, Franchisee must buy at least three Healthy Vending Café machines, and if Franchisee chooses to

buy any Healthy Vending Touch machines, Franchisee must buy at least three Healthy Vending Touch machines. Prices for Vending Machines are as follows:

	1 to 10 machines	11 to 19 machines	20 to 29 machines	30+ machines
Price per Healthy Vending Combo Machine	\$10,000 (\$100,000 for 10 machines)	\$100,000 for first 10 machines, plus \$9,750 for each additional machine	\$187,750 for first 19 machines, plus \$9,500 each for additional machine	\$282,750 for first 29 machines, plus \$9,250 for each additional machine
Price per Healthy Vending Touch Machine	\$14,500 (\$145,000 for 10 machines)	\$145,000 for first 10 machines, plus \$14,250 for each additional machine	\$273,250 for first 19 machines, plus \$14,000 for each additional machine	\$413,250 for first 29 machines, plus \$13,750 for each additional machine
Price per Healthy Vending Café Machine	\$14,500 (\$145,000 for 10 machines)	\$145,000 for first 10 machines, plus \$14,250 for each additional machine	\$273,250 for first 19 machines, plus \$14,000 for each additional machine	\$413,250 for first 29 machines, plus \$13,750 for each additional machine

*** For each ten Vending Machines purchased by Franchisee, two machines shall be relocated by Franchisor without payment of the Relocation Fee (but Franchisee must still pay costs of the physical move).

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

FRANCHISOR:

FRESH HEALTHY VENDING LLC,
a California limited liability company

By: _____

Its: _____

FRANCHISEE:

☐ an individual;

☐ a _____ general partnership;

☐ a _____ limited partnership;

☐ a _____ limited liability company;

☐ a _____ corporation

By: _____

Its: _____

EXHIBIT C

ENTITY INFORMATION

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

(1) Franchisee is a (check as applicable): ☐ corporation ☐ limited liability company ☐ general partnership ☐ limited partnership ☐ Other (specify): _____

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

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

(4) The name and address of each of Franchisee's Owners for purposes of Section 18.10 of the Franchise Agreement and their ownership interests in Franchisee are:

OWNER NAME	ADDRESS	PERCENTAGE INTEREST

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

NAME	ADDRESS	TITLE

[Agreement concludes, and signatures appear, on next page.]

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

FRANCHISOR:

FRESH HEALTHY VENDING LLC,
a California limited liability company

By: _____

Its: _____

FRANCHISEE:

☐ an individual;
☐ a _____ general partnership;
☐ a _____ limited partnership;
☐ a _____ limited liability company;
☐ a _____ corporation

By: _____

Its: _____

EXHIBIT D GUARANTEE

As an inducement to **FRESH HEALTHY VENDING LLC**, A California limited liability company (“**Franchisor**”) to execute the Franchise Agreement with _____ (“**Franchisee**”) dated _____, 201____, and in consideration of Franchisor executing the Franchise Agreement, Guarantors jointly and severally agree as follows:

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

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

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

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

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

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

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

Name:

GUARANTORS:

Name (printed): _____

Name (printed): _____

EXHIBIT E
LOCATION AGREEMENT
(FORM)



Fresh Healthy Vending Machine Agreement

This Agreement is entered into by and between

'Operator' _____ Contact Name _____ and,

'Customer' _____ Contact Name _____

TERMS

1. Operator has a principal place of business at:

Address: _____ City _____

State _____ Zip _____ Ph _____ Email _____

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

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

Address: _____ City _____

State _____ Zip _____ Ph _____ Email _____

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

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

INSTALLATION OF MACHINES

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

COMPENSATION

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

RECORDS AND STATEMENTS

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

TERM

8. This Agreement shall commence upon delivery and installation of the first vending machine/s and shall be for a term of months/years from the commencement date. This agreement shall be renewed automatically and continue for successive periods, unless notice of termination is given by either party to the other within a 45 day written notice without penalty.

OWNERSHIP OF MACHINES

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

SELECTION AND PRICING

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

MAINTENANCE AND SERVICE

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

INSURANCE

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

TERMINATION OF AGREEMENT

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

LOCATION INFORMATION

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

[Signature Page Follows]

SIGNATURES

Customer Name: _____

Customer Signature: _____

Date: _____

Operator Name: _____

Operator Signature: _____

Date: _____

EXHIBIT F
ADDITIONAL VENDING MACHINE AMENDMENT TO FRANCHISE
AGREEMENT

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

A. On _____, 201____, Franchisor and Franchisee entered into a Franchise Agreement (the “**Franchise Agreement**”) pursuant to which Franchisor granted Franchisee the right to operate a Fresh Healthy Vending business using the mark “**Fresh Healthy Vending**” in accordance with the Fresh Healthy Vending System. Capitalized terms used but not defined in this Amendment shall have the meaning ascribed to such term in the Franchise Agreement.

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

NOW, THEREFORE, IT IS AGREED:

1. ADDITIONAL VENDING MACHINES.

1.1 Number of Additional Vending Machines. On or before each of the following dates, Franchisee shall purchase the following numbers of Additional Vending Machines from Franchisor to be installed at Locations in the Territory:

DATE	NUMBER OF ADDITIONAL VENDING MACHINES

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

1.3 Additional Vending Machine Purchase Price. The Purchase Price for each Additional Vending Machines is the same as the prices set forth in Exhibit B to the Franchise Agreement (the “**Additional Vending Machine Purchase Price**”). Franchisee shall pay Franchisor a non-refundable deposit equal to 40% of the Additional Vending Machine Purchase Price on the Effective Date. Franchisee shall pay Franchisor the remaining 60% of the Additional Vending Machine Purchase Price before the scheduled delivery date of the Additional Vending Machines.

[Agreement concludes, and signatures appear, on next page.]

2. RATIFICATION OF AGREEMENT.

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

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

FRANCHISOR:

FRESH HEALTHY VENDING LLC,
a California limited liability company

By: _____

Its: _____

FRANCHISEE:

☐ an individual;

☐ a _____ general partnership;

☐ a _____ limited partnership;

☐ a _____ limited liability company;

☐ a _____ corporation

By: _____

Its: _____

EXHIBIT B

List of State Administrators and Agents for Service of Process

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

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Corporations: 320 West 4 th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677	Commissioner of Corporations 320 West 4 th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2722	Commissioner of Securities, Department of Commerce & Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	Indiana Secretary of State Securities Division, E-111 302 West Washington Street, Room E- 111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6531
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360	Maryland Securities Commissioner Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	Consumer Protection Division, Antitrust and Franchising Unit Michigan Department of Attorney General 670 G. Mennen Williams Building 525 West Ottawa Lansing, Michigan 48933 (517) 373-7177	Michigan Department of Commerce Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way Lansing, Michigan 48909
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-4026	Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-4026

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NEW YORK	New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway New York, New York 10271-0332 (212) 416-8000	Secretary of the State of New York 41 State Street Albany, New York 12231 (518) 474-4750
NORTH DAKOTA	Office of the Securities Commissioner State Capitol, Fifth Floor 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712	Securities Commissioner State Capitol, Fifth Floor 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-2910
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387
RHODE ISLAND	Director, Securities Division State of Rhode Island Department of Business Regulation Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, RI 02920 (401) 462 9582	Securities Division Department of Business Regulation, Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, RI 02920 (401) 462 9582
SOUTH DAKOTA	Department of Labor and Regulation Division of Securities 118 West Capitol Pierre, South Dakota 57501 (605) 773-4823	Director, Department of Labor and Regulation Division of Securities 118 West Capitol Pierre, South Dakota 57501 (605) 773-4823
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Ninth Floor 1300 East Main Street Richmond, Virginia 23219 (804) 371-9672	Clerk, State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9672
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Road, SW Tumwater, Washington 98501 (360) 902-8760	Director, Department of Financial Institutions Securities Division 150 Israel Road, SW Tumwater, Washington 98501
WISCONSIN	Securities and Franchise Registration Wisconsin Securities Commission 345 West Washington Street, 4 th Floor Madison, Wisconsin 53703	Securities and Franchise Registration Wisconsin Securities Commission 345 West Washington Street, 4 th Floor Madison, Wisconsin 53703

EXHIBIT C

State Addendums

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

The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document.

The California Franchise Relations Act (Business and Professions Code Sections 20000 through 20043) provides rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law may control, although we reserve the right to challenge the applicability and enforceability of the law.

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

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

The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

You must sign a general release if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code sections 31000 through 31505). Business and Professions Code section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Neither HDOS Enterprises nor any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C. § 78a *et seq.*, suspending or expelling these persons from membership in that association or exchange.

Section 31125 of the Franchise Investment Law requires us to give to you a Disclosure Document approved by the Commissioner of Corporations before we ask you to consider a material modification of your franchise agreement.

Our Web site has not been reviewed or approved by the California Department of Corporations. Any complaints concerning the contents of our Web site may be directed to the California Department of Corporations at www.corp.ca.gov.

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

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

Item 17 shall be supplemented to include the following disclosure:

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

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

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

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

ILLINOIS
ADDENDUM TO FRANCHISE AGREEMENT

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

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

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

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

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

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

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

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

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

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

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

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

FRANCHISOR:

Fresh Healthy Vending LLC,
a California limited liability company

By: _____

Date: _____, 20__

FRANCHISEE:

By: _____

Date: _____, 20__

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Item 13

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

Item 17.

Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this Disclosure Document, Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.

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

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibits Fresh Healthy Vending LLC from requiring litigation to be conducted outside Minnesota requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document or Agreements can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

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

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

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

MINNESOTA
ADDENDUM TO FRANCHISE AGREEMENT

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

1. Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Agreement can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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

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

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

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

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

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

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

FRANCHISOR:

Fresh Healthy Vending LLC,
a California limited liability company

By: _____

Date: _____, 20__

FRANCHISEE:

By: _____

Date: _____, 20__

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

STATEMENT REQUIRED BY THE STATE OF NEW YORK

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

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

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

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

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

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

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

Except as disclosed above, neither we nor any of our affiliates, predecessors, officers, or general partners have, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of ours held this position in such company or partnership.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FRANCHISOR:

Fresh Healthy Vending LLC,
a California limited liability company

By: _____

Date: _____, 20__

FRANCHISEE:

By: _____

Date: _____, 20__

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

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

Item 17:

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

RHODE ISLAND
ADDENDUM TO FRANCHISE AGREEMENT

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

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

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

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

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

SOUTH DAKOTA

ADDENDUM TO DISCLOSURE DOCUMENT

The Franchise Agreement includes a covenant not to compete after termination of the Franchise Agreement. Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances provided by law. The Franchise Agreement provides for arbitration in a state other than South Dakota. Under South Dakota law, arbitration must be conducted at a mutually agreed upon site in accordance with § 11 of the Commercial Arbitration Rules of the American Arbitration Association.

The Franchise Agreement designates the law of a state other than South Dakota as the governing law, except that the arbitration clause is to be construed under the Federal Arbitration Act and trademark issues are to be construed under the Lanham Act. Franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota, but contractual and all other matters will be subject to application, construction, enforcement, and interpretation under the governing law specified by the Franchise Agreement.

Under South Dakota law, any provision in a Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue outside South Dakota is void with respect to any cause of action which is governed by the law of South Dakota.

Under South Dakota law, termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards, and failure to make management service fee payments contained in the Disclosure Document and Franchise Agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination. Under SDL 37-5B-21, any condition, stipulation or provision purporting to waive compliance with any provision of this chapter or any rule or order under it is void.

Any acknowledgment, provision, disclaimer or integration clause or a provision having a similar effect in a Franchise Agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate the South Dakota franchise law or a rule or order under the South Dakota franchise law.

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

The Disclosure Document is amended as follows:

1. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or other agreements does not constitute “reasonable cause” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. Pursuant to Section 13.1-564 of the Virginia Retail Franchising At, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involved the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

VIRGINIA
ADDENDUM TO FRANCHISE AGREEMENT

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

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

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

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

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

Item 6.

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

Item 17.

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

Item 21.

The following language has been added to Item 21:

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

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

WASHINGTON
ADDENDUM TO FRANCHISE AGREEMENT

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

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

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

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

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

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

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

EXHIBIT D

Table of Contents of Manual

Fresh Healthy Vending

Operations Manual & Guide

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4	Coin Mechanism & Bill Validator Operation	Section IV	88 Pages
5	e-Port Overview / USA Live Functions	Section V	33 Pages
6	Light Box Attachment	Section VI	7 Pages
7	Locations/Customer Relations	Section VII	15 Pages



EXHIBIT E

Compliance Certification

FRESH HEALTHY VENDING, LLC

COMPLIANCE CERTIFICATION

As you know, **FRESH HEALTHY VENDING LLC** ("**Fresh Healthy Vending**") and you are preparing to enter into a business relationship. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate, or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Have you received and personally reviewed all of the agreements that you will be signing today?
Yes _____ No _____
2. Do you understand the rights and obligations you and we will have under these agreements?
Yes _____ No _____
If not, what questions do you have?
3. Have you received and personally reviewed the Fresh Healthy Vending Franchise Disclosure Document ("FDD")?
Yes _____ No _____
4. Did you receive the FDD at least fourteen calendar days before today?
Yes _____ No _____
5. Do you understand all of the information contained in the FDD?
Yes _____ No _____
If not, what parts of the FDD do you not understand?
6. Have you discussed with an attorney, accountant, or other professional advisor the benefits and risks of establishing and operating the Fresh Healthy Vending franchise described in our FDD, as well as your rights and obligations under the Franchise Agreement and other agreements that you will be signing today?
Yes _____ No _____
If not, do you wish to have more time to do so?
Yes _____ No _____
7. Do you understand that the success or failure of your business will depend in large part upon your own skills and abilities, the ability to secure and maintain good locations for your vending machines, keeping your vending machines properly stocked and serviced, good customer service, competition from other businesses, and other economic and business factors?
Yes _____ No _____

8. Do you understand that our current policy of permitting you to buy additional vending machines can be modified or eliminated if we no longer offer vending machines or subsequently go out of business and, therefore, that there is no assurance that if and when you wish to do so, we may be offering this policy?
- Yes _____ No _____
9. Are you aware of the fact that, unless prohibited by law, under the Franchise Agreement we and you have both agreed to (i) waive a jury trial; (ii) reduce the time within which each of us can assert a claim against the other; and (iii) waive any right or claim of punitive, exemplary or consequential damages against the other?
- Yes _____ No _____
10. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a franchised Fresh Healthy Vending business that is contrary to, or different from, the information contained in the Franchise Agreement, and/or FDD?
- Yes _____ No _____
11. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a franchise?
- Yes _____ No _____
12. Has any employee or other person speaking on our behalf made any statement, promise, or suggestion that any information supplied to you about the past revenues of one or more vending machines is in any way predictive of the future revenues from these sources?
- Yes _____ No _____
13. Has any employee or other person on our behalf made any statement or promise about Fresh Healthy Vending's parent or affiliated companies other than the information contained in the FDD?
- Yes _____ No _____
14. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support, service or assistance that Fresh Healthy Vending or its affiliates we will furnish to you that is contrary to, or different from, the information contained in the FDD?
- Yes _____ No _____
15. With respect to the agreements being signed today, has any employee or other person speaking on our behalf made any statement, promise or agreement concerning:
- the rights or obligations which either we or our affiliates will have to you or you will have to us or our affiliates under these agreements; or
 - the terms and conditions of these agreements

that, in either circumstance, are not specifically stated in the agreements?

Yes _____ No _____

16. Have you entered into any binding agreement with or paid money to Fresh Healthy Vending or any of our affiliates concerning the grant of franchise rights prior to today?

Yes _____ No _____

17. If you have answered "Yes" to any one of questions 11-16, please provide a full explanation of each "Yes" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

The undersigned understands that Franchisor is acting in reliance on the truthfulness and completeness of the undersigned's responses to the questions above in entering into the Franchise Agreement with the undersigned.

YOU ACKNOWLEDGE AND AGREE THAT IN THE EVENT THAT ANY DISPUTE ARISES, THIS CERTIFICATION SHALL BE ADMISSIBLE AS EVIDENCE IN ANY LEGAL ACTION, AND YOU HEREBY WAIVE, TO THE FULLEST EXTENT PERMISSIBLE UNDER THE LAW, ANY OBJECTION TO SUCH ADMISSION OF THIS CERTIFICATION.

FRANCHISE APPLICANT _____

SIGNATURE _____

PRINT NAME _____

ON BEHALF OF ENTITY _____

DATE _____

EXHIBIT F

Financial Statements

FRESH HEALTHY VENDING, LLC

AUDITED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012 and 2011

FRESH HEALTHY VENDING, LLC

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INDEPENDENT AUDITOR'S REPORT

March 22, 2013

To the Members
Fresh Healthy Vending, LLC
San Diego, California

We have audited the accompanying financial statements of Fresh Healthy Vending, LLC, which comprise the statement of operations and changes in members' equity as of December 31, 2012 and 2011, and the related statements of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fresh Healthy Vending, LLC as of December 31, 2012 and 2011, and the changes in its members' equity and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Hinzman & Associates".

HINZMAN & ASSOCIATES
Certified Public Accountants
A Professional Corporation

FRESH HEALTH VENDING LLC
Balance Sheet
December 31, 2012 and 2011

Assets

	2012	2011
Current assets		
Cash	\$ 248,832	\$ 447,246
Accounts receivable, net	2,639,965	2,785,443
Deferred costs	326,939	1,193,400
Prepaid expenses	3,872	-
Inventory	52,001	43,080
Due from (to) related parties	123,600	76,206
Total current assets	<u>3,395,209</u>	<u>4,545,375</u>
Property and equipment, net	160,298	196,978
Intangible assets	5,000,000	5,000,000
Deposits	12,542	21,569
	<u><u>\$ 8,568,049</u></u>	<u><u>\$ 9,763,922</u></u>

Liabilities and Members' Equity

Current liabilities		
Accounts payable	\$ 319,376	\$ 658,642
Accrued expenses	197,313	138,906
Deferred revenues	4,529,020	6,374,122
Advertising fund	1,519	-
Total current liabilities	<u>5,047,228</u>	<u>7,171,670</u>
Members' equity	3,520,821	2,592,252
	<u><u>\$ 8,568,049</u></u>	<u><u>\$ 9,763,922</u></u>

FRESH HEALTHY VENDING LLC
Statement of Operations and Changes in Members' Equity
For the years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Franchise income:		
Franchise fees	\$ 755,000	\$ 464,077
Vending machine sales	9,504,190	6,251,656
Company owned machines	113,114	12,540
Agency sales, net	40,969	16,699
Royalty	1,055	-
	<u>10,414,328</u>	<u>6,744,972</u>
Cost of sales:		
Company owned machines	139,466	37,893
Vending machines	5,697,074	3,741,669
	<u>5,836,540</u>	<u>3,779,562</u>
Gross profit	4,577,788	2,965,410
Expenses:		
General and administrative	2,359,192	1,769,486
Marketing	896,192	686,928
	<u>3,255,384</u>	<u>2,456,414</u>
Income before income taxes	1,322,404	508,996
Income tax expense	<u>18,835</u>	<u>12,590</u>
Net income	1,303,569	496,406
Members' equity at beginning of year	2,592,252	3,800,846
Less member distributions	<u>(375,000)</u>	<u>(1,705,000)</u>
Members' equity at end of year	<u>\$ 3,520,821</u>	<u>\$ 2,592,252</u>

FRESH HEALTHY VENDING LLC
Statement of Cash Flows
For the years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Net income (loss)	\$ 1,303,569	\$ 496,406
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	42,828	24,390
Sales of company owned vending machines	95,109	-
(Increase) decrease in:		
Accounts receivable	145,478	(1,695,414)
Deferred costs	866,461	(900,478)
Prepaid expenses	(3,872)	10,000
Inventory	(8,921)	(43,080)
Increase (decrease) in:		
Accounts payable	(339,266)	256,478
Accrued expenses	58,407	49,537
Advertising fund	1,519	-
Deferred revenues	(1,845,102)	4,115,222
Net cash provided by operating activities	<u>316,210</u>	<u>2,313,060</u>
Cash flows from investing activities		
(Increase) decrease in deposits	9,027	(7,657)
Purchase of property and equipment	<u>(101,257)</u>	<u>(145,330)</u>
Net cash provided (used) by investing activities	<u>(92,230)</u>	<u>(152,987)</u>
Cash flows from financing activities		
Due from (to) related party	(47,394)	(98,230)
Members' distributions	<u>(375,000)</u>	<u>(1,705,000)</u>
Net cash provided (used) by financing activities	<u>(422,394)</u>	<u>(1,803,230)</u>
Net increase (decrease) in cash	(198,414)	356,843
Cash, beginning of year	<u>447,246</u>	<u>90,403</u>
Cash, end of year	<u><u>\$ 248,832</u></u>	<u><u>\$ 447,246</u></u>
Supplemental Information		
Income taxes paid	<u><u>\$ 24,380</u></u>	<u><u>\$ 6,880</u></u>

FRESH HEALTHY VENDING LLC
Notes to Financial Statements
December 31, 2012 and 2011

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Fresh Healthy Vending, LLC (the Company) was formed as a limited liability company in California in 2010 as a franchisor of healthy drinks and snack vending machines that features cashless payment devices and remote monitoring software. The Company uses in-house location specialists that are responsible for securing locations for the franchisees and has a nationwide product distribution chain.

Franchise agreement

The Company's franchise agreement requires an initial non-refundable fee of \$1,000 per machine per franchise. New franchisees are required to purchase a minimum of 10 snack vending machines or 5 coffee vending machines from the Company. Initial franchise fees are primarily intended to compensate the Company for granting the right to use the Company's trademark and to offset the costs of finding locations for vending machines, developing training programs and the operating manual. The Company revised its franchise agreement effective April 2012 which modified the franchise agreement terms, including:

	Prior to April 2012	Subsequent to April 2012
- Term of initial franchise agreement	5 years	10 years
- Renewal option term	1 year	5 years
- Renewal option price per machine	\$1,000	\$5,000

Franchise fees and associated costs are recognized as revenues and expenses when the franchisee has signed their franchise agreement and all vending machines locations have been identified. Franchise fees and vending machine revenues from franchisees for which locations have not been identified are recorded as a liability; costs associated with such deferred revenue are recorded as an asset.

Effective April 2012, new franchise agreements also provide for continuing royalty and advertising fees which are based on monthly gross revenues of each vending machine that exceed a minimum number of weekly transactions. The royalty fee, 6% of gross revenue, compensates the Company for various advisory services that it provides to the franchise on an ongoing basis. An advertising fee, \$75 per machine per year, also funds various marketing efforts as determined by the Company. Royalty fees are recognized as revenue when earned, advertising fees are recorded as a liability until marketing expenditures are incurred.

FRESH HEALTHY VENDING LLC
Notes to Financial Statements
December 31, 2012 and 2011

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Franchise agreement (Continued)

The Company also sells products sold in vending machines to their franchisees at minimal profit. The Company is effectively acting as an agent in the process, and the revenues and expenses from these sales are netted and recorded as Agency sales, net on the accompanying Statement of Operations as follows:

	Year Ended December 31,	
	2012	2011
Food sales	\$ 1,990,114	\$ 871,022
Cost of food sales	(1,949,145)	(854,323)
Net agency sales	<u>\$ 40,969</u>	<u>\$ 16,699</u>

Basis of accounting

The financial statements of the Company have been prepared in conformity with generally accepted accounting principles on the accrual basis and accordingly reflect all significant assets, payables and other liabilities.

Cash and cash equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of credit risk

The Company maintains bank accounts at financial institutions in San Diego, California. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The cash balances in financial institutions at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

FRESH HEALTHY VENDING LLC
Notes to Financial Statements
December 31, 2012 and 2011

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts receivable

The Company provides for estimated losses on accounts receivable based upon a review of existing receivables. The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific franchisees, historical trends, and other information. Accounts receivable are written off when they are determined to be uncollectible. The allowance for doubtful accounts was \$25,000 and \$0 at December 31, 2012 and 2011, respectively.

Inventory

Inventory is valued at the lower of cost or market, with cost determined using the average cost method. Inventory consisted of drinks and food in Company owned vending machines and vending machine parts for sale.

Property and Equipment

Property and equipment is carried at cost and depreciated using the strait-line method over estimated useful lives of the individual assets, generally five to seven years for all assets.

Intangible assets

In 2010 FHV Holdings Corp. (a related party - see Note 6) contributed intangible assets to the Company in exchange for all preferred units of the Company. These intangible assets, which consist primarily of license rights to sell vending machines to franchisees, are recorded at \$5,000,000, are considered to have indefinite useful lives, are not amortizable but are subject to an annual impairment test. As of December 31, 2012 and 2011, the Company considers these intangibles to have indefinite lives and the value of the intangibles has not been impaired. Consequently, no amortization expense has been recognized during 2012 and 2011.

FRESH HEALTHY VENDING LLC
Notes to Financial Statements
December 31, 2012 and 2011

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of long-lived assets

Management of the Company monitors the carrying value of long-lived assets for potential impairment on an on-going basis. Potential impairment would be determined by comparing the carrying value of these assets with their expected future net cash flows. Should the sum of the expected future net cash flows be less than the carrying value, management would recognize an impairment loss, measured as the amount by which the carrying value of the asset exceeds its fair value.

Advertising

It is the Company's policy to expense advertising costs as they are incurred. Advertising expense totaled \$575,885 and \$515,548 during 2012 and 2011.

Shipping and handling

The Company classifies freight costs as cost of sales.

Income Taxes

The company is not a tax paying entity for federal income tax purposes; its members are liable for income taxes on the Company's taxable income. The current income tax provision consists entirely of minimum state income taxes.

FASB ACS 740, Income Taxes, provides accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state tax returns are more likely than not to be sustained upon examination.

The Company's tax returns are subject to examination by federal and state taxing authorities for three years after they were filed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FRESH HEALTHY VENDING LLC
Notes to Financial Statements
December 31, 2012 and 2011

2. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2012 and 2011 consisted of the following:

	2012	2011
Computer equipment	\$ 17,182	\$ 15,730
Furniture and fixtures	36,663	36,663
Vending machines	66,924	162,693
Vehicle	12,645	9,340
Software	63,787	-
	<u>197,201</u>	<u>224,426</u>
Less accumulated depreciation	(36,903)	(27,448)
Total property and equipment	<u><u>\$ 160,298</u></u>	<u><u>\$ 196,978</u></u>

3. COMMITMENTS

The Company leases its offices under an operating lease that expires in July, 2015. The Company also leases office equipment under an operating lease that expires in February, 2015.

Future minimum lease payments under all operating leases follows:

Year ending December 31:	
2013	\$ 122,800
2014	126,000
2015	121,800
2016	71,800
	<u><u>\$ 442,400</u></u>

Rent expense totaled \$118,038 and \$158,830 for the years ended December 31, 2012 and 2011, respectively.

FRESH HEALTHY VENDING LLC
Notes to Financial Statements
December 31, 2012 and 2011

4. PROFIT AND LOSS ALLOCATION TO MEMBERS

The preferred units include preference in the form of distributions that are triggered by various performance milestones. The first \$11 million of cumulative net cash flow from operations shall be distributed entirely to the preferred member. The next \$1 million of net cash flow shall be distributed 80% to the preferred member. Net cash flow in excess of \$12 million shall be distributed 60% to the preferred member. All members have limited liability.

5. CONCENTRATIONS

The Company's vending machines are sourced from a single manufacturer who sells through a limited number of suppliers. Although there are a limited number of manufacturers of its vending machines, management believes that other suppliers could provide similar machines on comparable terms. A change in suppliers, however, could cause a delay in deliveries and a possible loss of sales, which would adversely affect operating results.

6. RELATED PARTY TRANSACTIONS

FHV Holdings Corp. (Holdings), which contributed intangible assets to the Company (see Note 1), owns the preferred units of the Company.

The Company had advanced Holdings \$183,600 and \$76,206 at December 31, 2012 and 2011, respectively, which are recorded as due from (to) related parties on the accompanying balance sheet.

At December 31, 2012, the Company owed a Holdings shareholder a total of \$60,000 which is recorded as due from (to) related parties on the accompanying balance sheet.

FRESH HEALTHY VENDING LLC
Notes to Financial Statements
December 31, 2012 and 2011

7. FRANCHISE INFORMATION

Franchise statistics at December 31, 2012 include:

Franchises in operation at beginning of year	103
New franchises granted	57
Franchises cancelled	(15)
Franchises in operation at end of year	<u>145</u>

The Company operated 10 and 31 vending machines for its own benefit at December 31, 2012 and 2011, respectively.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 22, 2013, the date the financial statements were available to be issued.

In March 2013 the Company entered into a settlement agreement with the State of California regarding inaccurate and incomplete disclosures in its 2010 and 2011 Franchise Disclosure Documents (FDD). As part of this settlement the Company agreed to amend its FDD to include complete disclosures and to offer its California franchisees the right to rescind their Franchise Agreements. Any California franchisee that accepts this offer of rescission is entitled to a refund of their initial franchise fees and the depreciated market value of their vending machines.

The Company has determined that 10 franchisees, who collectively purchased 119 vending machines, are eligible for the offer of rescission. The Company has not yet notified these franchisees of the rescission offer and thus cannot reasonably estimate how many franchisees will accept the rescission offer and the related financial impact. No provision for potential losses related to this rescission offer have been included in the financial statements at December 31, 2012.

FRESH HEALTHY VENDING, LLC

AUDITED FINANCIAL STATEMENTS

**For the Year Ended December 31, 2011
and Period February 8, 2010 (Inception)
through December 31, 2010**

FRESH HEALTHY VENDING, LLC

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INDEPENDENT AUDITOR'S REPORT

February 24, 2012

To the Members

Fresh Healthy Vending, LLC

San Diego, California

We have audited the accompanying balance sheet of Fresh Healthy Vending, LLC (the Company) as of December 31, 2011, and the related statements of operations, changes in members' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Company as of December 31, 2010 were audited by other auditors whose restated report, dated December 20, 2011 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fresh Healthy Vending, LLC as of December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



HINZMAN & ASSOCIATES
Certified Public Accountants
A Professional Corporation

FRESH HEALTH VENDING LLC
Balance Sheet
December 31, 2011 and 2010

Assets

	<u>2011</u>	<u>2010</u>
Current assets		
Cash	\$ 447,246	\$ 90,403
Accounts receivable	2,785,443	1,090,029
Deferred costs	1,193,400	292,922
Prepaid expenses	-	10,000
Inventory	43,080	-
Due from (to) related party	76,206	(22,024)
Total current assets	<u>4,545,375</u>	<u>1,461,330</u>
 Property and equipment, net	 196,978	 76,037
 Intangible assets	 5,000,000	 5,000,000
 Deposits	 21,569	 13,912
	<u><u>\$ 9,763,922</u></u>	<u><u>\$ 6,551,279</u></u>

Liabilities and Members' Equity

Current liabilities		
Accounts payable	\$ 658,642	402,164
Accrued expenses	138,906	89,369
Deferred revenues	6,374,122	2,258,900
Total current liabilities	<u>7,171,670</u>	<u>2,750,433</u>
 Members' equity	 2,592,252	 3,800,846
	<u><u>\$ 9,763,922</u></u>	<u><u>\$ 6,551,279</u></u>

FRESH HEALTHY VENDING LLC
Statement of Operations
For the year ended December 31, 2011
and period February 8, 2010 (inception)
through December 31, 2010

	<u>2011</u>	<u>2010</u>
Franchise income:		
Franchise fees	\$ 464,077	\$ 86,000
Vending machine sales	6,251,656	849,250
Company owned machines	12,540	-
Agency sales, net	16,699	(1,518)
	<u>6,744,972</u>	<u>933,732</u>
Cost of sales:		
Company owned machines	37,893	-
Vending machines	3,741,669	643,336
	<u>3,779,562</u>	<u>643,336</u>
Gross profit	2,965,410	290,395
Expenses:		
General and administrative	1,769,486	583,611
Marketing	686,928	198,868
	<u>2,456,414</u>	<u>782,479</u>
Income (loss) before income taxes	508,996	(492,084)
Income tax expense	<u>12,590</u>	<u>800</u>
Net income (loss)	<u>\$ 496,406</u>	<u>\$ (492,884)</u>

FRESH HEALTHY VENDING LLC
Statement of Changes in Members' Equity
For the year ended December 31, 2011
and period February 8, 2010 (inception)
through December 31, 2010

	Preferred Units		Common Units		
	Units	Amount	Units	Amount	Total
Balances, February 8, 2010	-	\$ -	-	\$ -	\$ -
Capital contribution	100	5,003,730	100	98,730	5,102,460
Distribution	-	(710,000)	-	(98,730)	(808,730)
Net loss	-	(492,884)	-	-	(492,884)
Balances, December 31, 2010	100	3,800,846	100	-	3,800,846
Distribution	-	(1,705,000)	-	-	(1,705,000)
Net income	-	496,406	-	-	496,406
Balances, December 31, 2011	100	\$ 2,592,252	100	\$ -	\$ 2,592,252

FRESH HEALTHY VENDING LLC
Statement of Cash Flows
For the year ended December 31, 2011
and period February 8, 2010 (inception)
through December 31, 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Net income (loss)	\$ 496,406	\$ (492,884)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	24,390	4,007
Non cash members' contribution	-	3,730
(Increase) decrease in:		
Accounts receivable	(1,695,414)	(1,090,029)
Deferred costs	(900,478)	(292,922)
Due from (to) related party	(98,230)	22,024
Prepaid expenses	10,000	(10,000)
Inventory	(43,080)	-
Increase (decrease) in:		
Accounts payable	256,478	402,164
Accrued expenses	49,537	89,369
Deferred revenues	4,115,222	2,258,900
Net cash provided by operating activities	<u>2,214,830</u>	<u>894,359</u>
Cash flows from investing activities		
(Increase) decrease in deposits	(7,657)	(13,912)
Purchase of property and equipment	<u>(145,330)</u>	<u>(80,044)</u>
Net cash provided (used) by investing activities	<u>(152,987)</u>	<u>(93,956)</u>
Cash flows from financing activities		
Members' contributions	-	98,730
Members' distributions	<u>(1,705,000)</u>	<u>(808,730)</u>
Net cash provided (used) by financing activities	<u>(1,705,000)</u>	<u>(710,000)</u>
Net increase (decrease) in cash	356,843	90,403
Cash, beginning of year	<u>90,403</u>	<u>-</u>
Cash, end of year	<u><u>\$ 447,246</u></u>	<u><u>\$ 90,403</u></u>
Supplemental Information		
Income taxes paid	<u>\$ 6,880</u>	<u>\$ 800</u>
Members' contribution - non cash	<u><u>\$ -</u></u>	<u><u>\$ 5,003,730</u></u>

FRESH HEALTHY VENDING LLC
Notes to Financial Statements
December 31, 2011 and 2010

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Fresh Healthy Vending, LLC (the Company) was formed as a limited liability company in California on February 8, 2010 as a franchisor of healthy drinks and snack vending machines that features cashless payment devices and remote monitoring software. The Company uses in-house location specialists that are responsible for securing locations for the franchisees and has a nationwide product distribution chain.

Franchise agreement

The Company's franchise agreement requires an initial non-refundable fee of \$1,000 per machine per franchise. New franchisees are required to purchase a minimum of 10 vending machines from the Company. Initial franchise fees are primarily intended to compensate the Company for granting the right to use the Company's trademark and to offset the costs of finding locations for vending machines, developing training programs and the operating manual. The term of the initial franchise agreement is 5 years. Options to renew the agreement for 1 year terms are available for \$1,000 per franchise.

Franchise fees and associated costs are recognized as revenues and expenses when the franchisee has signed their franchise agreement and all vending machines have been delivered and installed. Franchise fees and vending machine revenues from franchisees that are not delivered and installed are recorded as a liability; costs associated with such deferred revenue are recorded as an asset.

The Company also sells products sold in vending machines to their franchisees at minimal profit. The Company is effectively acting as an agent in the process, and the revenues and expenses from these sales are netted and recorded as Agency sales, net on the accompanying Statement of Operations.

Basis of accounting

The financial statements of the Company have been prepared in conformity with generally accepted accounting principles on the accrual basis and accordingly reflect all significant assets, payables and other liabilities.

FRESH HEALTHY VENDING LLC
Notes to Financial Statements
December 31, 2011 and 2010

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of credit risk

The Company maintains bank accounts at financial institutions in San Diego, California. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2011 the Company had approximately \$278,000 of uninsured cash based on actual bank balances. Management believes the Company is not exposed to any significant credit risk with respect to its cash and cash equivalents.

Accounts receivable

The Company provides for estimated losses on accounts receivable based upon a review of existing receivables. All accounts are considered fully collectible by management at December 31, 2011 and December 31, 2010, thus no allowance for doubtful accounts is considered necessary.

Inventory

Inventory is valued at the lower of cost or market, with cost determined using the average cost method. Inventory consisted of drinks and food in Company owned vending machines and vending machines parts for sale.

Property and Equipment

Property and equipment is carried at cost and depreciated using the strait-line method over estimated useful lives of the individual assets, generally five to seven years for all assets.

FRESH HEALTHY VENDING LLC
Notes to Financial Statements
December 31, 2011 and 2010

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

In 2010 FHV Holdings Corp. (a related party - see Note 7) contributed intangible assets to the Company in exchange for all preferred units of the Company. These intangible assets, which consist primarily of license rights to sell vending machines to franchisees, are recorded at \$5,000,000, are considered to have indefinite useful lives, are not amortizable but are subject to an annual impairment test. As of December 31, 2011 and 2010, the Company considers these intangibles to have indefinite lives and the value of the intangibles has not been impaired. Consequently, no amortization expense has been recognized during 2011 and 2010.

Impairment of long-lived assets

Management of the Company monitors the carrying value of long-lived assets for potential impairment on an on-going basis. Potential impairment would be determined by comparing the carrying value of these assets with their expected future net cash flows. Should the sum of the expected future net cash flows be less than the carrying value, management would recognize an impairment loss, measured as the amount by which the carrying value of the asset exceeds its fair value.

Income Taxes

The company is not a tax paying entity for federal income tax purposes; its members are liable for income taxes on the Company's taxable income. The current income tax provision consists entirely of minimum state income taxes. The Company's federal and state income tax returns from 2010 to the current year are subject to potential examination by the taxing authorities.

Advertising

It is the Company's policy to expense advertising costs as they are incurred. Advertising expense totaled \$515,548 and \$178,684 during 2011 and 2010.

FRESH HEALTHY VENDING LLC
Notes to Financial Statements
December 31, 2011 and 2010

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Shipping and handling

The Company classifies freight costs as cost of sales.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain balances in the 2010 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2011 financial statements. These reclassifications had no effect on net income.

2. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2011 and 2010 consisted of the following:

	2011	2010
Computer equipment	\$ 15,730	\$ 6,880
Furniture and fixtures	36,663	35,189
Vending machines	162,693	37,975
Vehicle	9,340	-
	<u>224,426</u>	<u>80,044</u>
Less accumulated depreciation	(27,448)	(4,007)
Total property and equipment	<u>\$ 196,978</u>	<u>\$ 76,037</u>

FRESH HEALTHY VENDING LLC
Notes to Financial Statements
December 31, 2011 and 2010

3. FRANCHISE INFORMATION

Franchise statistics at December 31, 2011 include:

Franchises in operation at beginning of year	32
New franchises granted	77
Franchises cancelled	<u>(6)</u>
Franchises in operation at end of year	<u><u>103</u></u>

The Company operated 36 vending machines for its own benefit at December 31, 2011.

4. COMMITMENTS AND CONTINGENCIES

The Company leases its offices under an operating lease that expires in July, 2015. The Company also leases office equipment under an operating lease that expires in February, 2015.

The Company also leased 2 additional office spaces during 2011 and 2010, both leases expired during 2011.

Future minimum lease payments under all operating leases follows:

Year ending December 31:	
2012	\$ 119,500
2013	122,800
2014	126,000
2015	121,800
2016	<u>71,800</u>
	<u><u>\$ 561,900</u></u>

Rent expense totaled \$158,830 and \$79,616 for 2011 and 2010.

The Company is involved in various legal matters in the ordinary course of business. In the opinion of management, these matters are not anticipated to have a material adverse effect on the results of operations, financial position or liquidity of the Company.

FRESH HEALTHY VENDING LLC
Notes to Financial Statements
December 31, 2011 and 2010

5. PROFIT AND LOSS ALLOCATION TO MEMBERS

The preferred units include preference in the form of distributions that are triggered by various performance milestones. The first \$11 million of cumulative net cash flow from operations shall be distributed entirely to the preferred member. The next \$1 million of net cash flow shall be distributed 80% to the preferred member. Net cash flow in excess of \$12 million shall be distributed 60% to the preferred member. All members have limited liability.

6. CONCENTRATIONS

The Company's vending machines are sourced from a single manufacturer who sells through a limited number of suppliers. Although there are a limited number of manufacturers of its vending machines, management believes that other suppliers could provide similar machines on comparable terms. A change in suppliers, however, could cause a delay in deliveries and a possible loss of sales, which would adversely affect operating results.

7. RELATED PARTY TRANSACTIONS

FHV Holdings Corp. (Holdings), which contributed intangible assets to the Company (see Note 1), owns the preferred units of the Company. Financial transactions between the Company and Holdings are recorded as Due from (to) related party on the accompanying Balance Sheet.

8. SUBSEQUENT EVENT

Subsequent events were evaluated through the date of the audit report, which is the date the financial statements were available for issue.

EXHIBIT G

List of Franchisees

LIST OF CURRENT FRANCHISEES AS OF DECEMBER 31, 2012

Business name	Address	City	STATE	Zip	Telephone Number
Huntsville Healthy Vending, Inc.	3200 Cove Cross Road	Hampton Cove	AL	35763	763-442-0144
R+R Healthy Vending LLC	2140 Wyeth Drive	Guntersville	AL	35976	256-298-3911
Fresh Health NWA	4504 Hillside Drive	Rogers	AR	72758	479-659-8166
AZ Fairway to Freshness	1110 Rawhide Circle	Papillion, NE	AZ	68046	402-650-3380
Jennifer Grill	8859 W Aster Drive.	Peoria	AZ	85381	623-853-5712
Nels Anderson	314 W. 14th St. #2	Clovis, NM 88102	AZ		575-799-1279
Munching Machines, LLC	2595 E. Carob Drive	Gilbert	AZ	85298	307-333-4749
Fresh Vending OC	625 Avenida Acapulco	San Clemente	CA	92672	415-297-7605
OC Fresh Healthy Vending, LLC	8 Jenny Lane	Ladera Ranch	CA	92691	(949) 306-3959
Seven Reasons, LLC	2009 Ruhland Avenue, Unit A	Redondo Beach	CA	90278	310-683-3262
Cloack LLC	64 Beach Bay	Newport Beach	CA	92660	734-625-2230
Fresh Services Group LLC	PO Box 5005 #128	Rancho Santa Fe	CA	92067	(619) 788-8837
Ross & Colleen Horn	1175 E. Shaw Avenue #112	Clovis	CA	93612	559-824-9100
DONLIZ, LLC (DONLIZ VENDING)	1431 Pacific Hwy #106	San Diego	CA	92101	(619)206-7318
North Bay Wholesome Vending, Inc.	2272 Wolfberry Way	Santa Rosa	CA	95404	415-577-4944
The Slendor Vendor LLC	1804 Garnet Avenue #205	San Diego	CA	92109	619-777-8363
Young's Fresh Vending	1779 E. Florida Avenue Suite #A-2	Hemet	CA	92544	951-444-7860
Jayesh Ghia	19000 Tilson Avenue	Cupertino	CA	95014	408-933-8384
Tony Rader	4804 Laurel Canyon Blvd Suite 555	Valley Village	CA	91607	818-726-1497
Living Healthy Inc	2484 Stanford Way	Antioch	CA	94531	510-915-5805
Healthy Choice Vending, Red Deer	84 Wiley Crescent	Red Deer, Alberta	CANADA	T4N7G5	403-506-1315
FHV Ontario	3812 Main Street	Jordan, Ontario	CANADA	L0R 1S0	905-562-0820
JCB Healthy Vending LTD.	108 Lakeridge Drive	Warman, Saskatchewan	CANADA	S0K 0A1	306-221-8638
Bond Vending	804-828 Howe Street,	Vancouver, BC	CANADA	V6Z 2X2	778-588-6888
Eat Right Healthy Vending	133 Gordon Edward Circle	East St. Paul, Manitoba	CANADA	R2E0H2	(204) 667-0994
Shannon and Lonny Forrester	Box 94	Rouleau, Saskatchewan	CANADA	S0G4H0	(306) 533-3065
Andrew Kirby	519 A Rosemeadow Cr	Waterloo, Ontario	CANADA	N2T2A4	519-498-8446
Fresh Healthy Alberta	4404 McCrae Avenue	Edmonton, Alberta	CANADA	T5E6N6	780-245-5572

Tender Venders LLC	4605 Quebec St., Unit B-3	Denver	CO	80216	303-550-5014
Colorado Fresh Vending, LLC	645 Cree Circle	Boulder	CO	80303	303-718-9155
Vitality Vending	10264 Sweet Rock Court	Parker	CO	80134	303-840-3222
Vending Boy, Inc.	4170 Golf Club Drive	Colorado Springs	CO	80922	941-650-2029
L & J Enterprise, LLC	21 Forest Glen Drive.	Woodbridge	CT	06525	203-494-5918
Fresh Vends, LLC	9 Solana Road	Ponte Vedra Beach	FL	32082	706-713-1973
Eat Right Now, LLC	5722 South Flamingo Road #414	Cooper City	FL	33330	954.648.2165
Refresh2Go, LLC	2172 W. Nine Mile Road #120	Pensacola	FL	32534	850-619-0544
SA Vending 2012	7363 Sawgrass Pt. Drive	Pinellas Park	FL	33782	727-460-3392
Wicks Healthy Organics LLC	3502 Shoreline Circle	Palm Harbor	FL	34684	727-786-1864
Dustin Wiechens	1715 SE 28th Street	Ocala	FL	34471	352-427-8468
Walkat Ventures LLC	142 Colleton Drive	Athens	GA	30606	646-831-7411
Slim Kallel	70 Mount Vernon Circle	Atlanta	GA	30338	(404) 918-9317
Fresh Vending Atlanta LLC	1110 Windfaire Place	Roswell	GA	30076	770-713-0141
5 Pillars Investment	3404 Town Square Drive	Kennesaw	GA	30144	678-296-7867
Tim and Deaun Zasadny	312 Military Drive	Coeur d' Alene	ID	83814	775-857-8172
Calderwood Group	29W365 National St.	West Chicago	IL	60185	630-523-4428
Krasdi Fresh Vending	5A Kingery Quarter Apt 102	Willowbrook	IL	60527	630-850-6987
Spaldin, Inc.	1861 Pinnacle Drive	Aurora	IL	60502	630-673-6060
Tippynippy Inc.	3701 Grapevine Mills Parkway Apt # 2127	Grapevine, TX	IL	76051	312-420-8205
Healthy Planet Foods, Inc.	2061 Arleen Court	Schaumburg	IL	60194	847-781-9002
Daniel and Diane Radic	436 Orchard Lane	Highland Park	IL	60035	(847) 846-1181
Martha's VENDyard	14805 Melrose St.	Kansas City	KS	66221	913-271-1444
Venture Vending, LLC	11012 Decimal Drive	Louisville	KY	40299	270-202-6365
D Square Enterprises	12915 Sunnybrook Drive	Prospect	KY	40059	502-693-5580
Organic Vending of Louisiana, LLC	2224 Royal Troon Court	Zachary	LA	70791	225-573-1358
Fresh Healthy Vending North Shore, LLC.	22 Woodstone Drive	Mandeville	LA	70471	504-236-1262
2B Healthy LLC	175 Marcelle Street	Larose	LA	70373	985-414-9446
FHV Boston, LLC		Boston	MA	02111	617-543-7214
New England Fresh & Healthy Vending	458 Boyden Road	Conway	MA	01341	301-351-1434
Enmark Services, Inc.	51 Fuller Shrs.	Lakeville	MA	02347	(586) 292-4610
DBG Enterprises, LLC	117 Woodland Drive	Florence	MA	01062	413.586.2571

Healthy Initiative, LLC	27 Earlmor Drive	North Attleboro, MA	MA/RI	02760	(508) 395-3344
Be Healthy Vending, LLC	14511 Fairdale Road	Silver Spring	MD	20905	240-535-5119
SOMYA LLC	178 Hidden Hill Circle	Odenton	MD	21113	301-254-7979
Healthy Eats LLC)	2936 Brocks Way	Ellicott City	MD	21043	410-505-8756
Kickstand, LLC	10612 Old Court Road	Granite	MD	21163	410-701-0214
Web Star Ross Enterprises, LLC	7830 Contee Road Apt 225	Laurel	MD	20707	301-710-9616
Better Choice Vending, LLC	10068 Southridge Drive SE	Caledonia	MI	49316	616-536-8220
FHWM LLC	6401 Summer Meadows Drive	Rockford	MI	49341	616-292-6264
A&V Vending LLC	6222 Eastmoor Road	Bloomfield Hills	MI	48301	(248) 229-8718
Healthy Choices B & C	345 Carnoustie	Highland	MI	48357	248-889-0791
Twin Cities Fresh Vending		Chisago City	MN	55013	612-282-5316
Kongu Healthy Vending LLC	15227 Plumstone Drive	Eden Prairie	MN	55347	(612) 501-5245
Dan and Kelly Matz	81920 235th Street	Hayward	MN	56043	507-383-7694
HJN Vending	16227 Surfview Court	Wildwood	MO	63040	314-630-1909
KPT Enterprises, LLC	2026 Avalon Mist Circle	O'Fallon	MO	63368	314-518-9655
Corky & Nicole Miller	9826 Waterbury Drive	Ladue	MO	63124	314-494-7715
Show-Me Healthy Vending LLC	1257 Stephenridge Drive	St. Charles	MO	63304	314-606-9035
Fresh Vending of Montana	1526 Foothill Drive	Billings	MT	59105	406 861-0003
Fresh Healthy Alternatives, LLC	3044 Sentinel Drive	Bozeman	MT	59715	406-570-6009 ☐
Organic Vending, LLC	3073 Drummond Avenue	Fort Mill, South Carolina	NC	29707	704-965-1233
Sloan Vending Company	6804 North Ridge Drive	Raleigh	NC	27615	919-349-3105
Adams Vending, LLC	110 Heritage Drive	Apex	NC	27523	919-669-4872
North Carolina Healthy Vending LLC	981 Williams Road	Madison	NC	27025	336-382-7475
Fresh Vending of North Carolina, Inc.	3540 Clemmons Road, Suite 118	Clemmons	NC	27012	336-816-1884
Healthy Tid Bits Vending, Inc.	5068 Terrier Lane	Fort Mill, South Carolina	NC	29707	803-548-8099
Fresh Healthy Vending of the Triangle, LLC	104 San Sophia Drive	Chapel Hill	NC	27514	919.883.4070
Anoop Sharma	3 Cassidy Avenue	Salem	NH	03079	(978) 590 3850
JLT Healthy Vending LLC	89 Peele Road	Nashua	NH	03062	978-204-4297
Eat Smart Vending, Inc.	42 White Pine Lane	Princeton	NJ	08540	609-577-5761
Healthy Distributions, LLC	20 Kenmuir Avenue	Morristown	NJ	07960	908-797-7537
The Lila Group, LLC	42 Afterglow Avenue	Verona	NJ	07044	973-571-1931 ☐

Ken Krill	173 River Road	Flanders	NJ	07836	862-219-5974
CMD International, Inc.		Ringoes	NJ	08551	908-268-5477
JR's Vending Inc.	122 19th Avenue 2FL	Irvington	NJ	07111	973-558-1800
Atlas Healthy Vending	23 John Street	New City	NY	10956	845-323-4309
Monroe Fresh Vending	34 King Fisher Drive.	Spencerport	NY	14559	585-747-2798
GAA VEND LLC	3244 46th Street	Long Island City	NY	11103	(718) 781-7543
Vending Fresh! LLC	199 Kingston Avenue Suite c1	Brooklyn	NY	11216	347-678-1086
William Barbalat	33 Union Square West 7R	New York	NY	10003	(917) 686-7350
The Ragusa Organization, Inc	104 Glen Way	Syosset	NY	11791	516-606-2610
Fresh Healthy Solutions, LLC		Reminderville	OH	44202	330-389-2070
Jeff Maxwell	7954 Stoney Ridge Drive	Cincinnati	OH	45247	513-885-8857
Healthy Journey, LLC.	2359 S. Waynesville Rd	Lebanon	OH	45036	(513) 255-8276
CC's Healthy Products LLC	3313 Lee Street	North Canton	OH	44720	330-818-2200
Tulsa Fresh Vending	3717 South 216th East Avenue	Broken Arrow	OK	74014	918-638-0881
Vend Fresh LLC	PO Box 3265	Clackamas	OR	97015	503-539-6148 D
Portland Healthy Vending, LLC	Po Box 86437	Portland	OR	97286	503-680-5893
Healthy Habits Vending Co	1833 Ridge Road	Pottstown	PA	19465	(281)813-6449
Philadelphia Healthy Vending		Radnor	PA	19087	215-688-3435
FreshHealthy Philly, LLC	500 Fayette Street #201	Conshohocken	PA	19428	610-359-5808
P&G Ventures, Inc.	5230 Miller Drive	Macungie	PA	18062	484-632-8007
ALL Natural Vending, LLC	Cond. Parque Loyola II, 600 Jesus T Peneiro Avenue #1605	San Juan	PUERTO RICO	00918- 4065	787 685 1464
ANM Enterprises LLC	110 Ashley Avenue	Charleston	SC	29401	(843) 819-3360
R & G Associates, LLC	2131 Fernleaf Lane	Florence, SC	SC & NC	29501	843-621-2172
Healthy Vending Tennessee	2285 Mark Court	Franklin	TN	37067	(615) 476-1852
Fresh Healthy Vending Memphis LLC	3616 Davieshire Cove	Bartlett	TN	38133	901-335-5843
Seahorse Ventures HV, LLC	1400 Knox Valley Drive	Brentwood	TN	37027	(615) 594-4453 □
Taylor Vending Services	313 Riverstone Blvd□	Nashville	TN	37214	615-351-5452
Mid-America Healthy Vending, LLC	5500 Poplar Avenue, #1	Memphis	TN	38119	901-685-3993
Asiafinds, LLC	5121 N. Jasmine Court	McAllen	TX	78501	956-668-7486
SCROGGINS HEALTHY VENDING LLC	5401 Leo Lane	Amarillo	TX	79110	806-236-1615
Jason Thiel LLC	115 Sandra Muraida Way #532	Austin	TX	78703	512-536-0296 cell
JBA Sales and Distributing	7187 Dalewood Ln	Dallas	TX	75214	214-769-9168 cell
Fresh Healthy Houston LLC	2519 Fairway Park Drive. STE 300	Houston	TX	77092	713-459-7869

Texas Fresh Healthy, LLC	7033 Chantilly Lane	Dallas	TX	75214	(214) 957 - 7529
WL Enterprises, Inc.	1011 Three Rivers Drive	Prosper	TX	75078	516-504-5404
Texian Fresh and Healthy Vending Company	1412 Fossil Ridge	Waco	TX	76712-8143	254-717-8917
Better-4-U-Vending, LLC.	31107 Vickie Lane	Magnolia	TX	77354	(713) 542-8399
Jessica Cooper	6109 River Highlands Drive	McKinney	TX	75070	580-695-8801
DRZ Vending, LLC	PO Box 1463	Cedar Park	TX	78630	512-796-0331
L & T Fresh Vending LLC	16930 Pheasant Ridge Drive	Sugar Land	TX	77498	281-277-7325
Life Change Vending, LLC	4807 Copper Manor Court	Katy	TX	77494	832-544-4845
Wade Healthy Inc.	6647 Woodland Hills Lane	Plano	TX	75024	972-816-8614
Better Snacks of SaddleCreek, LLC	29400 Arena Drive	Waller	TX	77484	713-204-0328
Gopinathji LLC	8003 N. MacArthur Blvd, Apt 2002	Irving	TX	75063	214-681-2394
Fit Choice LLC		Round Rock	TX	78664	(512) 310-2216
Healthy America, LLC	4843 Clearwater Lane, Naperville, IL 60564		VA		202-701-3789
WCT Enterprises, LLC	20 Ferguson Street	Poquoson	VA	23662	757-286-1200
Healthy Vending Cafe LLC	2220 Millcrest Ter.	Midlothian	VA	23112	(804) 335-4304
Fresh Healthy Vending of Virginia, LLC	6423 Rigsby Road	Richmond	VA	23236	(804) 651-3434
Vermont Health And Hospitality, LLC	4 Francis Drive	Essex Junction	VT	05452	802-999-9950
Fresh Healthy Vending Wa, LLC	PO BOX 437	Colbert	WA	99005	509-370-1242
RMB Fresh Vending, LLC	12727 47th Drive, NE	Marysville	WA	98271	(425) 268-9816
W B Healthy Vending LLC	N1093 375th Street	Maiden Rock	WI	54750	651-212-8847
Healthy Options Madison	317 W. Whispering Pines Way,	Verona	WI	59593	608-658-5893

List of Closed Franchisees as of December 31, 2012

Business Name	Address	City	State	Zip	Telephone Number
Christopher Coulombe	11308 Ethan Allen Drive	Little Rock	AR	72211	(501) 837-8450
GTSquared LLC	41905 N. La Crosse Trail	Anthem	AZ	85086	623-670-3891
Jacqueline Sperle	10357 Reserve Drive, #303	San Diego	CA	92127	619-306-0525
Healthy Choices, LLC	800 Village Walk #309	Guilford	CT	06437	203-464-9378
Northern Lights LLC	1641 Atekemire Drive	Tallahassee	FL	32304	904-563-1575
Prakar Healthy Vending, LLC	486 Gregory Avenue #3D	Glendale Heights	IL	60139	847-873-6080
J2 Investments Inc.	6700 Kembell Drive	Evansville	IN	47710	812-459-6533
Natural Foods, LLC	8204 Rosewood Lane	Prairie Village	KS	66208	913-991-2933
Chesapeake Vending, LLC	10482 Carberry Court	White Plains	MD	20695	301-643-7442
Maine-ly Healthy Vending	40 Sebago Woods Trail	Windham	ME	04062	207-892-5293
John Pelliccione	1217 Briardliff Road	Greensboro	NC	27408	336-202-8278
Petrelli Organics LLC	9493 Stills Way	Las Vegas	NV	89148	808-352-3095
Orda LLC	126 Snider Avenue	Waynesboro	PA	17268	717-387-1903
Fika Fresh, LLC	3841 34th Avenue W, Unit E	Seattle	WA	98199	206-948-2124
Thad Allemand	105 W. Lakeshore Dr.	Thibodaux	LA	70301	504-234-0098

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

* Thad Allemand transferred the interest in his Franchise Agreement in 2012; Mr. Allemand did not operate any Vending Machines under his Franchise Agreement.

EXHIBIT H

Receipt

RECEIPT

This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Fresh Healthy Vending, LLC offers you a franchise, Fresh Healthy Vending, LLC must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement or make a payment with the Franchisor or an affiliate in connection with the proposed franchise sale.

New York, Oklahoma and Rhode Island require that Fresh Healthy Vending, LLC give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the Franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Connecticut and Michigan require that Fresh Healthy Vending, LLC give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever comes first.

If Fresh Healthy Vending, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit B.

The Franchisor is Fresh Healthy Vending, LLC, located at 9605 Scranton Road, Suite 350, San Diego, California 92121.

Issuance date: April 1, 2013, as amended on September 30, 2013.

The name, principal business address and telephone number of each franchise seller offering the franchise:

___ Alex Kennedy	Fresh Healthy Vending, LLC	
___ Glenn Rogers, Jr.	9605 Scranton Road, Suite 350	(858) 210-4200
___ Ryan O'Keefe	San Diego, California 92121	
___	_____	_____

Additional franchise sellers may be listed on an attachment to this Receipt.

We authorize the agents listed in Exhibit B to receive service of process for us. I have received a Uniform Franchise Disclosure Document dated April 1, 2013, as amended on July 19, 2013. This Disclosure Document included the following exhibits:

- A. Franchise Agreement
- B. List of State Administrators and Agents for Service of Process
- C. State Addendum
- D. Table of Contents of Manual
- E. Compliance Certification
- F. List of Products
- G. Financial Statements
- H. List of Franchisees
- I. Receipt

individually, and as an officer, partner or member of

Dated: _____, 201____, a _____

Address: _____

Phone: _____

Keep this copy for your records. This Disclosure Document may also be available in several formats including on paper, on a CD or on our website, www.freshvending.com

RECEIPT

This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

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___ Ryan O'Keefe	San Diego, California 92121	
___	_____	_____

☐ Additional franchise sellers are listed on an attachment to this Receipt.

We authorize the agents listed in Exhibit B to receive service of process for us. I have received a Uniform Franchise Disclosure Document dated April 1, 2013, as amended on July 19, 2013. This Disclosure Document included the following exhibits:

- A. Franchise Agreement
- B. List of State Administrators and Agents for Service of Process
- C. State Addendum
- D. Table of Contents of Manual
- E. Compliance Certification
- F. List of Products
- G. Financial Statements
- H. List of Franchisees
- I. Receipt

individually, and as an officer, partner or member of

Dated: _____, 201__

_____, a _____

Address: _____

Phone: _____

Please sign this copy of the Receipt, date your signature, and return it to Fresh Healthy Vending, LLC, 9605 Scranton Road, Suite 350, San Diego, California 92121; Attention: Alex Kennedy.