

FRANCHISE DISCLOSURE DOCUMENT

CANDY BOUQUET INTERNATIONAL, INC.
510 McLEAN STREET
LITTLE ROCK, AR 72202
(501) 375-9990
(Toll Free # 1-877-226-3901)
www.candybouquet.com



This disclosure document is for the offer and licensing of franchises for a CANDY BOUQUET retail operation, specializing in a unique system of florally arranged candy on stems to emulate flowers. We also offer candies of the highest quality sold in sacks, boxes, or loose in bins. Our "floral type" arrangements can be custom made to order and may contain gift items and paper goods as well as candy arranged florally.

The total investment necessary to begin operation of a Candy Bouquet International, Inc. franchised business ranges from \$17,170 to \$68,050. This includes \$15,450 to \$57,450 that must be paid to the franchisor or its affiliates. Areas over 250,000 in population are calculated on a case-by-case basis.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosure in different formats contact Jim Benham at (501) 375-9990. All information contained on the CD-Rom is identical to the paper documents included in the Franchise Registration Application.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire 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 a decision. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1/877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your local library for other sources of information on franchising.

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

ISSUANCE DATE _____

STATE COVER PAGE

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

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

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW OUR 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. AT THE START OF FYEAR 2011, THERE WERE 407 OPERATING FRANCHISES. 125 (31%) CEASED OPERATIONS DURING THE YEAR. THERE WERE 333 FRANCHISES OPERATING AT THE END OF THE YEAR 2011.
2. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION AND ARBITRATION ONLY IN ARKANSAS. OUT-OF-STATE LITIGATION AND ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE AND ARBITRATE WITH US IN ARKANSAS THAN IN YOU OWN STATE.
3. THE FRANCHISE AGREEMENT REQUIRES THAT ARKANSAS LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Dates Appear on the Next Page

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin

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

CALIFORNIA: 4/20/2011

FLORIDA: 4/17/2011

HAWAII: 3/27/2011

ILLINOIS: 3/30/2011

INDIANA: 4/08/2011

MARYLAND: 2/13/2012

MICHIGAN: 11/15/2011

MINNESOTA: 4/11/2011

NEW YORK: 5/09/2011

NORTH DAKOTA: 3/26/2011

RHODE ISLAND: 4/06/2011

SOUTH DAKOTA: 3/30/2011

UTAH: 9/21/11

VIRGINIA: 3/30/2011

WASHINGTON: 4/15/2011

WISCONSIN: 12/10/2011

TABLE OF CONTENTS

ITEM	PAGE
1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
2. BUSINESS EXPERIENCE	2
3. LITIGATION	2
4. BANKRUPTCY	4
5. INITIAL FEES	4
6. OTHER FEES	5
7. ESTIMATED INITIAL INVESTMENT	6
8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	8
9. FRANCHISEE'S OBLIGATION	8
10. FINANCING	10
11. FRANCHISOR ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING.....	10
12. TERRITORY	13
13. TRADEMARKS	14
14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	15
15. OBLIGATIONS TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS .	16
16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	16
17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	16
18. PUBLIC FIGURES	18
19. FINANCIAL PERFORMANCE REPRESENTATIONS	18
20. OUTLETS AND FRANCHISEE INFORMATION	19
21. FINANCIAL STATEMENTS	37
22. CONTRACTS	37
23. RECEIPTS	37

EXHIBITS

A	FRANCHISE LIST
B	FINANCIAL STATEMENTS
C	AGENTS FOR SERVICE OF PROCESS
D	NON-DISCLOSURE AND NON-COMPETITION AGREEMENT
E	WEB-CONTENT NON-DISCLOSURE
F	FRANCHISE AGREEMENT
G	STATE SPECIFIC ADDENDA
H-1 and H-2	RECEIPTS (2)

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

To simplify the language in this disclosure document, "CBI" means Candy Bouquet International, Inc. the franchisor. "You or your" means the person or legal entity and its owners who buys the franchise.

CBI is an Arkansas corporation, incorporated on August 3, 1993. It maintains its principal place of business at 510 McLean Street, Little Rock, Arkansas 72202, and does business under the name **CANDY BOUQUET INTERNATIONAL, INC.**

On January 12, 1999, the capital stock of CBI was transferred to J.A.P. Corporation ("JAP"). Until November 30, 2011, CBI was operated as a wholly owned subsidiary of JAP. JAP was the parent company of CBI. JAP is an Arkansas corporation organized on January 12, 1999. It maintains its principal place of business at 423 E. 3rd St., Little Rock, AR 72201.

On November 30, 2011, JAP Corporation sold CBI to The Wheeler Family Trust, located at 4100 Milam Street, Houston, TX 77006. CBI's Corporate Office and Distribution Center remains located at 510 McLean Street, Little Rock, AR 72202.

CBI licenses the use of its name and trademark (see Cover Sheet) to be used with the retail sale of CANDY BOUQUET arrangements and other candy and gift items.

You may open more than one Candy Bouquet retail store within your exclusive territory without signing any additional contracts or other agreement with CBI. There are no additional franchise fees for opening additional retail stores, however, each additional store will be charged an additional monthly association fee.

You will prepare Candy Bouquets with high quality specialty candies such as hard candies, chocolates, gums, decorative flowers, leaves, small toys and paper goods in a variety of selected containers.

You will prepare the Candy Bouquet arrangements in a storefront or home based operation for special orders and general retail demand. Candy Bouquet products are intended to appeal to customers of all ages and all groups of people. They are intended to be appropriate for all special occasions and to appeal to businesses as well as individuals. Customers may select a Candy Bouquet from those available or place an order by telephone or website. The orders may be picked up at the store, shipped or delivered for convenience.

To the best of CBI's knowledge, there are no regulations governing the operation of a "Candy Bouquet Store", per se, in your state. Please refer to Exhibit C for Agents for Service of Process for specific states. However, in some states, Canadian provinces and other locations there are or may be guidelines for labeling of food items that you may be required to follow. Your local agriculture office or health department should be able to assist you with these laws.

Candy Bouquets are an alternative to traditional flower and candy gifts, and the market for these alternatives is increasing. The competition for a Candy Bouquet Store includes individual stores or small local chains offering floral arrangements, alternative products made with candy, cookies or other items. CBI expects the primary market for Candy Bouquets to be individuals, families, and corporate gift givers.

CBI does not own any affiliates that sell franchises. CBI does not own any affiliates that provide products or services to franchisees.

The predecessor was Candy Bouquet, a retail operation that was begun at 5800 "R" Street in Little Rock, Arkansas in August 1992 ("CB Predecessor"). The operation was an individual proprietorship and was owned by Margaret M. McEntire. In August 1993, the company was incorporated as Candy Bouquet International, Incorporated and the assets of the individual proprietorship were transferred to the corporate entity at that time. The predecessor and CBI are now the same company.

In January 1989, a company called Candy Bouquet, Inc. opened a retail store at 1219 S. Shepherd in Houston, Texas ("CB Houston"). The store offered similar products to CBI. The company was owned 50% by Margaret M. McEntire and 50% by another shareholder who managed the store. The store was closed and ceased operation in October 1992 when the Houston shareholder and store manager moved to another town. CBI does not operate under any other name and does not intend to conduct business under any other name, other than its wholesale supply business.

CBI has offered franchises for the same type of business to be operated by you since 1993. CBI predecessor offered and sold only one franchise in June 1993, which was sold before CBI's incorporation on August 3, 1993. CBI has not offered franchises in any other line of business. CBI has sold master franchises in some states. However, a Master Franchise in the U.S. is not available through this document.

ITEM 2. BUSINESS EXPERIENCE

Founder

Margaret McEntire

From August 3, 1993 until June 16, 2010, Mrs. McEntire was the President and CEO of Candy Bouquet. Since February 2009, Margaret has served as a member of the Board of Directors of the International Franchise Association. From January 1999 until the present, Margaret has been the President, Secretary and Director of JAP Corp. On November 30, 2011, JAP Corp sold CBI and its assets to the Wheeler Family Trust. Margaret currently serves as an Executive Consultant to Dr. Jim Wheeler, President & CEO, and Janet Wheeler, Owner, of CBI.

Owner

Janet M. Wheeler, RN, BSN:

Janet is a registered nurse who has been Dr. Jim Wheeler's business associate, then partner, for 15 years. Janet served as Dr. Wheeler's private surgical nurse for 10 years and participated in the Wheeler Family's real estate and construction ventures. Janet serves as the Owner of Candy Bouquet International, Inc. specializing in Training, Franchisee Communication and Public Media Relations.

President & CEO

James M. Wheeler, MD, MPH, JD

Jim is a physician/lawyer who has business interests in construction, real estate (residential and commercial), medicine, medicolegal consulting, and franchising. He has degrees or certificates of training in Biology, Psychology, Epidemiology, Statistics, Medicine (Reproductive Endocrinology & Infertility), Real Estate, Construction Management, Law, Insurance (Life & Health; Property & Casualty), and Securities (Series 6 & 63); his education has been at Harvard, Baylor, Yale, and Kaplan Universities, and University of Houston Law Center.

Jim and Janet became a Candy Bouquet Franchisees in 2010, purchasing the largest geographical area in the company's 22 year history. Acquiring CBI on November 30, 2011, the Wheelers are adapting their ideas for their Texas-sized Franchise to the entire company world-wide, as Franchisors.

For the last five years specifically, Jim has managed two businesses: a medical practice, and a consultative medicolegal practice, while starting two new businesses: Candy Bouquet Franchisee then as Franchisor, and Farmers Insurance and Financial Services. In the summer of 2012, Dr. Wheeler will close his Houston-based medical, real estate, and insurance businesses, and move his family to Arkansas so as to concentrate in leading Candy Bouquet International as President & CEO.

Chief Operating Officer

Jim Benham

From June 2006 to May 2008 Jim was the Regional Manager and Registered Principal for MassMutual Financial Group's Arkansas office. From May 01, 2008, until June 16, 2010, Jim served CBI as Vice President of Franchise Development and as the Chief Operating Officer. He was responsible for establishing and monitoring internal controls and processes for franchise growth. His duties include working closely with the Technology Department and setting protocols for database management and oversight of the Corporate Office. On June 16, 2010, Jim assumed the position of President & CEO of Candy Bouquet International, Inc. After CBI was bought by Dr. Jim and Janet Wheeler on November 30, 2011, Jim reassumed the position of Chief Operations Officer for CBI.

Creativity Officer

Jacque Bolin

From April 2010 to January 2, 2012 Jacquie served as a Franchise Advisor for CBI. She was responsible for sales of CBI franchises and continues to serve in a Customer Relations capacity serving active franchisees. Beginning January 02, 2011, Jacquie has served as Creativity Officer for CBI. This includes all responsibility for CBI's Training Program. Her responsibilities include organization, planning and training all new franchisees. She is also responsible for training materials, programs and product designs. She has oversight responsibility for co-trainers, Mary Jane Allen and Nick Warden, both CBI franchisees.

ITEM 3. LITIGATION

Candy Bouquet International, Inc. (CBI) vs. Candy Flowers, Inc. (Candy Flowers) (1998)

CBI sued Candy Flowers in the United States District Court for the Northern District of Ohio, Case No. 1:98 CV 1814 on August 7, 1998, alleging that Candy Flowers fraudulently obtained, misappropriated and converted CBI's trade secrets. CBI also sought to enjoin Candy Flowers and its president Ms. Joanne Comella-Henry, who had purchased a Candy Bouquet Franchise, from using CBI's trade secrets and mark "Candy Bouquet", and to recover damages and attorney's fees.

Candy Flowers denied the allegations and counterclaimed seeking a declaration that CBI had no exclusive rights to the name "Candy Bouquet" because Candy Flowers alleged the term is generic for candy floral arrangements. Before any hearings were conducted, the parties agreed to settle the case on the following terms.

Candy Flowers denied violating CBI's rights but agreed not to disclose or use certain information designated by CBI as trade secrets. Candy Flowers agreed to discontinue using the term "Candy Bouquet" to describe its candy floral arrangements. **Both parties dismissed their claims against the other** with prejudice, agreed not to disparage or to interfere with the others' business, and to release each other from all other claims they may have had against the other, including damages and attorney fees.

The above case was settled on December 24, 1998.

Candy Bouquet International, Inc. vs. Feil Enterprises, Judy Feil & Dean Feil (1999)

On November 4, 1999, CBI filed a lawsuit in the United States District Court, Eastern District of Arkansas against Feil Enterprises, Inc., Judy Feil and Dean Feil ("Feil")(case number 4-CV-99-825) alleging trademark infringement and breach of the CBI Franchise Agreement. CBI sought a permanent injunction and requested unspecified money damages. On March 7, 2000, the United States District Court found CBI to have a valid trademark and **granted CBI's Motion for Summary Judgment**. In its order, the Court permanently enjoined Feil from using any name, mark, sign, symbol or telephone number that belongs to CBI or that are substantially similar to the trademarked property of CBI. No damages were sought or awarded.

Eleanor Wong vs. CBI (2001)

In April 2001, Eleanor Wong filed a demand for arbitration against CBI with the American Arbitration Association. Ms. Wong alleged in her demand that based on a map, which included shading, CBI had sold a portion of her exclusive Territory to another CBI franchisee. CBI filed a response to the demand denying Ms. Wong's allegations and stating that Ms. Wong's Exclusive territory was defined in her franchise agreement, not by the map, but by six specific postal codes in Vancouver, British Columbia. A hearing on the matter was held on April 21, 2003, and **the single arbitrator ruled in favor of CBI**.

Candy Bouquet International, Inc. vs. Nie Ji Cheng and Chu Li (2005)

On February 4, 2005, CBI filed a demand for arbitration with the International Centre for Dispute Resolution against Nie Ji Cheng and Chu Li of Tianjin, China (ICDR Case #50-114-T-047-05) alleging infringement of trademark, breach of franchise agreement, breach of non-disclosure and non-competition agreement and theft of trade secrets. After a hearing on August 15, 2005, **the arbitrator entered an award in favor of CBI**. In the award, Nie Ji Cheng and Chu Li were enjoined from violating the CBI franchise agreement and the CBI non-disclosure and non-competition agreement. CBI was awarded its attorney's fees of \$11,471.21 and expenses of \$2,911.38.

Candy Bouquet International, Inc. vs. Doan Tran (2006)

On June 20, 2006, CBI filed a verified Complaint for damages and injunctive relief against Myong Tran, a former CBI franchisee, and her husband, Doan Tran, in the Circuit Court of Clark County, Kentucky (Case No. 06-Ci-382) for continuing to operate a business under the name "Yum Yum Bouquet" in competition with CBI after termination of Myong Tran's franchise agreement. On July 13, 2006, a hearing was held in the Clark County Circuit Court on CBI's Motion for a Temporary Injunction. On August 2, 2006, the Clark County Circuit Court entered a temporary injunction enjoining Myong Tran and Doan Tran from operating a candy bouquet business within twenty-five (25) miles of any CBI franchise or in Montgomery, Clark or Fayette counties in Kentucky during the pendency of the lawsuit. On August 28, 2006, Doan Tran filed a notice with the Circuit Court that his business had ceased operation. **The lawsuit has since been dismissed.**

Candy Bouquet International, Inc. vs. Gina McClendon (2008)

On April 17, 2008, CBI filed a lawsuit against Gina McClendon, a CBI franchisee, in the United States District Court for the Eastern District of Arkansas, Western Division, Case No. 4-08-CV-0340-JMM, alleging trademark infringement, violations of the franchise agreement and other claims. **After the parties entered a written settlement agreement, the lawsuit was dismissed** on October 8, 2008. Under the settlement agreement, Ms. McClendon agreed to cease engaging in the business of a CBI franchisee, cease using any CBI trademarks, cease making unsolicited contact with CBI franchisees and to pay a portion (\$1,000) of the CBI litigation expenses.

Other:

Under the Indiana Franchise Registration and Disclosure Law ("Indiana Franchise Law"), a franchisor must file a franchise registration with the Indiana Securities Division before offering or selling franchises in the state. CBI inadvertently did not file a registration in the State of Indiana until October 23, 2000. Eight franchises were sold before the time that CBI was registered in the State of Indiana. These sales constituted violations of the Indiana Franchise Law. On May 16, 2001, CBI entered a consent order with the Securities Division of the Office of the Indiana Secretary of State in which CBI agreed and was ordered to make a rescission offer to each of the franchisees that purchased a Candy Bouquet franchise before CBI's registration became effective. Of the rescission offers that were made by CBI, five franchisees accepted the rescission offer and three rejected the rescission offer. **There were no fines or fees imposed against CBI** by the State of Indiana and CBI's registration became effective on July 31, 2000.

Under the Maryland Franchise Registration and Disclosure Law ("Maryland Franchise Law"), a franchisor must annually file a franchise registration with the Maryland Securities Division. CBI initially filed a registration with the State of Maryland in April 1998. However, CBI's franchise registration was inadvertently allowed to expire in May 1998 and one franchise was offered and sold in Maryland in October 1998. The October offer and sale of the franchise by CBI without an effective registration constituted a violation of the Maryland Franchise Law. On June 22, 1999, CBI agreed to the entry of a consent order with the Maryland Securities Commissioner, Matter No. 99-0678, whereby CBI agreed not to offer and sell franchises in violation of the Maryland Franchise Law and further agreed to make an offer of rescission to the Maryland resident who purchased the franchise in October 1998. The rescission offer was not accepted and there were **no fines or fees imposed against CBI**.

CBI's registration was again inadvertently allowed to expire August 10, 2001. Subsequent to the expiration of the registration, two (2) franchises were offered and sold to Maryland residents in September and November 2001. The two (2) offers and sales after August 10, 2001, constituted violations of the Maryland Franchise Law. On June 5, 2002, the Company agreed to the entry of a consent order with the Maryland Securities Commissioner, Matter No. 2002-0315, whereby the company agreed not to offer or sell franchises in violation of the Maryland Franchise Law and further agreed to make an offer of rescission to the two (2) Maryland residents who purchased franchises after the consent order. Of the rescission offers that were made by CBI, both rejected the rescission offer. CBI also agreed to enroll an employee in a franchise training program approved by the Maryland Securities Division.

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

ITEM 4. BANKRUPTCY

There is no bankruptcy information to be disclosed in this item.

ITEM 5. INITIAL FEES

CBI bases the franchise fee on the population in the area being sought. Populations are derived from the local Chamber of Commerce office, business control atlas, United States Postal Service, or Census Bureau statistics. The franchise fee schedule is summarized in the following tables:

Population	Initial Fee
1 - 5,000	\$10,500
5,001 - 10,000	\$13,500
10,001 - 20,000	\$18,000
20,001 - 40,000	\$22,500
40,001 - 60,000	\$27,000
60,001 - 80,000	\$31,500

Population	Initial Fee
80,001 - 100,000	\$35,250
100,001 - 125,000	\$37,500
125,001 - 150,000	\$40,500
150,001 - 200,000	\$45,000
200,001 - 250,000	\$52,500
250,001 - and up	Case by Case Basis

Franchise fees are payable in two parts: You pay 25% of the fee when you sign a Franchise Agreement (Exhibit G) and mail it to CBI. The twenty-five percent payment will retain your exclusive territory for a period of three months from the date your payment is received by CBI. Upon receipt of the payment, CBI will schedule your training. You pay the balance or 75% of the franchise fee when you report to CBI headquarters and educational facility for training. The 75% payment must be paid by cashiers check only. Opening inventory (non-refundable) (see Item 7) and any additional supplies purchased from CBI's wholesale distribution center while at training must be paid by cashiers check or credit card in US dollars. The 25% deposit fee and the remaining 75% payment of the franchise fee are not refundable. The franchise fee is fully earned by CBI in consideration of administration and other expenses incurred by CBI and for the lost or deferred opportunity to enter into the Franchise Agreement with others.

The initial franchise fee and approximately \$4,950 for an initial packet of opening supplies are paid to CBI. No other initial sums or fees are required to be paid to CBI. Initial fees paid to CBI in 2011 ranged from \$7,000 to \$35,000.

ITEM 6. OTHER FEES

NAME OF FEE	AMOUNT	DATE DUE	REMARKS
Royalty	Not Applicable		There is no royalty fee.
Advertising	\$2,000 can be assessed for out of territory advertising.		There is no advertising fee. \$2,000 can be assessed for out of territory advertising.
Additional Assistance	\$50 per hour.	30 days after billing	Includes advice for site selection, advertising, marketing, etc.
Transfer	\$3,000	Prior to transfer	You pay when you sell your franchise.
Audit	Not Applicable		There is no audit requirement.
Renewal	25% of Initial Franchise Fee. See Item 5.	At time of renewal	Renewal term is for 5 years.

Monthly Association Fee	See Following Table	You pay monthly within 30 days of billing.	CBI bases the association fee on the population of the Exclusive Territory - See Table below.
On-Site Inspection Fee (Upon your request)	\$50 per hour plus expenses.	30 days after billing.	On-Site Inspections are not done unless requested by you. This inspection is to assist in evaluating sites you have selected. (See Section 5C of the Franchise Agreement)
Continuing Inventory	\$1,000 - \$2,000	Monthly or as needed.	This amount may vary depending on sales volume and season.
Mass Media Advertising – Breach of Contract Fine	\$2,000		This amount may be assessed to a franchisee that has breached the guidelines of their contract as it pertains to mass media advertising.
Exit Fee	\$2,500	When exiting the franchise before your contract expires.	You pay when you exit the franchise
Training	Initial Franchise Fee pays training fee for two people		\$500 training fee for each additional person training
Web Sitelets	\$26.95; optional	Monthly and on-going.	On-line presence and locator listing

The table shown above is a list of non-refundable fees payable to CBI or imposed after beginning your franchise.

Monthly Association Fee Based On Population*

Population	Initial Fee
1 - 5,000	\$160
5,001 - 10,000	\$205
10,001 - 20,000	\$270
20,001 - 40,000	\$340
40,001 - 60,000	\$405
60,001 - 80,000	\$475

Population	Initial Fee
80,001 - 100,000	\$530
100,001 - 125,000	\$565
125,001 - 150,000	\$610
150,001 - 200,000	\$675
200,001 - 250,000	\$790
250,001 - and up	Case by Case

* CBI bills a Monthly Association Fee of \$50 for each additional retail location that you open within your exclusive territory.

These association fees are not optional and if you do not pay any franchise association fees, invoices, or other amounts due to CBI, or do not disclose the opening of additional retail locations within 30 days before opening, CBI can reclaim your entire exclusive area. You will no longer have the privileges or rights associated with the franchise. CBI can re-sell the territory. The association fee is used to support the franchise infrastructure as a whole.

When exiting the franchise system before your contract has expired, you must give at least 3 months prior written notice and pay an exit fee of \$2,500.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

	LOW RANGE	LOW RANGE	MID RANGE	HIGH RANGE		
	HOME BASED (1)	STORE FRONT (2)	STORE FRONT (3)	STORE FRONT (4)	WHEN DUE	TO WHOM PAYABLE
Initial Franchise Fee (5)	\$10,500	\$13,500	\$31,500	\$52,500	25% at Signing of Franchise Agreement and 75% when reporting for training	CBI
Living Expenses While Training (6)	\$500	\$500	\$500	\$500	During Training	Hotel & Restaurants
Real Estate Improvements (7)	\$175	\$1,500	\$5,000	\$6,000	Before Opening	Landlord or Vendors
Equipment (8)	\$675	\$700	\$800	\$800	Before Opening	CBI or Vendors
Auto (9)	\$100	\$200	\$350	\$500	Monthly Payment	Lien Holder
Signs (10)	\$70	\$250	\$400	\$700	Before Opening	CBI or Vendors
Utility Deposits, and Insurance (11)	\$200	\$400	\$600	\$600	Before Opening	Suppliers, Utilities, Insurance Co. etc.
Rent, first month (12)	\$0	\$500	\$1,000	\$1,500	Before Opening	Landlord
Opening Inventory (13)	\$4,950	\$4,950	\$4,950	\$4,950	Before Opening	CBI
Total Initial Investment	\$17,170	\$22,500	\$45,100	\$68,050		

Your estimated initial investment for a single operating location is listed in the above table. The estimated cost for additional stores in a multi-store operation will be approximately the same, for each location, as shown in the table, with the exception of the initial franchise fee, living expenses while training, and auto expenses. The length of the initial phase has been estimated at three months.

* CBI strongly advises that you to establish a website offered through a CBI approved vendor. Historically, there is a \$250 set-up cost and a \$26.95 monthly maintenance fee. Future costs may vary.

Notes:

- (1) Based on an area under 5,000 in population.
- (2) Based on an area between 5,001 and 10,000 in population.
- (3) Based on an area between 60,001 and 80,000 in population.
- (4) Based on an area between 200,001 and 250,000. The Initial Franchise Fee for an area above 250,000 will be priced on a case by case basis.
- (5) CBI does not finance the Initial Franchise Fee.
- (6) These figures do not include an estimate of travel cost from your home for training and return.
- (7) These are estimates of improvements to real estate only.
- (8) This item includes the cost of a computer. You must have ready access to the Internet
- (9) Deliveries are a large part of Candy Bouquet business, however, a specially designed vehicle is not required, therefore a family car will suffice. Deliveries can also be contracted out.
- (10) You must display the name "CANDY BOUQUET" on the exterior of your Store in lettering that is at least 16 inches high. You must also display CBI's trademark in color, at least 26 inches high, within the interior of the store and on the exterior of the store or in the window of the store.
- (11) You must carry at least \$500,000 General Liability Insurance, and \$500,000 Automobile Liability Insurance. See Section 12G of the Franchise Agreement. Health department, food establishment agencies, fire department, labor department, sales taxes and other similar government agencies may require permits and licenses.

(12) These are estimates, based on experience for towns of less than 10,000 population and shops with less than 600 square feet to towns or franchise areas with 80,000 population and shops with more than 600 square feet.

(13) This is an estimate for four levels of operation and is based on the experience of CBI. These estimated amounts may vary depending on your location, distance from suppliers and holiday demand. CBI bases continuing inventory requirements on the same criteria as the initial inventory. Exact figures cannot be determined until your store has been in operation for at least one year. Your management style and skill is also a factor. Included in these estimates are two equipment items that are not a re-occurring cost. You must pay your opening inventory purchases before leaving your initial training week. You are required to have a current valid credit card number on file at CBI with a signed authorization form.

(14) These estimates will vary with your experience in advertising and marketing.

(15) This range of estimated cost is based on the experience of operating stores for the first 3 months. This item covers miscellaneous costs and expenses as local permit and license fees, employee compensation, and employee training.

(16) CBI recommends that you have adequate working capital. The amount noted above reflects CBI's estimate of the amount needed for four different levels of business style. These figures will vary with your individual store location, style of business, and your personal commitment, experience and ability to manage your business.

(17) CBI will send, if you request, at your cost, a representative to assist you during the initial opening of your store.

(18) Internet web sitelets are optional. However, if implemented, CBI recommends its preferred vendor, Network Solutions.

NOTE: The figures shown in the table above are estimates. Payments are not refundable unless you negotiate this with the individual suppliers and service providers. A number of variables may affect the pre-opening expenses such as size and condition of the space leased, your available time and construction skills, local government rules and regulations, etc.

The cost for a CBI representative to assist you in the opening of a Candy Bouquet franchise store and/or the selection of a location are included in the above figures for a mid-range and high-range store only. You must pay for travel and expenses of CBI. CBI will bill for consultations at \$50 per hour. Travel time is not a billable item.

OPTIONAL INVESTMENT: The following optional equipment and supply list is provided as a suggested initial or future enhancement to your store: climate controlled chocolate case, loose candy display counter, fudge making machine, greeting card display case, shrink wrap machine, credit card machine and printer (leasable), electronic cash register, certified scale and internet website.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You may use only equipment processes, products, suppliers and supplies that have either been obtained from or approved by Candy Bouquet. You are to purchase logo candy, logo brochures, wire, floral tape, cello, and Styrofoam (Proprietary Products) from CBI's Distribution Center (see 11:B of the Franchise Agreement). You may purchase other equipment, product or supply items from Candy Bouquet. All product orders must be prepaid prior to shipping.

In order to maintain quality control, CBI requires that you stock selected items needed to make all mandatory corporate designs.

The Distribution Center and all currently approved vendors are not the only suppliers from which you can obtain goods. CBI sells the necessary supplies to open a Candy Bouquet franchise operation to you at wholesale prices. As a service to you, CBI sells smaller quantities of supplies to be purchased than from traditional wholesale suppliers.

CBI negotiates with manufactures and wholesale distributors, and purchases in large quantities in order to reduce the cost of these supplies for your benefit. When you do purchase candy or supplies from CBI, then CBI will profit from these purchases. There are no purchasing or distribution cooperatives. Neither CBI nor any of its officers own any interests in a supplier that provides products or services to franchisees. No CBI officers, employees or persons affiliated with CBI are suppliers and do not receive any revenue from such services. The estimated amount of inventory and equipment that you will need to purchase is shown in the Table in Item 7.

In the year ending December 31, 2011, CBI's revenue from the sale of equipment, signs and inventory to Franchisees was \$736,048 or 43.7% of CBI's total revenues of \$1,684,871. Of the total 2011 revenues from the sale of equipment, signs and inventory to Franchisees, \$155,998 or 21.19% was required purchases from the CBI Distribution Center-

There are currently no requirements to purchase computer hardware or software.

There are currently no requirements to purchase or lease a store location. CBI encourages you to consider starting your Candy Bouquet business with as minimal an investment as possible.

The estimated percentage of required and estimated purchases and leases in relation to establishing and operating a franchise is reflected in the chart below.

Franchise Type	Required Initial Purchases	Estimated Purchases or Leases For Operations	Total All Purchases or Leases
Home-Based	\$15,450 / 90%	\$1,720 / 10%	\$17,170 / 100%
Store Front			
Low Range	\$18,450 / 82%	\$ 4,050 / 18%	\$22,500 / 100%
High Range	\$57,450 / 84%	\$10,600 / 16%	\$68,050 / 100%

ITEM 9. FRANCHISEE'S OBLIGATIONS

This table below lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other sections of this disclosure document.

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
a. Site selection and acquisition	Section 7 and 8	Item 12
b. Pre-opening purchases	Section 5B and 5A	Item 6 and 7
c. Site development and other pre-opening requirements	Section 7, 8 and 11	Items 6, 7, 8 and 11
d. Initial and ongoing training	Section 9	Item 11
e. Opening	Section 8C	Item 11
f. Fees	Section 6	Items 5, 6 and 7
g. Compliance with standards and policies/Operating Manual	Section 12	Item 8 and 15
h. Trademarks and proprietary information	Section 14	Items 13 and 14
i. Restrictions on products/services offered	Section 11C	Item 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Not Applicable	Not Applicable

l. Ongoing product/service purchases	Section 11	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 12	Item 6 and 7
n. Insurance	Section 12G	Items 7
o. Advertising	Section 11D	Items 6 and 11
p. Indemnification	Section 19C	Not Applicable
q. Franchisor's participation/management/staffing	Section 12F	Item 15
r. Records/reports	Section 13	Not Applicable
s. Inspections/audits	Section 15	Not Applicable
t. Transfer	Section 18D	Item 17
u. Renewal	Section 3	Item 17
v. Post-termination obligations	Section 16C	Item 17
w. Non-competition covenants	Section 17	Items 15 and 17
x. Dispute resolution	Section 19F	Item 17
y. Website restriction	Section 11D	Items 7 and 8
z. Web Sitelets	Section 11D	Item 12

ITEM 10. FINANCING

CBI is not obligated to offer, directly or indirectly, any arrangements for financing your initial investment or the operation of your business. We are unable to determine whether you will be able to obtain financing for all or any part of your investment, and if you can obtain financing, we cannot predict the terms of this financing. CBI does not offer direct or indirect financing for your initial franchise fee. CBI does not arrange for, or guarantee any of your obligations in opening and operating a Candy Bouquet retail operation. CBI does not encourage borrowing to purchase or operate this franchise. Purchases from CBI's wholesale warehouse are payable via check, credit card, or electronic funds transfer. You must have a current valid credit card number and signed authorization form on file to secure purchases. (See Franchise Agreement, Section 5B)

CBI is unaware of any terms or conditions that you will encounter when obtaining financing. CBI does not offer financing directly or indirectly or through any third party. CBI does not guarantee any notes. CBI is unaware of any security interest required to be given by you to obtain financing. CBI is unaware of any waiver of defense or any other provisions that you may need to execute to obtain financing.

ITEM 11. FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, CBI need not provide any assistance to you.

1. Before you open your business, CBI will:

(a) Designate your exclusive territory. (See Franchise Agreement, Section 4.) CBI does not select or approve the location of your franchise operation within your territory. CBI will permit you to open multiple units within your exclusive territory. CBI does not provide Site Selection Assistance unless specifically requested (See Item 6, Site Inspection Fee.)

(b) CBI will send, one time, at your request and your cost, a CBI representative to assist in evaluating the locations you have selected to determine how well they compare to the qualities of successful shops. These qualities will include: volume of foot and vehicle traffic, north facing storefront, and visual exposure. CBI does not require a site selection approval. (See Franchise Agreement, Section 10A.)

(c) Provide recommendations for the furniture, fixtures and equipment CBI uses in the model store and will assist you in evaluating and/or locating suppliers for each of those items if requested. CBI does not provide leasehold improvements. CBI does not require the purchase or use, nor provide an electronic cash register or computer.

(d) CBI will give you a Training and Operations Manual, with the suggested specifications and patterns for designing and building Candy Bouquets and other gift items. This manual is confidential and must be returned for destruction upon expiration of your agreement. CBI may modify this manual, but the modification will not alter your status and rights under the Franchise Agreement. The table of contents of the Training and Operations Manual is listed below. (See Franchise Agreement, Section 12D.) CBI also offers ongoing training through an on-line website.

Training and Operations Manual Table of Contents

Section	# Of Pgs
Welcome	8
Foundation	19
Organize	21
Technique	48
Color	56
Recipes	66
Method	20
Shipping	6
Quality Control	11
Advertising & Marketing	31
Growing	3
Forms & Notes	8
Total Pages	297

Jacquie Bolin, CBI Creativity Officer, manages the Training Class for CBI. Mary Jane Allen and Nick Warden, CBI Franchisees, have experience in retail franchise operations and serve as Co-Trainers. The estimated time between signing your agreement and opening your business is three months.

(e) CBI will provide you with a list of preferred vendors for inventory items not provided by CBI and that may be needed to stock and operate a Candy Bouquet store. (See Franchise Agreement, Section 11B.) CBI will provide a training course for you and one additional person. Currently, all training will take place at designated training centers. The primary CBI educational facility is located at corporate headquarters in Little Rock, Arkansas. Training classes are usually conducted Monday through Friday. CBI encourages you to arrive at CBI headquarters before the scheduled

training. This time will be used to finalize your franchise purchase. You will also be issued information for review before training classes on Monday morning. The cost of training is included in your initial franchise fee. You must pay for the travel, lodging, meals and incidental expenses for you and your employee who attends the training course.

Candy Bouquet International has initiated four additional training sites. These sites are operated by qualified CBI Franchisees and are located in Thunder Bay, Ontario, Canada - Heather Stevenson, CBI# 4470 / Anstey, Leicester, United Kingdom - Cathy Sadler CBI# 6080, Lethbridge, Alberta, Canada - Penny Kowalchuk, CBI # 5615, Khobar, Saudi Arabia - Eiman Al-Thwaini, CBI 6290.

(f) The training course is mandatory and will be conducted by a CBI trainer before you open your store. The training course lasts for four and one half days. The actual time will vary depending upon the artistic, creative, and business skills of you and your employees. CBI will schedule a training session upon the receipt of the non-refundable 25% deposit. The training includes the observation of and participation in all aspects of store management and operation. If you open multiple units, you will do the training of your employees for each store opened. You perform the hiring and training of your employees. CBI may schedule refresher-training courses if the need arises to inform you and your employees of new products or methods of design and operation. If CBI schedules a refresher course, attendance will not be required. The training is provided at no extra charge, but you will, as with the initial training, pay for your own travel, lodging, meals and incidental expenses. All training programs must be completed to our satisfaction. (See Franchise Agreement, Section 9A, B and C.) The CBI Training Program Outline is shown in the following table. Your franchise business must be open within 90 days after your training date.

CBI CORPORATE TRAINING PROGRAM			
Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Introduction	1	0	Little Rock
Starting and Operating Your Business	6	0	Little Rock
Marketing	3	0	Little Rock
Design and Techniques	8	0	Little Rock
Pricing	2	0	Little Rock
Bouquet Making (Mechanics, Construction, & Design)	15	0	Little Rock
Packing/Delivering	1	0	Little Rock
Supplies and Suppliers	2	0	Little Rock
Candy	2	0	Little Rock
Onsite tour of the Distribution Center	2	0	Little Rock
Homework, Closing Ceremonies, Photographs and Certificate Presentation	3	0	Little Rock

(g) Assist you in establishing a plan to advertise and promote the opening of your store(s). CBI does not require any advertising. (See Franchise Agreement, Section 11D.) CBI does not pay, nor is it required to pay, any advertising costs incurred by franchisees.

(h) CBI does not have the power to require cooperatives to be formed, changed, dissolved or merged. There is no advertising council composed of franchisees.

2. After you open your business, and for each additional store you open, CBI will:

(a) send a CBI representative to advise and assist you, at your cost, in all phases of operating your initial retail location during the first three days of operation, if requested. (See Franchise Agreement, Section 10A.)

(b) provide advice and assistance to you by telephone and written communication upon request. CBI may periodically send a representative to your store(s) to inspect and make recommendations regarding operating methods, opportunities for cost savings and marketing improvements, but CBI is not obligated to do so. CBI does not provide regular field supervision. (See Franchise Agreement, Section 10A.)

(c) afford you the ability to use our centralized buying capabilities through our Distribution Center. You will have the opportunity to purchase all needed material for a successful business including but not limited to candy, silk flowers

and leaves, equipment, paper goods, containers, promotional materials and other related supplies offered for sale by CBI. You will have the opportunity to utilize our online ordering system. Prices will be favorable to you because of CBI's mass buying ability and because smaller quantities are offered to you than from traditional wholesalers. (See Franchise Agreement, Section 11B.)

(d) furnish you with additions and supplements to the Operations Manual and disclose to you additional trade secrets, if any, developed by CBI that relate to the operation of your Candy Bouquet store. However, CBI will make no changes to the manual that would impose any unreasonable economic burden on you or unreasonably increase your obligations. (See Franchise Agreement, Section 12D.)

(e) attempt to keep you informed of developments within the Candy Bouquet organization, and invite you and your employees to attend, at your own cost, all seminars and other functions that CBI may sponsor. (See Franchise Agreement, Section 9C.)

(f) maintain a World Wide Web page that will advertise for the company as a whole at no charge to you. CBI has no advertising fees. CBI permits you to do your own local advertising. However, all advertising material must include the Candy Bouquet official logo, the candybouquet.com logo and it must include the disclaimer "Or contact the Candy Bouquet Franchise nearest you." You are permitted to use your own advertising material only after receiving approval from CBI via the Mass Media Approval form. If you opt to have mass media advertising, then you must contact all franchisees in that advertising area for possible inclusion. You may utilize the Internet to promote your web-based business. CBI does not allow franchisees to solicit business on auction or referral type sites such as EBay, Amazon or other similar sites. You are therefore, restricted from using these types of sites to solicit your products or from displaying links to their sites on your candy bouquet sitelets. All web-based advertising must be approved in writing by CBI and include the disclaimer "Or contact the Candy Bouquet Franchise nearest you."

3. Computer Related Information

CBI retains printed copies of franchise agreements and other records at CBI Headquarters. CBI Distribution Center also keeps printed copies of all transactions on file. CBI maintains a large extranet database for continuing education, networking, and education. CBI offers an on-line Franchisee Center for the exchange of ideas and concepts, as well as an On-Line Catalog, so all inventoried items can be constantly updated to be searched and purchased on-line.

The franchisor does not require the franchisee to buy any certain computer systems. However, you must have access to a computer with a modem and internet connection. CBI recommends that the franchisee have access to a computer which operates either a Windows based Operating System (such as Windows XP – Home or Professional) or a comparable McIntosh (Apple) computer with similar features.

The types of documents and files created and stored by franchisees should consist of, but not be limited to, mailing labels, correspondence (business and personal), financial statements, invoices, names and addresses of customers and vendors, purchase orders, packing lists, etc.

CBI does not have independent access to the information generated and stored in the systems.

A typical computer system consisting of a desktop computer, printer and appropriate software could range between \$800 and \$1,200.

CBI does not have any annual optional or required maintenance update, upgrading or support contracts.

CBI strongly advises that you to establish a website offered through a CBI approved vendor. Historically, there is a \$250 set-up cost and a \$30 monthly maintenance fee. Future costs may vary. Future premium program options may be available for additional fees.

ITEM 12. TERRITORY

CBI will grant an Exclusive Territory to be determined by negotiation between you and CBI. The Exclusive Territory will be defined as a zip code, city, town, or county or other geographic subdivision and must be contiguous. The population of the territory will be determined by the local Chamber of Commerce, a business control atlas, United States Postal Service, or Census Bureau statistics. Before you sign the Franchise Agreement, CBI and you will agree on the geographic description of the Exclusive Territory. Your Exclusive Territory must be described by at least one zip code. You may open more than one store within your Exclusive Territory.

You must operate your Candy Bouquet Business within the Franchises Area identified in the Franchise Agreement. During the term of the Franchise Agreement, Candy Bouquet will not establish or license or franchise a third party to establish another Candy Bouquet within the Franchised Area. However, Candy Bouquet, another franchise or third party designated by Candy Bouquet may service accounts in the Franchised Area if you elect not to service the account or if an account elects not to do business with you.

CBI reserves the right to use alternative distribution, including the internet, within your territory, under the principle trademarks of CBI. The franchisor has no obligation to compensate you for soliciting or accepting orders inside your territory.

CBI will not establish a CBI-owned store or sell another Candy Bouquet franchise within your Exclusive Territory. You agree that you will not market your products outside of your Exclusive Territory. This provision is not violated by sales originated in your Exclusive Territory and delivered outside of your Exclusive Territory or referral sales. Franchisees may face competition from other franchisees, franchisor outlets, or other channels of distribution.

All supplies purchased from CBI's Distribution Center must be delivered to an address within your Exclusive Territory.

Continuation of your territorial exclusivity does not depend on achieving a certain sales volume, market penetration or other contingency. You will own the rights to your Exclusive Territory for the term of your Franchise Agreement and upon renewal. You may open more than one Candy Bouquet retail store within your Exclusive Territory without signing any additional contracts or other agreement with CBI. CBI must be notified if an additional retail store is opened. CBI may not market, sell or distribute Candy Bouquet arrangements under a different trademark within your Exclusive Territory. You may not sell or distribute any Candy Bouquet or candy type products under a different name.

All CBI territories are sold on a first come first serve basis. Existing franchisees have no rights of first refusal or options to acquire additional or contiguous territories.

As stated above, a franchisee's Exclusive Territory is generally defined by one or more zip or other postal codes. Because of changes in areas covered by zip codes, clerical error or other mistake, it is possible that the same territory could be sold to two (2) franchisees. CBI has undertaken to employ its best efforts to avoid such occurrences. However, in the event the same territory or a portion of a territory is sold to more than one franchisee, you agree in the Franchise Agreement that CBI's only obligation to you is to give you the option of receiving another territory of approximately the same population or receiving a refund of the pro-rated percent of your franchise fee based on the area that has been double-sold.

CBI has no advertising fees. CBI does have an advertising policy and certain restrictions on advertising by franchisees. Advertising is not allowed outside your Exclusive Territory with the exception of the situations as outlined. CBI permits franchisees to do their own advertising within their Exclusive Territory. However, all advertising material must include the Candy Bouquet official logo, the candybouquet.com logo and include the disclaimer "Or contact the Candy Bouquet Franchise nearest you." A mail order business for Candy Bouquet products is not permitted. Any direct mail advertising or other direct advertising must be done within your exclusive territory only.

Mass media advertising is permitted provided your Exclusive Territory is within the mass media's primary market area. If more than one exclusive Candy Bouquet Exclusive territory is within the mass media's market area, then the originator of the advertising must offer the other Candy Bouquet franchisees territories within the market area the right to cooperate in the advertising effort. Mass media includes newspaper, radio, television ads, yellow page ads, and other forms of advertising that may go beyond your exclusive territory.

You may advertise and solicit business for the authorized services within the Franchised Area only. If you advertise or promote sales outside of your Franchised Area without following the proper guidelines outlined in your contract, Candy Bouquet may impose on you a fine of \$2,000 and/or terminate the Franchise Agreement. You may relocate anywhere within your Franchises Area provided you give Candy Bouquet at least 10 days before relocation.

You do not have rights to use alternative channels of distribution to make sales outside of your territory. This includes but is not limited to internet, catalogs, telemarketing or any other direct marketing.

CBI strongly advises that you to establish a web sitelet offered through a CBI approved vendor. Historically, there is a \$250 set-up cost and a \$30 monthly maintenance fee associated with these sitelets. The monthly maintenance fee is separate from your association fees. CBI could profit from these costs. CBI must approve all other internet or web

advertising portals in writing, before the ad is placed. Submission for approval must be done in writing with an attached print version of the advertisement.

Franchisees are restricted from soliciting orders from consumers outside their exclusive territory. The franchisor reserves the right to make sales within your territory in cases where the franchisee is unable to satisfy the customer.

The Franchisor has no plans to operate a franchise or business under a different trademark or allow another business to sell goods or services similar to those the franchisee will offer.

ITEM 13. TRADEMARKS and COPYRIGHTS

CBI grants to you the right to operate a business under the name "CANDY BOUQUET", and the trademark / tradename's "CANDYBOUQUET.COM" and "CANDY BOUQUET - A DELICIOUS ALTERNATIVE TO FLOWERS," and any other trade names, trademarks, service marks, and logos that may be developed for use by CBI (collectively the "Marks"). Marks are used to identify your business. CBI owns all Marks. CBI has filed all required affidavits.

"CANDY BOUQUET, A DELICIOUS ALTERNATIVE TO FLOWERS" as shown on the cover of this disclosure document, is a registered trademark on the principal register of the United States Patent and Trademark Office ("PTO") with CBI as registrant. It was given the registration number 1,862,669, U.S. Classification 46 and International Classification 30, on November 15, 1994. The identification of CBI's goods sold was amended by the PTO to "Individually wrapped candies arranged to simulate a floral bouquet". The first date of use was January 1, 1989. The trademark is registered in Canada with the Canadian Intellectual Property Office. The registration date in Canada is August 19, 1997, and the registration number is TM A480,905.

In addition, on August 1, 2005, CBI received notice from the World Intellectual Property Organization that its U.S. trademarked logo was registered under the Madrid Protocol. Its registration number is 864026. Each applicable country has up to 18 months from the registration date to examine the request for protection under its laws.

"CANDYBOUQUET.COM" as shown, is also a registered trademark with CBI as the registrant. The U.S. Patent and Trademark Office issued the registration number 78/722,448 and International Classification number 35, on May 24, 2006.

There are currently no material determinations of the PTO, trademark trial and appeal board, the trademark administrator of this state or any court; pending infringement, opposition or cancellation; and pending material litigation involving the principal trademarks.

CBI alone has the right to control or settle any legal actions or proceedings regarding its trademark. CBI will protect your right to use the Marks or indemnify you from any loss, cost or expenses arising out of any claim, suit or demand regarding the use of the Marks. You agree not to contest CBI's right, title, or interest in this Mark.

If CBI requires you to modify or discontinue the use of its trade name, or to use one or more substitute names or Marks, you must do so.

There are no infringing uses known to CBI that could materially affect your use of the trademarks in this state or in other states in which your franchised business is to be located or is located. There are no agreements currently in effect that limit the rights of the franchisor to use or license the use of such proprietary marks that are material to the franchise.

You must use all Marks of CBI in full compliance with the rules prescribed by CBI. You are prohibited from using Candy Bouquet or the CBI trademark as part of any corporate name. You will conduct all business under your own name (individual, partnership, corporation or any other legal entity) doing business as (DBA) "CANDY BOUQUET", "CANDY BOUQUET – A DELICIOUS ALTERNATIVE TO FLOWERS" or "CANDYBOUQUET.COM." In addition, you may not use any CBI trademark with the sale of any unauthorized product or service or in any other manner not explicitly authorized in writing by CBI. CBI has filed all required affidavits required for this mark.

With respect to franchises governed by Minnesota law, the Franchisor will protect the Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the marks.

With respect to franchises governed by North Dakota law, the trade name "Candy Bouquet" is deceptively similar to a trade name that is already on file with the North Dakota Office of the Secretary of State. Therefore, according to the provisions of the North Dakota Century Code N.D.C.C. 47-45-02, it will not be available for registration by a franchisee or prospective franchisees in North Dakota.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

CBI does not own any patent rights that are material to the franchise. CBI believes that it has trade secrets and proprietary rights relating to the operation of its stores, and in the design and construction of its products, which may be suitable for copyright protection. CBI reserves rights, which it has in these items.

CBI may, in its sole discretion, obtain copyright registration for any unregistered items.

CBI possesses certain confidential information and trade secrets', consisting of the following categories that CBI has developed:

1. Techniques for designing, constructing, pricing and selling Candy Bouquets and operating a Candy Bouquet store;
2. Marketing programs for a Candy Bouquet store (when applicable); and
3. CBI's procedures (collectively, the "Confidential Information").

You will not acquire any interest in the Confidential Information learned, other than the right to utilize the same in ownership and operation of your business during the term of your Franchise Agreement. The use or duplication of the Confidential Information in any other business will constitute an unfair method of competition with CBI and its other franchisees. CBI will disclose the Confidential Information to you solely on the condition you agree that:

1. You will not use the Confidential Information in any other business or capacity;
2. You will maintain the absolute confidentiality of the Confidential Information at all times during and after the term of the Franchise Agreement;
3. You will not make unauthorized copies of any portion of the Confidential Information which is disclosed to you in written or other tangible form; and
4. You will adopt and implement all reasonable procedures CBI prescribes to prevent the unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure by your employees, and the use of nondisclosure and non-competition clauses in employment and other agreement with your employees.

No patents or copyrights are material to the franchise.

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

If you are an individual, you must provide direct, on-premises supervision of the business. If you are a business or legal entity, the person who owns the majority interest must provide direct on-site supervision. A manager that has successfully completed CBI's training course must directly supervise the business. The manager or any employee cannot have an interest or business relationship with any of CBI's business competitors. The manager and all employees must sign a nondisclosure agreement to maintain confidentiality of the trade secrets (see Section 14 of the Franchise Agreement) and to conform to the covenants not to compete (see Section 17 of the Franchise Agreement). All owners of the franchised business must sign the nondisclosure agreement.

ITEM 16. RESTRICTIONS ON WHAT YOU MAY SELL

You must stock and sell Candy Bouquet arrangements in your business operation. In addition, CBI has designated optional items for sale that include Candy Bouquet Kits, gift baskets, loose and packaged candy, cards, balloons, gift baskets, flowers and other compatible gift items. CBI has the right to change or amend the types of authorized goods and services provided by you. CBI does not allow you to sell items that will damage the image or goodwill of Candy Bouquet.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 2	Term is for 5 years from date of Franchise Agreement and applies to the original contract owner.
b. Renewal or extension of the term	Section 3	Renewals are extended to all franchisees who are not in default of current their Franchise Agreement or any other agreement with CBI. Franchisee is required to sign any new agreements mandated by CBI. Renewal Fee is 25% of Initial Franchise Fee and can be renewed for 5 year periods.
c. Requirements for franchisee to renew or extend	Section 3	Renewals are extended to all franchisees who are not in default of current Franchise Agreement or any other agreement with CBI. Franchisees may be asked to sign a contract with materially different terms and conditions than their original contract.
d. Termination by franchisee	Section 16B	When exiting the franchise system before your contract has expired, you must give at least 3 months advanced notice and pay an exit fee of \$2,500.
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	Section 16B	CBI can terminate if you default, i.e., fail to meet financial obligations to CBI, fail to purchase required items, fail to disclose opening of multiple locations, file bankruptcy, etc.
g. "Cause" defined - curable defaults	Section 16B	Non-compliance if cured within specified time. i.e., fees, sanitation problems.
h. "Cause" defined - non-curable defaults	Section 16B	Non-curable defaults, i.e. conviction of felony, repeated defaults, abandonment, misrepresentation, unapproved transactions, and bankruptcy.
i. Franchisee's obligations on termination/non-renewal	Section 16C	Complete de-identification, payments of amounts due, comply with non-compete provisions. (Also, see r, below)
j. Assignment of contract by franchisor	Section 18A	No restrictions on CBI's right to assign.
k. "Transfer" by franchisee - defined	Section 18D	Can transfer to individual, legal or business entity with permission from CBI.
l. Franchisor approval of transfer by franchisee	Section 18D	CBI has the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 18D	New franchisee qualifies, \$3,000 transfer fee paid, purchase agreement approved. Training arranged, \$500 Training Fee paid, new Franchise Agreement signed.
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	
o. Franchisor's option to purchase franchisee's business	Not Applicable	
p. Death or disability of franchisee	Section 18E	Territory and license inure to your heirs. Franchise Agreement terms remain the same.
q. Non-competition covenants during the term of the franchise	Section 17	No involvement in competing business anywhere without prior written consent.

r. Non-competition covenants after the franchise is terminated or expires	Section 17	No competing business for 3 years and within 25 miles of another CBI franchise. Indiana: No competing business for 3 years within the exclusive territory. This provision may not be enforceable under California law.
s. Modification of the agreement	Section 19E	No modifications generally.
t. Integration/merger clause	Section 19E	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 19F	The parties agree to settlement by arbitration in the State of Arkansas, except in those states listed in Exhibit G and pages 18 and 19 of the Franchise Agreement.
v. Choice of forum	Section 19G2	Litigation must be in the State of Arkansas, except in those states listed in Exhibit G and pages 18 and 19 of the Franchise Agreement. Maryland franchisees must bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
w. Choice of law	Section 19G1	Arkansas Law Applies

Section 16, B: 8 of the agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under the federal bankruptcy law (11 U.S.C. Section 101 et seq.).

ITEM 18. PUBLIC FIGURES

CBI does not use any public figure to promote its franchise.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jim Benham, Chief Operations Officer, Candy Bouquet International, Inc., 510 McLean Street, Little Rock, AR 72202 (501) 375-9990, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISE INFORMATION

(See Pages 19-29)

For a complete list of franchises, see **Exhibit A**

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION				
Systemwide Outlet Summary For years 2009 to 2011				
Outlet Type	Year	Outlets at the Start or the Year	Outlets at the End of the Year	Net Change
Franchised	2009	664	555	- 109
	2010	555	407	-148
	2011	407	333	-74
Company Owned	2009	0	0	0
	2010	0	0	0
	2011	0	0	0
Total Outlets	2009	664	555	- 109
	2010	555	407	-148
	2011	407	333	-74

Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor) for years 2009 to 2011)		
State	Year	Number of Transfers
AK	2009	0
	2010	0
	2011	1
AZ	2009	0
	2010	0
	2011	0
AR	2009	1
	2010	0
	2011	0
CA	2009	0
	2010	0
	2011	0
FL	2009	1
	2010	0
	2011	0
GA	2009	0
	2010	1
	2011	0
ID	2009	0
	2010	0
	2011	0
IN	2009	0
	2010	0
	2011	0

State	Year	Number of Transfers
LA	2009	0
	2010	0
	2011	0
MD	2009	0
	2010	0
	2011	0
MI	2009	0
	2010	0
	2011	0
MO	2009	0
	2010	0
	2011	0
MT	2009	0
	2010	1
	2011	0
NC	2009	1
	2010	0
	2011	0
NV	2009	0
	2010	0
	2011	0
NJ	2009	0
	2010	0
	2011	0
NY	2009	0
	2010	0
	2011	0
OH	2009	0
	2010	0
	2011	0
OK	2009	0
	2010	0
	2011	1
PA	2009	0
	2010	0
	2011	0
TN	2009	0
	2010	2
	2011	0
TX	2009	2
	2010	0
	2011	0
UT	2009	0
	2010	1
	2011	0
VA	2009	0
	2010	0
	2011	0
WA	2009	0
	2010	0
	2011	0

State	Year	Number of Transfers
WV	2009	0
	2010	0
	2011	0
WI	2009	0
	2010	0
	2011	0
Subtotal	2009	5
	2010	5
	2011	2

International Country	Year	Number of Transfers
Canada	2009	0
	2010	2
	2011	0
Cyprus	2009	0
	2010	0
	2011	0
Mexico	2009	2
	2010	0
	2011	0
UAE	2009	1
	2010	0
	2011	0
Subtotal	2009	3
	2010	2
	2011	0
Total	2009	8
	2010	7
	2011	2

Status of Franchise Outlets For years 2009 to 2011 *								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
AL	2009	10	4	0	2	0	5	7
	2010	7	0	0	0	0	1	6
	2011	6	2	0	0	0	3	5
AK	2009	5	1	0	0	0	1	5
	2010	5	0	0	0	0	2	3
	2011	3	0	0	1	0	0	2
AZ	2009	10	0	0	1	0	5	4
	2010	4	0	0	1	0	2	1
	2011	1	1	0	0	0	0	2
AR	2009	21	3	0	3	0	1	20
	2010	20	2	0	1	0	1	20
	2011	20	0	0	2	0	4	14

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
CA	2009	58	4	0	3	0	15	44
	2010	44	5	0	5	0	18	26
	2011	26	1	0	3	0	6	18
CO	2009	5	0	0	0	0	0	5
	2010	5	0	0	2	0	1	2
	2011	2	3	0	1	0	1	3
CT	2009	8	0	0	2	0	0	6
	2010	6	3	0	2	0	2	5
	2011	5	0	0	1	0	0	4
DE	2009	1	0	0	0	0	0	1
	2010	1	0	0	1	0	0	0
	2011	0	1	0	0	0	0	1
FL	2009	43	2	0	2	0	12	31
	2010	31	2	0	4	0	14	15
	2011	16	3	0	5	0	5	9
GA	2009	20	2	0	0	0	4	18
	2010	18	1	0	3	0	5	11
	2011	11	1	0	1	0	3	8
Guam	2009	2	0	0	1	0	1	0
	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
HI	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	1	0
	2011	0	0	0	0	0	0	0
ID	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
IL	2009	22	1	0	2	0	6	15
	2010	15	0	0	1	0	1	13
	2011	13	0	0	2	0	3	8
IN	2009	8	1	0	1	0	3	5
	2010	5	1	0	1	0	1	4
	2011	4	2	0	0	0	1	5
IA	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	1	1
	2011	1	0	0	0	0	0	1
KS	2009	3	0	0	0	0	0	3
	2010	3	2	0	0	0	1	4
	2011	4	2	0	0	0	0	6
KY	2009	6	0	0	0	0	1	5
	2010	5	0	0	0	0	4	1
	2011	1	1	0	0	0	0	2
LA	2009	10	2	0	0	0	0	12
	2010	12	0	0	1	0	4	7
	2011	7	2	0	1	0	3	5

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
MD	2009	5	0	0	0	0	1	4
	2010	4	0	0	0	0	0	4
	2011	4	1	0	0	0	0	5
MA	2009	8	3	0	0	0	2	9
	2010	9	2	0	0	0	2	9
	2011	9	0	0	0	0	4	5
MI	2009	14	1	0	2	0	1	12
	2010	12	1	0	1	0	2	10
	2011	10	1	0	0	0	4	7
MN	2009	8	0	0	2	0	1	5
	2010	5	0	0	2	0	1	2
	2011	2	1	0	0	0	0	3
MS	2009	2	0	0	0	0	0	2
	2010	2	2	0	0	0	2	2
	2011	2	1	0	0	0	0	3
MO	2009	11	0	0	1	0	2	8
	2010	8	0	0	1	0	2	5
	2011	5	2	0	1	0	2	4
MT	2009	10	1	0	0	0	2	9
	2010	9	0	0	2	0	1	6
	2011	6	1	0	1	0	1	5
NC	2009	9	0	0	1	0	0	8
	2010	8	0	0	0	0	1	7
	2011	7	0	0	1	0	2	4
ND	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
NE	2009	0	0	0	0	0	0	0
	2010	0	2	0	0	0	0	2
	2011	2	0	0	0	0	0	2
NV	2009	5	0	0	0	0	3	2
	2010	2	0	0	2	0	0	0
	2011	0	1	0	0	0	1	0
NH	2009	3	0	0	0	0	2	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
NJ	2009	33	1	0	4	0	4	26
	2010	26	1	0	6	0	4	17
	2011	17	1	0	1	0	4	13
NM	2009	6	0	0	1	0	0	5
	2010	5	0	0	0	0	2	3
	2011	3	0	0	0	0	0	3
NY	2009	34	3	0	3	0	9	25
	2010	25	1	0	3	0	15	8
	2011	8	0	0	1	0	2	5

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
OH	2009	16	5	0	2	0	4	15
	2010	15	2	0	3	0	3	11
	2011	11	0	0	0	0	1	10
OK	2009	9	1	0	0	0	2	8
	2010	8	1	0	2	0	0	7
	2011	7	1	0	1	0	1	6
OR	2009	4	0	0	0	0	2	2
	2010	2	0	0	0	0	0	2
	2011	2	0	0	1	0	0	1
PA	2009	24	2	0	2	0	2	22
	2010	22	0	0	4	0	2	16
	2011	16	1	0	6	0	6	5
Puerto Rico	2009	2	1	0	0	0	0	3
	2010	3	0	0	0	0	1	2
	2011	2	0	0	0	0	1	1
RI	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	1	1
	2011	1	0	0	0	0	0	1
SC	2009	6	0	0	2	0	2	2
	2010	2	0	0	0	0	0	2
	2011	2	1	0	0	0	0	3
SD	2009	3	0	0	0	0	0	3
	2010	3	0	0	0	0	0	3
	2011	3	0	0	0	0	0	3
TN	2009	10	0	0	1	0	2	7
	2010	7	1	0	3	0	3	2
	2011	2	0	0	0	0	0	2
TX	2009	35	6	0	4	0	5	32
	2010	32	6	0	7	0	9	22
	2011	22	1	0	2	0	3	17
UT	2009	5	0	0	0	0	2	3
	2010	3	0	0	0	0	1	0
	2011	2	0	0	1	0	0	1
VT	2009	1	0	0	0	0	0	1
	2010	1	0	0	1	0	0	0
	2011	0	0	0	0	0	0	0
VA	2009	14	3	0	0	0	4	13
	2010	13	0	0	2	0	4	7
	2011	7	2	0	0	0	2	7
Virgin Islands	2009	1	0	0	0	0	1	0
	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
WA	2009	15	0	0	1	0	3	11
	2010	11	1	0	0	0	7	5
	2011	5	0	0	0	0	0	5

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
WV	2009	2	1	0	0	0	0	3
	2010	3	0	0	0	0	2	1
	2011	1	0	0	0	0	0	1
WI	2009	9	0	0	2	0	1	6
	2010	6	1	0	2	0	0	5
	2011	5	0	0	0	0	0	5
WY	2009	7	1	0	1	0	3	4
	2010	4	0	0	0	0	1	3
	2011	3	0	0	0	0	0	3
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reason	Outlets at End of Year
SUBTOTAL	2009	554	50	0	46	0	114	444
	2010	444	38	0	61	0	127	294
	2011	290	34	0	33	0	63	228

International Country								
Australia	2009	10	1	0	0	0	0	11
	2010	11	0	0	2	0	0	9
	2011	9	0	0	3	0	0	6
Azerbaijan	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
Bahamas	2009	1	0	0	0	0	0	1
	2010	1	1	0	0	0	1	1
	2011	1	0	0	0	0	0	1
Bahrain	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
Bermuda	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	1	0
Brazil	2009	0	1	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Canada	2009	45	12	0	2	0	4	51
	2010	51	15	0	4	0	9	53
	2011	53	9	0	3	0	7	52
Cayman Island	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Cyprus	2009	4	0	0	0	0	0	4
	2010	4	0	0	0	0	0	4
	2011	4	0	0	1	0	0	3

Country	Year	Outlets at start of year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reason	Outlets at End of Year
Dominican Republic	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
France	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	1	0
Gibraltar	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Honduras	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Israel	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	1	0
	2011	0	0	0	0	0	0	0
Japan	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Jordan	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	1	0
	2011	0	0	0	0	0	0	0
Kuwait	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	1	0
	2011	0	0	0	0	0	0	0
Lebanon	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	1	0	0	0
Mexico	2009	23	0	0	1	0	5	17
	2010	17	1	0	3	0	3	12
	2011	12	0	0	4	0	2	6
Morocco	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	1	0
Neth Antilles	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	1	0
New Zealand	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	1	0	0	0
Nicaragua	2009	1	0	0	1	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
Nigeria	2009	1	0	0	0	0	1	0
	2010	0	1	0	0	0	0	1
	2011	1	2	0	0	0	0	3

Country	Year	Outlets at start of year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reason	Outlets at End of Year
Norway	2009	1	0	0	0	0	0	1
	2010	1	1	0	1	0	0	1
	2011	1	0	0	0	0	0	1
Oman	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Pakistan	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Panama	2009	0	2	0	0	0	0	2
	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
Philippines	2009	1	0	0	0	0	1	0
	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
Portugal	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	1	0
Qatar	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	1	0	0	0	1	1
Romania	2009	1	0	0	0	0	1	0
	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
Saudi Arabia	2009	2	3	0	0	0	1	4
	2010	4	0	0	0	0	2	2
	2011	2	1	0	0	0	0	3
Scotland	2009	0	1	0	0	0	0	1
	2010	1	1	0	0	0	0	2
	2011	2	0	0	0	0	0	2
Singapore	2009	1	0	0	0	0	1	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
So Africa	2009	1	0	0	0	0	1	0
	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
Spain	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Switzerland	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Turkey	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2

Country	Year	Outlets at start of year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reason	Outlets at End of Year
Trinidad & Tobago	2009	1	0	0	0	0	0	1
	2010	1	1	0	0	0	0	2
	2011	2	0	0	0	0	0	2
UAE	2009	2	0	0	0	0	0	2
	2010	2	2	0	0	0	0	4
	2011	4	0	0	0	0	0	4
UK	2009	2	0	0	0	0	0	2
	2010	2	2	0	0	0	0	4
	2011	4	0	0	0	0	1	3
Venezuela	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
Subtotal	2009	113	20	0	4	0	14	115
	2010	115	29	0	10	0	18	116
	2011	117	17	0	13	0	16	105
Total	2009	664	69	0	50	0	128	555
	2010	555	67	0	71	0	145	406
	2011	407	51	0	46	0	79	333

* If you buy the franchise, your contact information may be disclosed to other buyers when you leave the CBI Franchise System.

All franchisees sign a confidentiality agreement at initial purchase and at each three (3) year interval. The three year rule is a recent regulatory change and CBI is in the process of collecting signed confidentiality agreements from current franchisees that have one or two years remaining on their current Franchise Agreements. All other current franchisees have signed a confidentiality agreement during the last three years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Candy Bouquet Franchise. You may wish to speak with current and former franchisees, but beware that not all of those franchisees will be able to communicate with you. This agreement is identified in Item 22 and is shown as Exhibit D.

Status of Company-Owned Outlets For years 2009 to 2011							
State/Territory		Outlets at Start of Year	Outlets Opened	Outlets Reacquired by Franchisor	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Arkansas	2009	0	0	0	0	0	0
	2010	0	0	0	0	0	0
	2011	0	0	0	0	0	0

**Projected Openings
As of December 31, 2012**

State/Territory	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company Owned Outlet in Next Fiscal Year
Alabama	0	2	0
Arizona	0	1	0
Arkansas	0	3	1
California	0	5	0
Florida	0	5	0
Georgia	0	4	0
Idaho	0	1	0
Illinois	0	2	0
Indiana	0	2	0
Kansas	0	1	0
Kentucky	0	1	0
Louisiana	0	1	0
Maryland	0	2	0
Massachusetts	0	3	0
Michigan	0	1	0
Minnesota	0	2	0
Mississippi	0	2	0
Missouri	0	2	0
Montana	0	1	0
Nebraska	0	1	0
New Hampshire	0	1	0
New Jersey	0	5	0
New York	0	5	0
North Carolina	0	2	0
Ohio	0	4	0
Oklahoma	0	2	0
Oregon	0	1	0
Pennsylvania	0	3	0
South Carolina	0	1	0
South Dakota	0	1	0
Tennessee	0	2	0
Texas	0	5	0
Utah	0	1	0
Virginia	0	4	0
Washington	0	2	0

West Virginia	0	1	0
Wisconsin	0	3	0
Wyoming	0	1	0
Australia	0	2	0
Canada	0	10	0
Egypt	0	1	0
Ireland	0	1	0
Italy	0	1	0
Mexico	0	5	0
Nigeria	0	0	0
Poland	0	1	0
Romania	0	0	0
UK	0	3	0
TOTAL	0	110	1

2011 Closings

CBI# 111	Anita Dunn	Fort Smith	AR	479-648- 9668	CBI# 4650	Anita Mollica	Melbourne	AUS	03 9974 2833
CBI# 216	Lucy Marsico	Lower Burrell	PA	724-339- 3329	CBI# 4695	Christalle Carlton	Amarillo	TX	806-679- 3940
CBI# 343	Connie Ellzey	Waynesville	MO	573-774- 3636	CBI# 4721	Guillermo Valenzuela	Hermosillo, Sonora	MX	N/A 201 887- 6318
CBI# 588	Colleen Jameson	Bridge- field,	PA	412-334- 6298	CBI# 4735	Amine Dahboul	Weehawken	NJ	248-217- 7341
CBI# 800	Frances de Vos	Fraser	CO	970-722- 7707	CBI# 4765	Carolyn Allmacher	Redwood City	CA	888-688- 9525
CBI# 870	Cindy Hair	Oakland	FL	407 427- 0979	CBI# 4775	Bibi A. Toepert	Reeders	PA	07-3888- 4875
CBI# 875	Susan Pennline	Trooper	PA	610-631- 6121	CBI# 4790	Pamela Pettitt	Brisbane	AUS	
CBI# 911	Cindy Altenbauer	Centralia	IL	618-533- 0023	CBI# 4800	Rebecca Lovelace	Wantirna South	AUS	N/A
CBI# 920	Lorette George			961-368- 8338	CBI# 4825	Diane Kalos	Huntingdon	PA	814 506- 1526
CBI# 1015	Helou Brendon	Baabda Christ- church	LB NZ	643-383- 9997	CBI# 4840	Maria Metzites	Larnaca	CYP	572-465- 2299
CBI# 1185	Ann Cook	Willow	AK	907-332- 2639	CBI# 4850	Raul Canales	Cancun		998-887- 1426
CBI# 1270	Julie McConaghy			248-895- 5581	CBI# 4855	Wendi Spicher	Lockhaven	PA	814-355- 4438
CBI# 1285	Gerry Mann	Champaign	IL	217-352- 4602	CBI# 4880	Donna Palumbo	Newburgh	NY	845-566- 6671
CBI# 1865	Sid Viravongsa			479-922- 2100	CBI# 4885	Lisa Linn	Grove	OK	918-786- 4525
CBI# 1930	Marguerite Braden	Van Buren	AR	409-489- 0803	CBI# 4890	Saaed M. Abu Jazar	Doha	JOR	974 560- 6922
CBI# 1935	Minerva Mendoza	South Riding	TX VA	703 431- 5312	CBI# 4920	Marcelette Thompson	Winnsboro	LA	318-435- 9404
CBI# 1941	Sharon Lynch	Booneville	AR	479-675- 0400	CBI# 4925	Michael Post	Warrington	PA	215 918- 2396
CBI# 2345	Holly Feidy	Livermore	CA	925 371- 0436	CBI# 4930	Gina Mazur	St. Charles	MO	636-724- 8934
CBI# 2450	Vicky Brown	Indianapolis	IN	317-735- 1953	CBI# 4950	Julie Smith	Trail	BC	250 368- 6122
CBI# 2565	Marisol Lay	Hialeah	FL	305 724- 7955	CBI# 4975	Deadra Clewell	Wind Gap	PA	610-737- 1236
CBI# 2566	Marisol Lay	Hialeah	FL	305 724- 7955	CBI# 4980	Cindy Williams	Coinjock	NC	252-453- 3206
CBI# 2880	Ralph Scott Life			336-513- 4335	CBI# 4995	Katherine Kidd	Peterborough	ON	705 536- 7337
CBI# 2910	Jackie Anderson	Burlington	NC	336-723- 4264	CBI# 5030	Lisa Giordano	Towanda	PA	570 772- 5869
CBI# 3015	Pam Myall	Salem	NC	519 637- 2002	CBI# 5050	Kim Lindsey	Bryant	AR	501 653- 2263
CBI# 3050	Warren & Paula	St. Thomas	ON	866-422- 6391	CBI# 5055	Alisia Mast	Las Vegas	NV	702 399- 9473

	Dawson								
CBI#	Andy			403 819-	CBI#	Jennifer			971-244-
3405	Dinh	Calgary	AB	8882	5080	Chapman	McMinnville	OR	3257
CBI#	Connie	Waynesville		573-774-	CBI#	Angela			813 220-
3431	Ellzey	e	MO	3636	5085	Martinez	Tampa	FL	6155
CBI#	Mary			805-466-	CBI#	Hui Soh/Neal			(915)
3611	Smith	Templeton	CA	1206	5090	Oya	El Paso	TX	491-0850
CBI#	Donna			909-398-	CBI#	Donna			904 759-
3985	Flores	Claremont	CA	4078	5100	Tompkins	Fleming Island	FL	5350
CBI#	Linda			918-622-	CBI#	Didik			269 649-
4051	Adams	Tulsa	OK	1452	5110	Sockarmoen	Vicksburg	MI	1476
CBI#	Diana				CBI#	Didik			269 649-
4505	Alaniz	El Nido	CA	N/A	5111	Sockarmoen	Vicksburg	MI	1476
CBI#	Carol	Fort St.		250-996-	CBI#	Brenda			570 848-
4545	Magnus	James	BC	7590	5160	Barrows	Moscow	PA	2577
CBI#	Janice			406-228-	CBI#				815-458-
4550	Fauth	Glasgow	MT	8434	5175	Dorris Wicevie	Braidwood	IL	0805
CBI#	Carolyn	Calico		870-297-	CBI#				815-458-
4560	Cox	Rock	AR	2038	5176	Dorris Wicevie	Braidwood	IL	0805
CBI#	Myrna			321-206-	CBI#				519-644-
4565	Liggett	Orlando	FL	8687	5180	Pat Davis	Belmont	ON	1990
CBI#	Myrna			321-206-	CBI#				664 414-
4566	Liggett	Orlando	FL	8687	5205	Tere Castro	Obregon	MX	6235
CBI#	Lisa			510-799-	CBI#				504 281-
4591	Reynolds	Hercules	CA	0900	5235	Robin Mason	Chalmette	LA	2183
CBI#	Ellen			770-207-	CBI#				504 281-
4620	Arnold	Monroe	GA	1111	5236	Robin Mason	Chalmette	LA	2183
CBI#	Claudia				CBI#				512-996-
4645	de los Santos	San Luis Potosi	MX	444-870-4144	5250	Rosana Sielaff	Cedar Park	TX	9697
CBI#	Eduvigis			787-687-	CBI#				912-856-
5255	Gonzalez	Gurabo	PR	7800	6460	Dawn Tolliver	Savannah	GA	6859
CBI#	Althea			(866) 793-	CBI#				706-376-
5350	Peabody	Randolph	MA	3889	6465	Connie Carter	Hartwell	GA	5174
CBI#	Karen			908-322-	CBI#	Emilia M			
5365	Mortarillo	Little River	SC	6455	6490	Gomes	Porto	POR	N/A
CBI#	Karen			908-322-	CBI#				856-627-
5366	Mortarillo	Little River	SC	6455	6535	Tina Schalller	Voorhees	NJ	2300
CBI#	Paresh			201-333-	CBI#				501-246-
5385	Gandhi	Jersey City	NJ	2223	6575	Adele le Roux	Little Rock	AR	3390
CBI#	Sandy	Drayton		780-542-	CBI#				778 755
5495	Shaw	Valley	AB	5631	6630	Noelle Wiebe	Kelowna	BC	1500
CBI#	Dawn			912-856-	CBI#				702)
5515	Tolliver	Savannah	GA	6859	6755	Gilbert Navarro	Las Vegas	NV	290-1409
CBI#	William			851-741-	CBI#				406-646-
5680	Albrecht	Shorewood	IL	1777	6815	John Greve	W. Yellowstone	MT	7841
CBI#	Rachel			441634329					
5685	Coster	Rochester	UK	017					
CBI#	Youness								
5815	Elhallaoui	Fez	MR	212 61 14 13 71					
CBI#	Deborah		NE	5999-					
5870	Molina	Curacao	TH	7367478					
CBI#	Kelley			916 207-					
5890	Scott	San Dimas	CA	5546					
CBI#	Kimberle			440-954-					
5920	e Fowler	Willoughby	OH	3774					
CBI#	Erica			970-625-					
5950	Knupp	Rifle	CO	8688					

CBI# 5990	Joycelyn Cooper Gerard	Jensen Beach	FL	772-419- 8715
CBI# 6005	Dela Cruz	Montrose	CA	818 541- 0388
CBI# 6015	Sharon Cox	Montgomer y	AL	334 272- 9819
CBI# 6016	Sharon Cox	Montgomer y	AL	334 272- 9819
CBI# 6025	Aide Ulloa Callinda	San Pedro	MX	521818888 -3263
CBI# 6065	Brown- Lapp	St. Albert	AB	780-459- 7178
CBI# 6070	Diana Avolio	Utica	NY	315 738- 2987
CBI# 6075	Estela Tapia de Mora Jennie leigh	Boca del Rio, Veracruz	MX	229-922- 2395
CBI# 6110	Crystal- Clark Jennie leigh	Ploermel, Morbihan	FR	3.30604E+ 11
CBI# 6111	Crystal- Clark Jennie leigh	Saint Cloud	FL	3.30604E+ 11
CBI# 6112	Crystal- Clark	Saint Cloud	FL	3.30604E+ 11
CBI# 6230	Jessica Jobe	Graham	TX	940 550- 4107
CBI# 6270	Crystal Porter	Henrico	VA	804-859- 0774
CBI# 6285	Shannell Astwood	Warwick	BM	441-234- 0961
CBI# 6305	David Walizer	Bryn Mawr	PA	610-527- 2423
CBI# 6315	Tonya Orychock	Sydney	NS	902 567 1284
CBI# 6330	Shelly Atkinson Tammy Scroggin	Olyphant	PA	570-489- 0347
CBI# 6335	s Bill	Pratteville	AL	334-730- 1291
CBI# 6340	Norwood	Walpole	MA	508 734- 7046
CBI# 6341	Bill Norwood	Walpole	MA	508 734- 7046
CBI# 6342	Bill Norwood	Walpole	MA	508 734- 7046
CBI# 6380	Bonita Latiolais	Breaux Bridge	LA	337 278- 6837
CBI# 6385	Clotilde Harris	Brooklyn	NY	718-455- 5684
CBI# 6435	Cathy Riffle	Alpine	CA	619-722- 1140
CBI# 6436	Cathy Riffle	Lakeside	CA	619-722- 1140

Total 2011 Closings = 125 * If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Transfers of Territory 2011

- Barb Larion, Soldotna, AK 99669 to Jennifer Harvey-Kindred, Soldotna, AK 99669
- Amanda Schroeder, Alva, OK 73717 to Cindy Burrow, Alva, OK 73717

Total 2010 Transfers = 2

OTHER:

The following independent franchise organizations have asked to be included in this disclosure document: The International Franchise Association, 1501 K Street, NW, Suite 350, Washington, DC 20005-4709 Ph: 202-628-8000 / Fax 202-628-0812

ITEM 21. FINANCIAL STATEMENTS

Exhibit B

Audited Financial Statements for the years ending December 31, 2011, December 31, 2010, and December 31, 2009 are included in Exhibit B.

ITEM 22. CONTRACTS

The Contracts referred to as the “Non Disclosure and Non Competition Agreement”, “Web Content Agreement”, and “Franchise Agreement”, are included in this document as Exhibits D, E, and F respectively. There is no *General Release Form* required for a condition of renewal, transfer or assignment.

ITEM 23. RECEIPT

The last page of the Franchise Disclosure Document (following the exhibits and attachments) is a document acknowledging receipt of the Franchise Disclosure Document by you (one copy for you and one to be signed and returned to CBI).

(See Exhibit H, two copies)

Canady Bouquet International

FRANCHISE LIST

End of Year 2011

Name	Address	City	State	Zip	Phone
Alabama					
Amy Oyler	2620 Montgomery Hwy, Ste 1	Dothan	AL	36303	334-699-8888
Bianca Sweasy	1110 N. Boll Weevil Cir, Ste E	Enterprise	AL	36330	334-348-1515
Phyllis Hall	3800 McKenzie, Ste 1	Foley	AL	36535	251-923-9700
Phyllis Hall	3800 McKenzie, Ste 1	Foley	AL	36535	251-923-9700
Phyllis Hall	3800 McKenzie, Ste 1	Foley	AL	36535	251-923-9700
Alaska					
Jennifer Kindred	139 Warehouse Drive, #2 C	Soldotna	AK	99669	907-262-3986
Dorothy Bradshaw	527 4th Ave	Fairbanks	AK	99701	907-456-8321
Arizona					
Elizabeth Sanchez	3750 E. Via Palomita #2104	Tucson	AZ	85718	520-529-0223
Dana Kazzaz-Hafeed	20165 N 65th Ave, Ste #131A	Glendale	AZ	85308	623-825-2741
Arkansas					
Teresa Craig	405 West Main	Cabot	AR	72023	501-843-9574
Teresa Vaughan	312 W. Main	Heber Springs	AR	72543	501-362-6800
Debi Dunning		Jonesboro	AR	72401	870-931-1901
Mary Allen	116 W. Main	Mountain View	AR	72560	870-269-5955
Dolly Johnson	#27 Court Square	Murfreesboro	AR	71958	870-285-2780
Ann Gray	1149 W. Walnut	Rogers	AR	72756	479-633-0282
Ann Gray	1149 W. Walnut	Rogers	AR	72756	479-633-0282
Ann Gray	1149 W. Walnut	Rogers	AR	72756	479-633-0282
Mark Lane	902 Main Street	Danville	AR	72833	479-495-2532
Paulette Henson	8067 Hwy 336 W	Clinton	AR	72031	501-745-7002
Jo Cargill	682 Harrison	Batesville	AR	72501	870-793-8086
Kelly Warden	1400 DeWitt Henry	Beebe	AR	72012	501-882-6566
Kelly Warden	1400 DeWitt Henry	Beebe	AR	72012	501-882-6566
Cindy DeRosa		Conway	AR	72034	501-733-6740
California					
Michael Smith	3260 Bechelli Lane	Redding	CA	96002	530-223-5000
Mary De La Torre	665 E. Silva Street	Long Beach	CA	90807	562-716-3216
Amanda Benites	19060 Standard Road, Unit #1	Sonora	CA	95370	209-588-8282

Melanie Jones		Riverside	CA	92508	951-901-9013
Lisa Reynolds	1511 Sycamore Ave, Suite F	Hercules	CA	94547	510-799-0900
Nancy Lim		Torrance	CA	90505	310-218-8580
Nancy Lim		Torrance	CA	90505	310-218-8580
Sara Ng		Aliso Viejo	CA	92656	949-643-7923
Kay Djam		Granada Hills	CA	91344	818-923-8377
Dina Lopez		West Covina	CA	91790	626-391-1996
Hilda Schmid		Blue Jay	CA	92317	909-226-7975
Lupe Lopez	1257 N. Grand Street	Walnut	CA	91789	909-444-2100
Pamela J. Storey		Santa Ana	CA	92705	714-423-0143
Marcy Harmon		Lodi	CA	95241	209-224-8868
Cindi Swank		Yucca Valley	CA	92284	760-365-5545
Ivette Irizarry		Fillmore	CA	93015	877-499-2334
Ivette Irizarry		Fillmore	CA	93015	877-499-2334
Sherry Zolfaghari	1739 S. Oxnard Blvd	Oxnard	CA	93030	805-483-3002
Colorado					
Joyce Reynolds	450 E. Bromley Lane #130	Brighton	CO	80601	303-659-1222
Joyce Reynolds	450 E. Bromley Lane #130	Brighton	CO	80601	303-659-1222
Mark Crego	156 N. Mesa Street	Fruita	CO	81521	970-639-2333
Conneticut					
Elizabeth Geslien		Danbury	CT	06810	203-790-6787
Tara Stevens		Torrington	CT	06790	860-496-7933
Bonnie Deojay		Sterling	CT	06377	860-823-3865
Bonnie Deojay		Sterling	CT	06377	860-823-3865
Delaware					
Valerie Onley	1502 D Pemberton Drive	Salisbury	MD	21801	443-736-7499
Florida					
Franny Watford	17170 NW 144th Ave	Okeechobee	FL	34972	863-447-0092
Shari Rogers		Lakewood Rch	FL	34202	717-774-2818
Sandra Atkinson		Atlantis	FL	33462	561-967-1462
Alison de Celis		Wesley Chapel	FL	33544	813-907-2077
Jill Azzarella		Boca Raton	FL	33488	561-703-

Jill Azzarella		Boca Raton	FL	33488	2527 561-703- 2527
Greg DePasquale	11480 S Cleveland Ave	Fort Myers	FL	33907	239-278- 0770
Suzann Schagen		Palm Coast	FL	32164	386-237- 2369
Sonya Jones	519 SW 10th Street Unit 100	Ocala	FL	34471	352-620- 2999
Anthony & Alexis Arroyo	10975 S.W. 40th Street	Miami	FL	33165	305-220- 7774
Georgia					
Virginia Toelle	4225 Armour Road	Columbus	GA	31904	706-324- 1919
Kristi Tilley		Marietta	GA	30064	770-792- 4474
Kristi Tilley		Marietta	GA	30064	770-792- 4474
Anna Brants		Dacula	GA	30019	770-940- 6286
Graham & Malia Sams		Kennesaw	GA	30144	404-731- 2939
Karen Obendorf		Calhoun	GA	30701	706-625- 5033
Karen Obendorf		Calhoun	GA	30701	706-625- 5033
Shirley Bray	1401 Providence Way	Lawrenceville	GA	30046	770-993- 9370
Idaho					
Jeff Cardin		Meridian	ID	83642	208-887- 4837
Jeff Cardin		Meridian	ID	83642	208-887- 4837
Illinois					
Cassie Roos		Rockford	IL	61103	815-871- 6460
Scott Scharf	258 Lebanon Avenue	Belleville	IL	62220	618-234- 2056
Carla Solar		Buffalo Grove	IL	60089	847-383- 4318
Carla Solar		Buffalo Grove	IL	60089	847-383- 4318
Carla Solar		Buffalo Grove	IL	60089	847-383- 4318
Carla Solar		Buffalo Grove	IL	60089	847-383- 4318
Susan Unterseh		Valmeyer	IL	62295	618-939- 5305
Susan Alassi		Chicago Ridge	IL	60415	773-315- 3138
Indiana					
Vicky Brown	2302 E. County Line Road	Indianapolis	IN	46227	317-735- 1953
Michelle Ballenger	11377 Heron Pass	Fishers	IN	46037	317-966- 6381
Michelle Ballenger	11377 Heron Pass	Fishers	IN	46037	317-773-3788
Scherie' Rankin		Indianapolis	IN	46218	317-600-

Chris Whittenberg Iowa		Muncie	IN	47302	7933 713-449-5088
Michelle Erwin Kansas	102Cotter Street	Columbus Junc	IA	52738	319-728-3330
Kellie Wight	105 E. 4th	Garnett	KS	66032	785-448-6427
Brenda Edwards		Goddard	KS	67052	(316) 258-1284
Brenda Edwards		Goddard	KS	67052	(316) 258-1284
Deborah Rice	5727 Johnson Drive, Ste 224	Mission	KS	66202	913-722-7755
Deborah Rice	5727 Johnson Drive, Ste 224	Mission	KS	66205	913-722-7755
Connie McCune	1310 S. Broadway	Pittsburg	KS	66762	620-232-2401
Connie McCune	1310 S. Broadway	Pittsburg	KS	66762	620-232-2401
Connie McCune Kentucky	1310 S. Broadway	Pittsburg	KS	66762	620-232-2401
Eva Pollard	1265 Clifton Rd	Danville	KY	40422	859-236-5605
Deborah Eisenmenger Louisiana	123 E. Main Street	Campbellsville	KY	42718	270-789-4955
William Garcia	1803 Jimmy Davis Hwy	Bossier City	LA	71112	318-747-7494
John Ricky McGrew		Choudrant	LA	71227	318-768-2998
Stacy Hebert		Houma	LA	70360	985-850-4497
Rhonda Lehotsky	5953 W. Park Ave	Houma	LA	70364	985-872-0700
Ileene Pogue Maryland	4629 Quitman Hwy	Hodge	LA	71247	318-259-4494
Joyce Wood		LaPlata	MD	20646	301-392-5990
Karen Perry		Mt. Airy	MD	21771	301-865-4262
Abigail Martinez		Gaithersburg	MD	20879	240-688-1039
Ola Ogun		Olney	MD	20832	301-774-2598
Valerie Onley	1502 D Pemberton Drive	Salisbury	MD	21801	443-736-7499
Valerie Onley Massachusetts	1502 D Pemberton Drive	Salisbury	MD	21801	443-736-7499
Zachriah George		Shrewsbury	MA	01545	888-879-3387
Zachriah George		Shrewsbury	MA	01545	888-879-3387
Richard D'Amato	900 Cummings Ctr #417 T	Beverly	MA	01915	978-479-2593
Barbara Murphy-Fielding		Methuen	MA	01844	978-557-9338

Michigan

Didik Sockarmoen	110 S. Main Street	Vicksburg	MI	49097	269-649-1476
Nancy Graham	P.O. Box 356	Edwardsburg	MI	49112	269-663-2730
Nancy Graham	P.O. Box 356	Edwardsburg	MI	49112	269-663-2730
Susan Frazer	P.O. Box 241	Fennville	MI	49408	269-236-5031
Karen Elliott	8450 Algoma NE, Ste C	Rockford	MI	49341	616-863-9750
Darlene Deeg		Canton	MI	48188	734-5587-3929
Denise & Romeo Bazinet	45625 Hayes Road	Utica	MI	48351	

Minnesota

Gina Johnson		Hermantown	MN	55811	218-341-4185
Sallie Eikren	30936 State Hwy 34	Detroit Lakes	MN	56501	218-847-8265
Mao Vang	625 Marquette Ave #230	Minneapolis	MN	55402	612-333-1430

Minnesota

Rebecca White		Southhaven	MS	38671	901-598-7938
Debbie Ely	327 Clarksdale Road	Canton	MS	39046	601-605-5018
Anita Naik	165 W. Peace Street	Canton	MS	39046	601-677-3118

Missouri

Maria Crotty		Branson	MO	65616	417-230-9247
Connie Uchtman		Marshfield	MO	65706	417-859-5018
Connie McCune	1310 S. Broadway	Pittsburg	KS	66762	620-232-2401
Connie McCune	1310 S. Broadway	Pittsburg	KS	66762	620-232-2401

Montana

Wendy Gerky	220 3rd Avenue Suite 207	Havre	MT	59501	406-265-9269
Ed Cleavenger	47 W. Park Street	Butte	MT	59701	406-723-3135
ED Cleavenger	47 W. Park Street	Butte	MT	59701	406-723-3135
Joanna Dunn	108 E Main Street	Sidney	MT	59270	406-433-2263
Tammy Liechty	2800 S. Russell Street #110	Missoula	MT	59801	406-549-2061

North Carolina

Jeanna White	25 Main Street	Belmont	NC	28012	704-825-4018
Vanessa Ervin	306 Church Street	Morehead City	NC	28557	252-240-1025
Cindy Williams	307 N. Currituck Road	Currituck	NC	27929	252-453-3206
Deanna Schiffhauer		Rock Hill	SC	29730	803-909-5850

North Dakota

Monica Heimbuch Nebraska		Oakes	ND	58474	701-742-3963
Dave Sheldon	1201 Plum Creek Pkway	Lexingont	NE	68850	308-324-8411
Dave Sheldon New Hampshire	1201 Plum Creek Pkway	Lexingont	NE	68850	308-324-8411
Cynthia Bradley New Jersey		Epsom	NH	03234	603-848-9300
Jacqueline Martello	1045 McBride Avenue	West Paterson	NJ	07424	973-256-4465
Karin Wessel	531 Route 22 East	Somerville	NJ	08876	908-823-4023
Jacqueline Martello	1045 McBride Avenue	West Paterson	NJ	07424	973-256-4465
Michael Tennaro		Hoboken	NJ	07030	201-659-4175
Maryann Cantor		Murray Hill	NJ	07974	908-790-1737
Maryann Cantor		Murray Hill	NJ	07974	908-790-1737
Maryann Cantor		Murray Hill	NJ	07974	908-790-1737
Patricia Foo	534 Westside Avenue	Jersey City	NJ	07304	201-433-1884
Patricia Foo	534 Westside Avenue	Jersey City	NJ	07304	201-433-1884
Everett Myers	224 Pennypacker Drive	Willingboro	NJ	08046	609-871-4678
Niaz Ali	1324 Teaneck Road	Teaneck	NJ	07666	201-833-1400
Antoinette Williamson	288 Egg Harbor Road	Sewell	NJ	08080	856-481-4757
Deborah Komstead New Mexico	P.O. Box 5114	Passaic	NJ	07055	973-955-4135
Mary Perrault	2065 Memory Lane	Silver City	NM	88061	505-534-4224
Mary Perrault	2065 Memory Lane	Silver City	NM	88061	505-534-4224
Patricia Wilkerson New York	PO Box 888	Capitan	NM	88315-0888	575-257-8901
Debra Zaza		Woodbury	NY	11797	516-692-0009
Michelle Bastian		New Paltz	NY	12561	845-242-6221
Richard Wiorkowski		Tonawanda	NY	14223	716-837-1416
Richard Wiorkowski		Tonawanda	NY	14223	716-472-9268
Darlene Coitino Ohio		Cortlandt Manor	NY	10567	914-603-3733
Edvia Santiago		Lewis Center	OH	43035	614-915-9105
Jacqueline Johnson	419 W. Aurora Road	Sagamore Hills	OH	44067	330-908-

Jacqueline Johnson	419 W. Aurora Road	Sagamore Hills	OH	44067	3298 330-908- 3298
Kathy Gelhaus	523 S. Broadway	Greenville	OH	45331	937-459- 5491
Linda Westgerdes	1268 E. Ash Street	Piqua	OH	45356	937-916- 3067
Laurie Haas		Rudolph	OH	43462	419-344- 0962
Laurie Haas		Rudolph	OH	43462	419-344- 0962
Yvonne M. Hill		Mason	OH	45040	513-235- 2225
Sharon Coleman	15 West Sharon Rd	Glendale	OH	45246	513-772- 2639
Timothy Davis		Beavercreek	OH	45431	937-912- 5897
Oklahoma					
Linda Tibbitts		Henderson	NV	89002	702-688- 9421
Patty Stuever	220 S. Main Street	Blackwell	OK	74631	580-363- 3604
Dana Waits	1011 E. Tulsa Avenue	Kansas	OK	74347	918-868- 2507
Cindy Burrow	326 7th Street	Alva	OK	73717	580-327- 0588
Patricia Wilton	1333 N. Sante Fe Ave #111	Edmond	OK	73003	405-341-9400
Cindy Burrow	326 7th Street	Alva	OK	73717	580-327- 0588
Oregon					
Bonnie Cooper	1157 NE Stephens, Suite 4	Roseburg	OR	97470	541-957- 5580
Pennsylvania					
Beaver County Rehab Cntr	1517 Sixth Avenue	New Brighton	PA	15066- 2219	724-847- 4513
Linda Cipolla	136 N. Main Street	Butler	PA	16001	724-283- 2970
Melissa Ruppert		Manchester	PA	17345	717-266- 0294
Patricia & Harry Figurski	1750 West 8th St.	Erie	PA	16505	814-459-4438
Puerto Rico					
Hector Devarie	Bo. Quebrada Vueltas Carr#3	Fajardo	PR	00738	787-952- 0968
Rhode Island					
Deborah Giblin		Warwick	RI	02886	401-921- 6699
South Carolina					
Deanna Schiffhauer		Rock Hill	SC	29730	803-909- 5850
Deanna Schiffhauer		Rock Hill	SC	29730	803-909- 5850
Cindy Fadell	109-W Old Chapin Road	Lexington	SC	29072	803-785-1452
South Dakota					
Raquel Freeman	3471 Sturgis Road	Rapid City	SD	57702	605-718- 7540
Britni & Jeremiah Simunek	27853 S. Buffalo Gap Road	Oral	SD	57766	605-745- 5030

Britni & Jeremiah Simunek Tennessee	27853 S. Buffalo Gap Road	Oral	SD	57766	605-745-5030
Emma Wilson		Bartlette	TN	38134	901-907-0787
Emma Wilson Texas		Bartlette	TN	38134	901-907-0787
Elizabeth Song	5208 N. 10th Street	McAllen	TX	78504	956-971-9502
Sandra Welch	841 Junction Hwy.	Kerrville	TX	78028	830-896-5944
Veronica Bucio	5301 Carrolton Street	Houston	TX	77023	832-370-0338
Veronica Bucio	5301 Carrolton Street	Houston	TX	77023	832-370-0338
Karen Hudson	411 West Hwy 190	Copperas Cve	TX	76522	254-518-0300
Jan Whitener		Luling	TX	78648	830-875-2480
Carol Palmer		Sulphur Springs	TX	75483	903-885-6742
Randy Collins		Killeen	TX	76542	254-285-9181
Amy Gandara		Conroe	TX	77303	936-828-3896
Janis Branum		Roanoke	TX	76262	817-689-5406
Lawanda Winfree	274 CR 1024	Lampasas	TX	76550	347-234-0639
Lawanda Winfree	274 CR 1024	Lampasas	TX	76550	347-234-0639
Lawanda Winfree	274 CR 1024	Lampasas	TX	76550	347-234-0639
James Wheeler	3806 Swarthmore	Houston	TX	77005	713-660-9696
Dianne Scott		Dickenson	TX	77539	832-860-9373
Dianne Scott		Dickenson	TX	77539	832-860-9373
Christopher San Roman Utah	10124 Bermuda Trace	San Antonio	TX	78245	210-788-6676
Lisa Luddington Virginia	3733 S. 250 W. #105	Ogden	UT	84405	801-475-6677
Carol Crouse	307 E. Windsor Avenue	Alexandria	VA	22301	571-312-7122
Carol Crouse	307 E. Windsor Avenue	Alexandria	VA	22301	571-312-7122
Deborah Cornwell		Strasburg	VA	22657	540-635-3062
Marnie Hesson		Purcellville	VA	20132	540-751-0080
Elizabeth Lewis		Warrenton	VA	20186	540-349-0049
Crissy Egerton		Chesterfield	VA	23832	804-426-3828
Ashley & Hunter Reed	24055 Stuarts Draft Hwy	Stuarts Draft	VA	24477	540-337-

1161

Washington

Jennifer Eads		Vancouver	WA	98686	206-737-3990
Barbara Starkey	1339 Commerce Ave.,	Longview	WA	98632	360-414-0778
Mary Amsberry/Kim Miller	Ste112	Blaine	WA	98230	360-332-6700
Sharon Weathers	625 Peace Portal Drive	Port Orchard	WA	98367	360-443-2654
Staci Buss	202 W. Gowe Street, Suite K	Kent	WA	98032	253-277-2069

West Virginia

Theresa Parsons	2210 National Road	Wheeling	WV	26003	304-231-8483
-----------------	--------------------	----------	----	-------	--------------

Wisconsin

Cindy Ziegler	830 Huntington Ave.	Wisconsin Rapids	WI	54494	715-424-4811
Jodie Johnson	W 923 Cottage Road	Brodhead	WI	53520	608-897-9022
Scott Rondeau	8722 West North Avenue	Wauwatosa	WI	53226	414-256-0800
Scott Rondeau	8722 West North Avenue	Wauwatosa	WI	53226	414-256-0800
Katherine M. Koehler		New Franken	WI	54229	920-265-6178

Wyoming

Kathy Quinn		Casper	WY	82604	307-277-1264
Joyce Steen	203 Carey Ave #5	Gillette	WY	82716	307-685-2416
Amanda Cowley	PO Box 87	Wright	WY	82732	307-464-1432

BERRY & ASSOCIATES, P.A.

Certified Public Accountants

American Institute of CPAs
Texas Society of CPAs

Arkansas Society of CPAs
Louisiana Society of CPAs

February 27, 2012

Mr. Jim Wheeler, President
Candy Bouquet International, Inc.
423 East Third Street
Little Rock, AR 72201

RE: Candy Bouquet International, Inc.
Independent Auditor's Report
For the Years Ended December 31, 2011, 2010, and 2009
Dated February 27, 2012

Dear Mr. Wheeler,

Berry & Associates, PA. consents to the use in the Franchise Disclosure Document issued by Candy Bouquet International, Inc., as it may be amended, of our report dated February 27, 2012, relating to the financial statements of Franchisor for the period ending December 31, 2011.

Sincerely,



Berry & Associates, P.A.

Exhibit B

**CANDY BOUQUET INTERNATIONAL, INC.
FINANCIAL STATEMENTS
For the Years Ended December 31, 2011, 2010 and 2009
and
INDEPENDENT AUDITOR'S REPORT**

CANDY BOUQUET INTERNATIONAL, INC.
FINANCIAL STATEMENTS
For the Years Ended December 31, 2011, 2010, and 2009

<u>Contents</u>	<u>Page</u>
Independent Auditor's Report on Financial Statements.....	1
Balance Sheets	2
Statements of Income	3
Statements of Retained Earnings	4
Statements of Cash Flows	5
Notes to Financial Statements	
Note 1 - Summary of Significant Accounting Policies	6-7
Note 2 - Income Taxes	7-8
Note 3 – Transactions with Related Parties	8
Note 4 – Long-Term Debt.....	8
Note 5 – Accounts Receivable	8
Note 6 – Franchising Revenue	9
Note 7 – Dividends.....	9
Note 8 – Retirement Plans.....	9
Note 9 – Possible Future Decline in Initial Franchise Fee Revenue.....	9
Note 10 – Supplemental Cash Flows Disclosures	9

BERRY & ASSOCIATES, P.A.

Certified Public Accountants

American Institute of CPAs
Texas Society of CPAs

Arkansas Society of CPAs
Louisiana Society of CPAs

Page 1


Officers and Directors
Candy Bouquet International, Inc.
Little Rock, Arkansas

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying balance sheets of Candy Bouquet International, Inc., as of December 31, 2011, 2010, and 2009, respectfully, and the related statements of income, retained earnings, and cash flows for the years 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.

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 Candy Bouquet International, Inc., at December 31, 2011, 2010, and 2009, respectfully, and the results of operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



Berry & Associates, P.A.
Little Rock, Arkansas
February 27, 2012

CANDY BOUQUET INTERNATIONAL, INC.
BALANCE SHEETS
December 31, 2011, 2010, and 2009

<u>ASSETS</u>			
CURRENT ASSETS	<u>2011</u>	<u>2010</u>	<u>2009</u>
Cash and equivalents	\$ 234,270	\$ 371,030	\$ 482,342
Accounts receivable	39,155	84,039	222,304
Due from related parties	-	634,015	201,201
Inventory	389,456	552,111	587,033
Prepaid expenses	42,728	27,590	141,476
Deferred tax asset	4,631	-	-
Total Current Assets	<u>710,240</u>	<u>1,668,785</u>	<u>1,634,356</u>
FIXED ASSETS - AT COST	371,930	533,570	533,371
Less: accumulated depreciation	<u>(358,629)</u>	<u>(504,560)</u>	<u>(475,244)</u>
Net Fixed Assets	<u>13,301</u>	<u>29,010</u>	<u>58,127</u>
OTHER ASSETS			
Security deposits	<u>4,000</u>	<u>2,946</u>	<u>2,946</u>
TOTAL ASSETS	<u>\$ 727,541</u>	<u>\$ 1,700,741</u>	<u>\$ 1,695,429</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 36,897	\$ 66,513	\$ 56,880
Accrued payroll taxes	2,149	2,644	4,113
Accrued employee benefits	22,608	22,250	23,601
Current maturities of long term debt	9,032	16,600	14,800
Income taxes currently accrued	-	25,206	10,533
Other current liabilities	37,830	-	-
Total Current Liabilities	<u>108,516</u>	<u>133,213</u>	<u>109,927</u>
LONG-TERM LIABILITIES			
Long-term liabilities, net of current maturities	-	9,004	25,566
Deferred income taxes	2,299	12,465	53,162
Total Long-Term Liabilities	<u>2,299</u>	<u>21,469</u>	<u>78,728</u>
STOCKHOLDERS' EQUITY			
Common stock-\$100 par value, 100 shares authorized, 3 shares issued and outstanding	300	300	300
Retained earnings	<u>616,426</u>	<u>1,545,759</u>	<u>1,506,474</u>
TOTAL STOCKHOLDERS' EQUITY	<u>616,726</u>	<u>1,546,059</u>	<u>1,506,774</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 727,541</u>	<u>\$ 1,700,741</u>	<u>\$ 1,695,429</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CANDY BOUQUET INTERNATIONAL, INC.
STATEMENTS OF INCOME
For the Years Ended December 31, 2011, 2010, and 2009

	<u>2011</u>	<u>2010</u>	<u>2009</u>
SALES	\$ 1,684,871	\$ 2,181,642	\$ 2,452,925
COST OF SALES	<u>549,313</u>	<u>651,566</u>	<u>779,620</u>
GROSS PROFIT	<u>1,135,558</u>	<u>1,530,076</u>	<u>1,673,305</u>
OPERATING EXPENSES			
Advertising	291,320	436,169	469,116
Bad debts	26,111	52,107	134,423
Auto and travel	41,464	19,586	24,983
Retirement plan expense	12,500	12,214	13,608
Officer salaries	68,144	83,079	99,653
Salaries and commissions	380,751	452,191	470,328
Payroll taxes	41,100	43,213	45,955
Depreciation	22,533	30,897	35,838
Taxes and licenses	16,952	19,007	23,397
Office expense	58,849	78,956	84,549
Maintenance and repairs	21,137	33,788	35,463
Legal and professional fees	34,257	56,523	47,306
Rent expense	17,416	16,800	16,800
Insurance	49,043	51,147	60,053
Utilities and telephone	51,572	80,216	82,430
Other operating expenses	<u>20,963</u>	<u>24,451</u>	<u>24,111</u>
Total operating expenses	<u>1,154,112</u>	<u>1,490,344</u>	<u>1,668,013</u>
NET OPERATING INCOME (LOSS)	<u>(18,554)</u>	<u>39,732</u>	<u>5,292</u>
OTHER INCOME AND (EXPENSE)			
Interest income	1,212	2,677	15,763
Interest expense	<u>(2,110)</u>	<u>(3,919)</u>	<u>(5,538)</u>
Total other income (expense)	<u>(898)</u>	<u>(1,242)</u>	<u>10,225</u>
NET INCOME (LOSS) BEFORE INCOME TAX EXPENSE	(19,452)	38,490	15,517
PROVISION FOR INCOME TAX (BENEFIT) EXPENSE	<u>(8,009)</u>	<u>(795)</u>	<u>5,898</u>
NET INCOME (LOSS)	<u>\$ (11,443)</u>	<u>\$ 39,285</u>	<u>\$ 9,619</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CANDY BOUQUET INTERNATIONAL, INC.
STATEMENTS OF RETAINED EARNINGS
For the Years Ended December 31, 2011, 2010, and 2009

	<u>2011</u>	<u>2010</u>	<u>2009</u>
RETAINED EARNINGS, at JANUARY 1,	\$ 1,545,759	\$ 1,506,474	\$ 1,496,855
Dividends paid to the stockholders during the year	(917,890)	-	-
Net income (loss) for the years ended December 31,	<u>(11,443)</u>	<u>39,285</u>	<u>9,619</u>
RETAINED EARNINGS, at DECEMBER 31,	<u><u>\$ 616,426</u></u>	<u><u>\$ 1,545,759</u></u>	<u><u>\$ 1,506,474</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CANDY BOUQUET INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2011, 2010, and 2009

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:

	2011	2010	2009
Cash flows from operating activities:			
Cash received from customers	\$ 1,732,526	\$ 2,319,907	\$ 2,515,618
Cash paid to suppliers and employees	(1,560,062)	(1,980,621)	(2,419,075)
Income taxes paid	-	-	(158)
Interest received	1,212	2,677	15,763
Interest paid	(2,110)	(3,919)	(5,538)
Net cash provided by operating activities	171,566	338,044	106,610
Cash flows from investing activities:			
Purchase of equipment	(6,825)	(1,780)	(29,417)
Payment of security deposit	(1,054)	-	-
Net cash used by investing activities	(7,879)	(1,780)	(29,417)
Cash flows from financing activities:			
Principal payments on long-term debt	(16,572)	(14,762)	(13,151)
Dividends paid to stockholders	(283,875)	-	-
Advances (repayments) to related parties	-	(432,814)	10,401
Net cash used by financing activities	(300,447)	(447,576)	(2,750)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(136,760)	(111,312)	74,443
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	371,030	482,342	407,899
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 234,270	\$ 371,030	\$ 482,342
<u>RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>			
Net income (loss)	\$ (11,443)	\$ 39,285	\$ 9,619
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation	22,533	30,897	35,838
Provision for deferred taxes	(14,797)	(40,697)	(15,073)
(Increase) Decrease In:			
Accounts receivable	47,655	138,265	62,694
Inventory	162,656	34,922	86,635
Prepaid expenses	(15,138)	113,886	15,036
Other current assets	(2,771)	-	-
Increase (Decrease) In:			
Accounts payable	(29,616)	9,633	(11,112)
Accrued employee benefits	358	(1,351)	(14,494)
Payroll taxes payable	(495)	(1,469)	(924)
Customer deposits	-	-	(615)
Income taxes payable	(25,206)	14,673	(60,994)
Other current liabilities	37,830	-	-
Total adjustments	183,009	298,759	96,991
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 171,566	\$ 338,044	\$ 106,610

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CANDY BOUQUET INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2011, 2010, and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Company's Activities

Candy Bouquet International, Inc. (the company), is engaged in the sale of franchise agreements for the operation of Candy Bouquet stores and in the wholesale of merchandise to franchised operations in the U.S. and foreign markets. Wholesale operations currently represent approximately 47% of total revenue.

Basis of Accounting

The Company maintains its books and records on an accrual basis of accounting.

Revenue and Cost Recognition

Revenue from wholesale operations is recognized when merchandise has been shipped to the customer and includes shipping and handling costs. Revenue from franchise operations is generally recognized when substantially all significant Company services have been provided, except that revenue is recognized when collected in situations where revenue is collective over an extended period of time and collection is not reasonably certain.

Cost of sales consists of merchandise cost measured on a weighted average cost basis, including inbound freight and handling costs.

Use of 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.

Advertising Costs

Major advertising costs are capitalized and amortized over the period during which future benefits are expected to be received.

Compensated Absences

The Company records expected liabilities for employee vacations, sick days, and personal time using current salary rates.

Bad Debts

The Company maintains an allowance for doubtful accounts using past experience and management estimates. Accounts are charged to the allowance account at the time further collection efforts are deemed futile.

Cash Equivalents

Cash equivalents consist of investments that are readily convertible into cash and generally have original maturities of three months or less.

Concentrations and Credit Risks

The Company grants credit to its foreign and domestic customers (franchisees) in the ordinary course of business and according to the terms prevalent in the industry.

The Company maintains its cash accounts at institutions insured by the FDIC. At December 31, 2011, the Company's deposits were fully insured.

CANDY BOUQUET INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2011, 2010, and 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued:

Inventories

Inventories consist of merchandise for resale and are stated at a weighted average basis.

Deferred Income Taxes

Temporary differences giving rise to the deferred tax liability consist primarily of the excess of depreciation used for tax purposes over the amount for financial reporting purposes.

Fixed Assets

The cost of equipment is capitalized and charged to earnings using the straight-line method of depreciation over estimated useful lives of the assets for financial reporting purposes. The cost of significant improvements to properties is capitalized and similarly depreciated while the costs of repairs and routine maintenance are charged to income as incurred. Generally, when items of property are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income. Estimated useful lives and accumulated depreciation at December 31, 2011 were as follows:

<u>Description</u>	<u>Estimated Useful Lives</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
Furniture and equipment	3 years	\$ <u>371,930</u>	\$ <u>(358,629)</u>

NOTE 2 - INCOME TAXES:

The provision for income tax expense (benefit) consists of the following:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Current income tax (benefit)/expense	\$ (747)	\$ 39,902	\$ 20,971
Deferred income tax (benefit)	<u>(7,262)</u>	<u>(40,697)</u>	<u>(15,073)</u>
Current income tax expense	<u>\$ (8,009)</u>	<u>\$ (795)</u>	<u>\$ 5,898</u>

The net deferred tax amount included in the accompanying balance sheet includes the following amount of deferred tax liability:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Deferred Tax Liability			
Non-Current			
Property and equipment related, principally due to differences in depreciation	<u>\$ 2,299</u>	<u>\$ 12,465</u>	<u>\$ 53,162</u>

CANDY BOUQUET INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2011, 2010, and 2009

NOTE 2 - INCOME TAXES continued:

The Company had taxable loss of \$19,452 for federal and state purposes, resulting in a tax benefit of \$3,676 and \$955 for federal and state income tax purposes, respectively for the year ended December 31, 2011.

The Company will file a consolidated tax return with its parent company for the eleven months ended November 30, 2011 and will file a separate tax return for the one month ended December 31, 2011. Income taxes provided in these financial statements are computed on a separate return basis.

NOTE 3 – TRANSACTIONS WITH RELATED PARTIES:

The Company leases its office and warehouse facilities from its parent holding company on a month-to-month basis. Rentals paid to the parent company were \$15,400 in 2011, \$16,800 in 2010, and \$16,800 in 2009. As of December 1, 2011, the office and warehouse is being leased from a non-related party.

NOTE 4- LONG-TERM DEBT:

Long-term debt consists of the following:

	<u>Total</u>	<u>Current</u>	<u>Long-Term</u>
11.61% Note payable – Datamax, due \$1557/mo., including interest, secured by equipment	\$ 9,032	\$ 9,032	\$ -

Maturities of long-term debt for the one year subsequent to December 31, 2011 are approximately: 2012 - \$9,032.

NOTE 5- ACCOUNTS RECEIVABLE:

Accounts receivable presented in the current assets section of the balance sheet is composed of the following:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Accounts Receivable	\$ 41,297	\$ 133,142	\$ 321,457
Less Allowance for Doubtful Accounts	(2,142)	(49,103)	(99,153)
	<u>\$ 39,155</u>	<u>\$ 84,039</u>	<u>\$ 222,304</u>

An aging of accounts receivable at December 31, 2011 is as follows:

Current	\$ 14,344
31 - 60 Days	6,452
61 - 90 Days	5,201
Over 90 Days	13,158
	<u>\$ 39,155</u>

**CANDY BOUQUET INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2011, 2010, and 2009**

NOTE 6 – FRANCHISING REVENUE:

The Company sold 51 new franchises in 2011, 67 in 2010, and 69 in 2009. Franchise stores in operation at the end of the year were 333 in 2011, 406 in 2010, and 555 in 2009.

NOTE 7 – DIVIDENDS:

The Company declared and paid in cash dividends of \$283,875 in the year ended December 31, 2011. No dividends were paid in years ended December 31, 2010 and 2009.

NOTE 8 – RETIREMENT PLAN:

The Company maintains a 401(k) retirement plan which it contributes 3% of eligible employee compensation. Amounts of such retirement contributions included in “accrued employee benefits” on the accompanying Balance Sheet were \$12,555 in 2011, \$15,646 in 2010, and \$17,312 in 2009.

NOTE 9 – POSSIBLE FUTURE DECLINE IN INITIAL FRANCHISE FEE REVENUE:

The Company has experienced substantial growth since its inception. The number of franchises sold reflects a strong demand for the Company’s product and the benefits obtained by franchise owners. The company expects this favorable situation to continue; however, franchise sales do reach a saturation point, and, accordingly, revenue from franchise sales may decline in the future.

NOTE 10 – SUPPLEMENTAL CASH FLOWS DISCLOSURES:

At December 31, 2011, the due from related parties’ balance of \$634,015 was eliminated through a dividend.

AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

California Corporations Commissioner
320 West 4th street
Los Angeles, CA 90013-2344
866-275-2677

HAWAII

Commissioner of Securities of the State
of Hawaii
335 Merchant Street, Room 203
Honolulu, HI 96813

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

INDIANA

Secretary of State
Executive Office
201 State House
Indianapolis, Indiana 46204

MARYLAND

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Department of the Attorney General's
Office
Consumer Protection Division
Attn: Franchise
670 Law Building
Lansing, Michigan 48913

MINNESOTA

Department of Commerce
133 East Seventh Street
St. Paul, Minnesota 55101

NEW YORK

New York Department of Law
Bureau of Investor Protection and
Securities
120 Broadway, 23rd Floor
New York, New York 10271

NORTH DAKOTA

Securities Department
600 East Boulevard Avenue
State Capitol Fifth Floor Dept 414
Bismarck, ND 58505-0510
Phone: 701 328 4712

RHODE ISLAND

Chief Securities Examiner
Department of Business Regulation
Banking Division, Franchise Section
Suite 232
233 Richmond Street
Providence, Rhode Island 02903

SOUTH DAKOTA

Department of Commerce and Regulation
Division of Securities
118 West Capitol Avenue
Pierre, South Dakota 57501-2017

VIRGINIA

State Corporation Commission
Division of Securities and Retail
Franchising
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

WASHINGTON

Securities Division
Washington Department of Licensing
Olympia, Washington 98502

WISCONSIN

Commissioner of Securities
Franchise Investment Division
Fourth Floor
101 East Wilson Street
Madison, Wisconsin 53702

CANDY BOUQUET INTERNATIONAL, INC.

CBI will receive service of process at 510 McLean Street, Little Rock, Arkansas 72202 except for those states listed on pages 18 & 19 of the Franchise Agreement (Exhibit F).
CBI toll free number: 877-226-3901.

NON-DISCLOSURE
AND
NON-COMPETITION AGREEMENT

This NON-DISCLOSURE AND NON-COMPETITION AGREEMENT (This "Agreement") is made and entered into by and between Candy Bouquet International, Inc., an Arkansas corporation ("CBI") and _____ a franchisee, employee, engagee or anyone who has access to CBI trade secrets or Franchisee (the "Franchisee") to be effective of the date shown below.

W-I-T-N-E-S-S-T-H

WHEREAS, CBI offers certain franchises for the establishment and operation of Candy Bouquet retail stores, which specialize in a unique system of florally arranged candy on stems to emulate flowers (the "Franchise").

WHEREAS, Franchisee understands that CBI has developed over time and at great expense certain information and methods of doing business including, but not limited to, methods of selection, equipment, manuals, service and assembly methods and skills which are not generally known in the industry (the "Trade Secrets"); and

WHEREAS, Franchisee desires to be a franchisee of CBI or is employed by the Franchise System or anyone who has access to CBI Trade Secrets and acknowledges that information disclosed will provide a competitive advantage to Franchisee and will be valuable in the development of Franchisee's Franchise; and

WHEREAS, CBI desires to protect its Trade Secrets and therefore requires each of its Franchisees to execute a non-disclosure and non-competition agreement; and

WHEREAS, the parties desire to enter into this Agreement.

In consideration of the premises, and other good and valuable consideration, the parties intending to be legally bound, agree as follows:

1. **Trade Secrets.**

(a) Non-disclosure. Franchisee agrees that at all times during the term of this Agreement, and after termination of this Agreement, Franchisee will not communicate or divulge to anyone, any information or knowledge concerning the Trade Secrets or other information or material that CBI designates as confidential. Franchisee will not reveal or divulge in whole or in part any of the Trade Secrets, including operating procedures, unless such information is generally known and in the public domain, and except to the extent necessary to operate the Franchise. Franchisee shall not, at any time, copy, duplicate, record or otherwise reproduce any of the Trade Secrets or other confidential information, in whole or in part, or otherwise make it available to any third party unless specifically authorized by CBI.

(b) Return of Materials. Upon termination with Franchisee, the Franchisee shall return to CBI all Trade Secrets and other confidential information or equipment in the possession of or under the control of Franchisee.

(c) Protection of Trade Secrets. Franchisee agrees to exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all Trade Secrets and other confidential information at all times during and after the term of the Franchise Agreement. All of Franchisee's employees or other persons who have access to the Trade Secrets or other confidential information of CBI must be instructed to protect all Trade Secrets to the highest degree of diligence.

2. **Non-Competition.**

(a) **During the term of the Franchise Agreement.** Franchisee acknowledges that it is an unfair method of competition to use or copy CBI's system, including its Trade Secrets. Franchisee further acknowledges the importance of devoting substantial time and energy to operating the Franchise. Franchisee therefore agrees that during the term of its Franchise or association with Candy Bouquet, it will not work for, or have any type of direct or indirect ownership or other interest in any business similar to the Franchise business, except as a franchisee of CBI.

(b) **Non-competition After Termination.** If Franchisee's Franchise or work with Candy Bouquet expires, Franchisee will not own, employee, be employed by, or have a direct or indirect interest in any business similar to the Franchise business within Franchisee's Exclusive Territory, or as defined in Franchise Agreement, or within 25 miles of any Candy Bouquet store (except for other Candy Bouquet stores owned by Franchisee or its owners). Franchisee agrees not to directly or indirectly for itself, or others, attempt to divert, any customers from the Franchise business. The term of these restrictions will be for three (3) years after termination or expiration of the Franchise. In no event will Franchisee use CBI's system, CBI's name or any trademarks, copyrights, and service marks following termination or expiration of the Franchise.

(c) **Non-Disparagement.** You and your owners agree that during the term of this Agreement, or after termination or expiration of this Agreement, neither you nor your owners, or through or on behalf of or in conjunction with any other person or entity, will make, or cause to be made, any untrue or exaggerated statements, either written or oral, which are disparaging to CBI.

3. **Injunction.**

Franchisee acknowledges that in the event of a breach of any part of this Agreement, CBI will be irreparably injured and without an adequate remedy at law. In such event, CBI will therefore be entitled to a temporary, preliminary and/or permanent injunction without the need to show actual or threatened harm or to post a bond or other security. This remedy shall be in addition to any other remedies CBI may have under this Agreement or under the Franchise Agreement, at law or in equity, including the right to terminate the Franchise Agreement.

4. **Governing Law: Venue and Jurisdiction.**

This Agreement shall be governed by and construed in accordance with the laws of the State of Arkansas without reference to its conflicts of law principles. Venue and jurisdiction of all actions relating to the performance, interpretation or enforcement of this Agreement may be brought only in the courts of the State of Arkansas located in Pulaski County or in the United States District Court for the eastern District of Arkansas – Western Division. The parties consent to personal jurisdiction in the courts described in this Section for the purposes of all actions, and waive all objections to venue and the right to assert that a court chosen under this Section is improper based on the doctrine of forum non-convenience.

5. **Attorney's Fees and Expenses.**

If litigation is brought concerning this Agreement, the prevailing party shall be entitled to receive from the non-prevailing party, and the non-prevailing party shall upon final judgment and the expiration of all appeals immediately pay upon demand all reasonable attorney's fees and expenses of the prevailing party.

6. **Owners of Franchise.**

If Franchisee is a corporation, limited liability company or partnership, Franchisee's owners, by signing below, adopt and agree to be bound by all of the terms and conditions of this Agreement to the same extent as the Franchisee.

7. **Severability.**

If any one or more of the provisions of this Agreement is held invalid, illegal or unenforceable, the remaining provisions of this Agreement shall be unimpaired, and the invalid, illegal or unenforceable provision shall be replaced by a mutually acceptable valid, legal and enforceable provision, which comes closest to the intent of the parties.

8. **Binding Effect.**

This Agreement shall be for the benefit of, and shall be binding upon, the parties and their respective heirs, personal representatives, executors, legal representatives, successors and permitted assigns.

IN WITNESS THEREOF, the parties have executed this Agreement as of this _____ day of _____ 2012.

**ACCEPTED AND ACKNOWLEDGED
BY CBI**

**FRANCHISEE/ENGAGEE/ANYONE
ENGAGED IN ACCESS TO TRADE
SECRETS**

By _____

By _____

Address _____

Address _____

Title: _____

Title: _____

FRANCHISE WEB CONTENT AGREEMENT AND POLICY

This Agreement (“Agreement”), effective as of this ____ day of _____, 2012 (the “Effective Date”), is by and between _____ known as CBI Franchise #_____ and Candy Bouquet International, Inc., an Arkansas corporation with its principal place of business at 510 McLean Street, Little Rock, Arkansas, 72202 (CBI). The Candy Bouquet websites, including all associated web pages, are primarily for participation in the exchange of CBI confidential information, exchange of CBI ideas and concepts, and placing of online orders. Copyright laws and international copyright treaties, as well as other intellectual property laws and treaties and the terms of this agreement and your non-disclosure agreement protect these sites. You, as a Franchisee, may have full or limited access to these sites based upon your status as a franchisee. No other employee, friend, or family member is an authorized user of CBI Websites, unless they have also signed this non-disclosure form.

Franchisee acknowledges and agrees to the following:

1. Not to disclose or transfer any Franchisee’s password(s) to any other person, or grant any authorization to another user.
2. To change passwords periodically to prevent unauthorized use by others.
3. To be responsible for all activities that occur under Franchisee’s user name(s) and password(s) associated with all sites and agree to accept full responsibility for all activity that occurs under the user name(s) and password(s) of Franchisees.
4. To notify CBI of any unauthorized use of Franchisee’s user name(s) or password(s) or any other breach of security that comes to Franchisee’s attention.
5. To comply with CBI’s published online operating procedures for all websites.
6. To keep current address, web address, phone and email information current and within your Exclusive Territory.
7. To only use forums to ask questions and share ideas and learn from each other.
8. Not to post complaints or derogatory comments about the Distribution Center, fellow Franchisees or the Franchisor. Any concerns should be submitted through the Suggestion Form.
9. Not to post anything that is against or does not follow the Candy Bouquet Operating System.
10. Not to post questions on any forum that you are expecting the Franchisor to answer and to only use the Suggestion Form to make these inquiries.
11. Not to reveal any of the information posted on the forums to outside parties.
12. Not to solicit outside products and/or services in direct competition with CBI Distribution Center.

Indemnification:

FRANCHISEE AGREES TO INDEMNIFY AND HOLD CBI, ITS OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES AND AGENTS HARMLESS FROM ANY AND ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION OF ANY AND ALL CHARACTER THAT MAY RESULT FROM OR ARISE AS A BREACH OF THIS AGREEMENT BY FRANCHISEE, INCLUDING BUT NOT LIMITED TO ANY AND ALL DIRECT AND INDIRECT LOSS, DAMAGES, LIABILITY, COSTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEY’S FEES, COSTS OF DEFENSE, INCIDENTAL DAMAGES AND CONSEQUENTIAL DAMAGES).

Ownership of Intellectual Property:

CBI shall have the exclusive ownership of all CBI websites, VIP sites, Administration sites, and everything posted or communicated thereon, and all copies thereof. Franchisee agrees to assign, and hereby assigns all rights, title and interest in and to anything posted or communicated on these sites by Franchisee, including but not limited to communications, graphics, and ideas, and the copyrights thereto, if applicable. CBI reserves all rights not expressly granted under this Agreement.

CBI#

EXHIBIT E con't

Governing Laws and Attorney Fees:

This Agreement shall be governed in accordance with the laws of the State of Arkansas without reference to its conflicts or law principles. In any action or suit to enforce any right or remedy under this Agreement or to interpret any provision of this Agreement, the prevailing party will be entitled to recover its costs, including attorney's fees.

Termination or Restriction of Use

CBI shall reserve the right to restrict or terminate your privileges granted herein as well as any other privileges based on your adherence to these rules or account status as a franchisee or breach of this Agreement.

Entire Agreement:

This Agreement constitutes the entire agreement between Franchisee and CBI with respect to CBI's websites, and replaces all other representation. CBI may modify this Agreement by posting such modification(s) on the VIP site and in its Website Policies. If Franchisee does not agree to any modifications set forth on the website policies, Franchisee shall immediately cease use of the website(s). If any part of this Agreement is held to be unenforceable as written, it will be enforced to the maximum extent allowed by applicable law and will not affect the enforceability of any other part.

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

Candy Bouquet International, Inc.

BY: _____

Candy Bouquet Franchise # _____

BY: _____

EXHIBIT F

**CANDY BOUQUET INTERNATIONAL, INC.
FRANCHISE AGREEMENT**

Franchisee CBI#

Date of Agreement

**FRANCHISE AGREEMENT
TABLE OF CONTENTS**

1.	INTRODUCTION.....	1
2.	GRANT AND TERM OF FRANCHISE.....	1
	A. GRANT OF FRANCHISE.....	1
	B. TERM OF FRANCHISE.....	1
3.	RENEWAL OF FRANCHISE.....	1
	A. OPTION TO RENEW.....	1
	B. MANNER AND CONDITIONS OF RENEWAL.....	1
4.	EXCLUSIVE TERRITORY.....	2
	A. DEFINED.....	2
	B. PROTECTED AREA.....	3
	C. LIMITATION OF AREA.....	3
5.	INITIAL PAYMENTS TO FRANCHISOR.....	3
	A. INITIAL FRANCHIS FEE.....	3
	B. OPENING INVENTORY.....	4
	C. TRAINING, SITE SELECTION AND OPENING COSTS AND CHARGES.....	4
	D. NON-REFUNDABILITY OF FEES AND PURCHASES.....	4
6.	ROYALTY FEES AND OTHER CHARGES.....	4
	A. ROYALTY FEES.....	4
	B. ASSOCIATION FEES.....	4
	C. ADVERTISING FEES.....	5
	D. TRANSFER FEE.....	5
	E. EXIT FEE.....	5
7.	STORE LOCATION.....	5
8.	STORE DEVELOPMENT.....	5
	A. INITIAL DEVELOPMENT.....	5
	B. EQUIPMENT, FIXTURES, FURNITURE AND SIGNS.....	6
	C. STORE OR LOCATION OPENING.....	6
9.	TRAINING.....	6
	A. INITIAL TRAINING.....	6
	B. TRAINING OF EMPLOYEES.....	6
	C. ADDITIONAL TRAINING.....	6
10.	OPERATING ASSISTANCE.....	7
	A. ADVICE AND GUIDANCE.....	7
	B. OPERATING PROBLEM.....	7
11.	STORE PRODUCTS AND SERVICES.....	7
	A. REFERRALS AND SERVICING OF REFERRALS.....	7
	B. SUPPLIES AND MATERIALS.....	7
	C. RESTRICTION ON GOODS AND SERVICES.....	7
	D. ADVERTISING.....	7
12.	OPERATING PROCEDURES AND REQUIREMENTS.....	8
	A. OPERATING PROCEDURES.....	8
	B. COMPLIANCE WITH LAWS AND OTHER BUSINESS PRACTICES.....	8
	C. PRICES TO BE DETERMINED BY FRANCHISEE.....	8
	D. TRAINING MANUAL.....	9
	E. NEW CONCEPTS AND DESIGNS.....	9
	F. YOU MUST DIRECTLY SUPERVISE STORE.....	9
	G. INSURANCE.....	9
	H. STORE HOURS.....	9
	I. ENGLISH LANGUAGE.....	10
13.	RECORDS AND REPORTS.....	10
14.	PROPRIETARY MARKS AND COPYRIGHTS.....	10
	A. USAGE.....	10
	B. INFRINGEMENTS.....	10
	C. MODIFICATION OR DISCONTINUANCE OF TRADEMARK.....	10
15.	INSPECTIONS.....	11

16.	TERMINATIONS AND EXPIRATION.....	11
	A. TERMINATION BY YOU.....	11
	B. BY CBI UPON YOUR DEFAULT.....	11
	C. YOUR OBLIGATIONS UPON TERMINATION OR EXPIRATION.....	12
	D. FRANCHISOR'S OBLIGATIONS UPON TERMINATION OR EXPIRATION.....	12
17.	COVENANTS NOT TO COMPETE AND TRADE SECRETS NONDISCLOSURE AGREEMENT.....	12
	A. IN-TERM COVENANT	13
	B. POST-TERM COVENANT.....	13
	C. OWNERSHIP OF PUBLIC COMPANIES.....	13
	D. SOLICITATION OF EMPLOYEES.....	13
	E. TRADE SECRETS, NEW PROCESSES, CONCEPTS, IMPROVEMENTS, ETC.....	13
18.	ASSIGNMENT	13
	A. ASSIGNMENT BY CBI.....	13
	B. ASSIGNMENT BY YOU.....	13
	C. ASSIGNMENT TO CORPORATION OR PARTNERSHIP	14
	D. ASSIGNMENT OR TRANSFER TO OTHERS.....	14
	E. TRANSFER UPON DEATH OR INCAPACITY.....	14
	F. OFFERING OF FRANCHISE FOR SALE	14
19.	CONTRACT INTERPRETATION AND ENFORCEMENT.....	15
	A. EFFECT OF WAIVERS.....	15
	B. COST OF ENFORCEMENT.....	15
	C. INDEMNIFICATION OF FRANCHISOR.....	15
	D. CONSTRUCTION AND SEVERABILITY	15
	E. MODIFICATION OF AGREEMENT.....	15
	F. ARBITRATION.....	15
	G. GOVERNING LAWS.....	16
	H. NOTICES.....	17
	I. INDEPENDENT CONTRACTORS.....	17
	J. STANDARD OF REASONABLENESS.....	17
	K. ACKNOWLEDGMENT.....	17
	L. BINDING EFFECTS.....	18
	M. EFFECTIVE DATE OF THIS AGREEMENT.....	18
	N. FORCE MEJEURE.....	18

CANDY BOUQUET INTERNATIONAL, INC.
FRANCHISE AGREEMENT

This FRANCHISE AGREEMENT ("Agreement") is being entered into between CANDY BOUQUET INTERNATIONAL, INC., an Arkansas corporation (referred to as "CBI" in this Agreement), and

(referred to as "you" or "your"). If you are a corporation or partnership, or if this Agreement is transferred to a corporation or partnership, the term "you or your" in this Agreement refers to the shareholders, partners, and/or investors of the corporation or partnership. Unless otherwise stated the term "controlling shareholder or partner" refers to the person who owns in excess of fifty percent (50%) of the entity owning the franchise.

1. INTRODUCTION

CBI has developed designs for candy bouquet arrangements that integrate candy into floral-like arrangements. CBI sells other candy and gift items. CBI also uses, promotes and licenses a name and trademark that is comprised of (a) the name "CANDY BOUQUET," (b) the website "CANDYBOUQUET.COM," (c) a commercial symbol, or "Logo" and, (d) the slogan, "A Delicious Alternative to Flowers." The name and trademark is shown on the cover of the Uniform Franchise Disclosure Document.

You have applied to CBI for a franchise to operate a CANDY BOUQUET store or operation utilizing the name and trademark at the location identified in this Agreement. CBI has approved your application in reliance upon the representations made by you in your application, including those concerning your financial resources and the manner in which the franchise you will purchase will be owned and operated. The place of business that you open for the operation of the Candy Bouquet franchise will be referred to in this agreement as "Store" whether one or more.

You acknowledge that you have read this Agreement and the Uniform Franchise Disclosure Document (The "UFDD") and have been given an opportunity to obtain clarification of any provision that you do not understand. You also understand and agree that the terms and conditions contained in this Agreement are necessary to maintain the high standards of quality and service and the uniformity of those standards at all CANDY BOUQUET stores or operations.

2. GRANT AND TERM OF FRANCHISE

A. Grant of Franchise

Subject to the terms of this Agreement, CBI grants you a franchise to establish and operate CANDY BOUQUET Store(s) under the terms of this Agreement and a license to use the name and Trademarks in the operation of the Store(s) within the geographic territory described in Section 4A of this Agreement.

B. Term of Franchise

The initial term of this Franchise Agreement shall be for a period of five (5) years beginning upon the execution of this Agreement.

3. RENEWAL OF FRANCHISE

A. Option to Renew

You may renew the franchise for additional five-year terms at the end of the initial term, provided 1) You are not in default of any provision of this Agreement or any other agreement with us or our subsidiaries or affiliates, 2) you have complied with the terms and conditions of this Agreement and Contracts during their terms and 3) you fulfill the conditions in 3.B below. Your renewal fee is _____. Your renewal date is _____.

B. Manner and conditions of Renewal

Franchisee must:

1. provide CBI written notice of intent to renew this Agreement at least six (6) months prior to the end of the term hereof;
2. at the time of such notice, pay a renewal fee of 25% of your initial franchise fee;

B. Protected Area

Provided you are in compliance with the terms of this Agreement, CBI will not operate or grant a franchise for the operation of a CANDY BOUQUET store or operation within your Exclusive Territory during the term of this Franchise Agreement or any renewal period. You may open multiple units and operate anywhere within your Exclusive Territory. Notification to CBI is required for each additional store that is opened. If you establish a home-based business, your home must be located within your Exclusive Territory.

You must operate your Candy Bouquet Business within the Franchises Area identified in section 4.A. of this Franchise Agreement. During the term of the Franchise Agreement, Candy Bouquet will not establish or license or franchise a third party to establish another Candy Bouquet within the Franchised Area. However, Candy Bouquet, another franchise or third party designated by Candy Bouquet may service accounts in the Franchised Area if you elect not to service the account or if an account elects not to do business with you.

If you purchase additional territory to expand your franchise area, you will be required to execute a new franchise agreement. Franchisees owning more than one contiguous territory are not required to open additional stores.

Because of changes in the way land areas are defined by zip codes and the possibility of mistakes, it is possible that you could be sold a territory that is already owned by another CBI franchisee. CBI will make the best effort to not make mistakes in selling territory, but in the event it is discovered that all or part of your Exclusive Territory is subject to another CBI franchise, you agree that CBI's only liability or obligation is to give you the option of receiving another territory of approximately the same population or receiving a refund of your pro-rated franchise fee plus your verified pro-rated out-of-pocket expenses relating to your purchase of the franchise.

From time to time the U.S. postal service splits and/or adds zip codes to certain areas. In order to maintain your Exclusive Territory size, you agree that it is your responsibility to inform CBI of any zip code changes in your territory within 7 days of that change. CBI is not responsible for your failure to do so, and these events could lead to parts of your Exclusive Territory being sold to another franchisee.

C. Limitation of Area

CBI can sell a franchise in any territory outside or contiguous to your Exclusive Territory. CBI does maintain a web site www.candybouquet.com. The website includes a Candy Bouquet Franchise locator for retail customers to use. This locator will display the closest franchise based on the information provided by the customer. CBI retains the right to implement any marketing and advertising program for the benefit of all CBI franchises. CBI reserves the right to use alternative distribution, including the internet, within your territory, under the principle trademarks of CBI. The franchisor has no obligation to compensate you for soliciting or accepting orders inside your territory.

You agree, however, not to market, permit the marketing of Candy Bouquet products, or distribute sales materials, advertising materials or the like, by you or your agents outside of your Exclusive Territory, unless specifically authorized in accordance with this agreement.

You may advertise and solicit business for the authorized services within the Franchised Area only. If you advertise or promote sales outside of your Franchised Area without following the proper guidelines outlined in your contract, Candy Bouquet may impose on you a fine of \$2,000 and/or terminate the Franchise Agreement. The franchisee may not knowingly sell candy bouquets or other CBI products to a third party for the purpose of re-sale. The only exception is for consignment sales or for re-sale inside your Exclusive Territory. You may relocate anywhere within your Franchise Area provided you give Candy Bouquet at least 10 days notice before relocation.

You agree not to operate a home-based business if your home is outside of your Exclusive Territory. No purchases from CBI's Distribution Center will be sent to you from CBI to anywhere outside of your Exclusive Territory.

5. INITIAL PAYMENTS TO FRANCHISOR

A. Initial Franchise Fee

The total amount of your initial franchise fee for the territory defined in Section 4 A of this Franchise Agreement is _____. You agree to pay to CBI 25% of your initial franchise fee in the amount of _____. Your 25% payment must be sent to CBI and upon receipt your training date will be _____.

CBI#

scheduled. Your 25% payment will retain your Exclusive Territory for a period of 90 days beginning on _____, being the date your 25% payment was received by CBI. The balance, or 75%, of your initial franchise fee in the amount of _____ must be paid at the time you report to a CBI designated training facility. You will not be allowed to attend training or begin operation of your franchise, until full payment has been received by CBI along with a signed copy of this agreement. The 75% payment is payable by cashiers check only and must be in U.S. dollars. Your franchise fee payments are not refundable.

B. Inventory

You will purchase an opening inventory of candy and supplies at a cost of approximately \$4,950. You may choose to purchase additional inventory supplies. All opening inventory purchased from CBI's distribution center during your initial training period must be paid for before the final day of the training period. Payment must be in U.S. funds.

Prior to attending training class, it is the responsibility of the franchisee to make all necessary arrangements to receive the opening inventory shipment within one (1) month of the end of training week. This includes import licenses, permits and certificates, contracting with a freight forwarder (recommended for international shipments), all local, state, and national business licenses, permits and certificates, and etc.

In the event that the opening inventory is not shipped within the one month period, CBI may charge a 'holding fee' of \$50 per month (charged at the beginning of each month) until the inventory is shipped to franchisee. It is the responsibility of franchisee to pay for replacement items that expire or become discontinued after the one month period ends.

Payment Terms

You are required to have a current valid credit card number, and/or (US Banks only) a bank draft / electronic funds transfer, if available, on file at CBI with a signed authorization form. It is the responsibility of the franchisee to notify CBI if changes occur with your credit card or bank account status. All product orders must be prepaid prior to shipping. Any subsequent pass-through charges related to an order, such as freight, duties and taxes, will be automatically charged to the same payment method as the original order.

C. Training, Site Selection and Opening Costs and Charges

You agree to pay the expenses of you and your employees for training. You agree to pay CBI's travel-related expenses if you consider it necessary for CBI to travel to your location to approve the site for your Store, or should you request that we assist you in the opening of your location. In addition, you may incur other costs, prior to opening, which may be determined by your specific location and size of store. Site selection and additional training assistance will be billed to you at a rate of fifty dollars (\$50) per hour.

D. Non-refundability of Fees and Purchases

The fees paid, inventory purchased and other charges under this Section 5 are not refundable.

6. ROYALTY FEES AND OTHER CHARGES

A. Royalty Fees

There are no royalty fees paid to CBI.

B. Association Fees

You are required to pay CBI a monthly Association fee. These fees are due and payable in monthly payments via credit card, check, or electronic funds transfer. The amount payable is determined by the population size of your Exclusive Territory and is summarized in the table that follows.

Monthly Association Fee Based On Population*

Population	Monthly Association Fee
1 - 5,000	\$160
5,001 - 10,000	\$205
10,001 - 20,000	\$270
20,001 - 40,000	\$340
40,001 - 60,000	\$405
60,001 - 80,000	\$475

Population	Monthly Association Fee
80,001 - 100,000	\$530
100,001 - 125,000	\$565
125,001 - 150,000	\$610
150,001 - 200,000	\$675
200,001 - 250,000	\$790
250,001 - and up	Case by Case Basis

* An Association Fee of \$50 will be billed for each additional retail location that you open within your Exclusive Territory.

YOUR MONTHLY ASSOCIATION FEE is _____ per month for the five-year period of this Franchise Agreement. The monthly association fee may be adjusted for inflation at the time your franchise is renewed.

FRANCHISOR will charge a late fee of \$15 for accounts that are past due. The company has the right to terminate this Franchise Agreement if the Monthly Association fee is not paid.

C. Advertising Fees

There are no advertising fees paid to CBI.

D. Transfer Fee

The Franchisee shall not engage in a transfer unless the Franchisee has obtained written consent and is in full compliance with their Franchise Agreement. If you transfer your franchise in accordance with the procedures set forth in this Agreement, you agree to pay a transfer fee of \$3,000. CBI must approve the new Franchisee. The new Franchisee must sign a current Franchise Agreement with CBI for the remaining term of your franchise agreement. To train the new Franchisee there is a training fee of \$500. The Training and Operations Manual given to you must be returned at the time of the transfer.

Transferring of any part of your Exclusive Territory for another Exclusive Territory can only be done with written permission from CBI, signing a new Franchise Agreement, and payment of a transfer fee. You must obtain permission from CBI, in writing, for all additions or subtractions of partners. Transfer fees will be assessed in situations where original contract holders are removed.

E. Exit Fee

When exiting the franchise system before your initial five (5) year contract has expired, you must give at least 3 months prior written notice and pay an exit fee of \$2,500. Upon renewal of the initial contract, the Exit Fee is waived. However, the three (3) month written notice of early termination remains in effect.

7. STORE LOCATION

CBI will, at your request, provide you with information on evaluating and selecting a location for your Store. You shall not allow the premises of the Store to be used for any immoral or illegal purpose.

8. STORE DEVELOPMENT

A. Initial Development

You agree that after obtaining possession of the site for your Store(s), you will purchase or lease equipment, fixtures, furniture and signs.

B. Equipment, fixtures, furniture and signs

CBI requires that you display the name "CANDY BOUQUET" with no prefix or suffix or Candy Bouquet.com on the exterior of your store in lettering that is at least sixteen (16) inches high. Lettering height requirement is waived to comply with any building requirements or municipal codes and does not apply to home based franchises. CBI's trademark in color, at least twenty-six (26) inches high must also be displayed within the interior of the Store and on the exterior of the Store or in the window of the Store. In addition, CBI requires you to display seasonal posters when they are available. Outside signage is optional for a home-based operation.

You must own, purchase or lease automobiles suitable for the purpose of transporting various products, supplies or equipment needed to operate your Candy Bouquet business, The automobile must comply with standards of professionalism a consumer would expect from a professionally operated service business and must meet all of the current requirements in the Candy Bouquet Operations Manual regarding type of automobile, color and proper markings.

C. Store or Location Opening

You agree to be open for business in your retail operation, home-based or storefront, and have it stocked with a minimum of supplies to meet all standards of operation. CBI requires you to open your franchise business within 90 days after your training date. Any opening date extension must be agreed to in writing.

9. TRAINING

A. Initial Training

You must enroll and complete all training programs and classes that CBI requires for the operation of your CANDY BOUQUET store. The initial training class will last five (5) days. This training is done at one time on consecutive days. These training programs and classes will be furnished at such times as CBI designates. Currently, all training will take place at designated training centers. The Primary CBI educational facility is located at corporate headquarters in Little Rock, AR. There will be no separate charge for training you and one other person. All training programs and classes must be completed to our satisfaction. You will be responsible for your own travel, living expenses and compensation of you and your employee incurred during these training programs and classes. The majority owner of your operation is required to attend the initial training classes. The initial training will be provided and is required within 90 days of sending your 25% deposit. Any training date extension must be agreed to in writing. If multiple units are opened, Franchisee's employees will be trained by the Franchisee.

B. Training of Employees

You agree to implement a training program for employees of your Store in accordance with the training standards and procedures prescribed by us from time to time. You will be given a Training and Operations Manual at the initial training session. This manual is to be returned to CBI for destruction upon expiration of this agreement. You agree to have all employees, including spouses, partners, and silent partners, sign an Employee Non-Disclosure and Non-Competition form before being trained. An Employee Non-Disclosure Agreement is included with the training program material. You agree that you are responsible for any violation of confidential information by an employee that has not signed a Non-Disclosure Non-Competition form.

C. Additional Training

Additional training is not required, but is available for you and your employees to attend supplemental or additional training programs that may be offered from time to time by us during the term of this franchise at CBI's Headquarters and educational facility. You will not be charged for such training programs but you will be responsible for the travel, living expenses and compensation for you and your employees while attending these training programs. We will attempt to keep you informed of developments within the CANDY BOUQUET system and invite you and your employees to attend, at your cost, all seminars and other Franchisee-related functions that we may sponsor. CBI has a Master's and Doctorate, 1 day and 5 day, respectively, for \$500 and \$2,000, respectively. Upon completion of these programs you will be presented with a silver pin in recognition of your accomplishment. These will be presented to you at the annual convention.

10. OPERATING ASSISTANCE

A. Advice and Guidance

CANDY BOUQUET may provide reasonable operating assistance by telephone, written communications and personal visitation as we determine from time to time to be necessary for the operation of your CANDY BOUQUET franchise. Operating Assistance may include advice and guidance regarding: (a) methods of CANDY BOUQUET assembly; (b) hiring and training of employees; (c) formulating and implementing advertising and promotional programs; and (d) the establishment of administrative, bookkeeping, accounting, inventory control and general operating procedures. At your request and your cost, we will send a CBI representative to advise and assist you in all phases of operating your store during the store's first three days of operations at an hourly rate of \$50. Any other assistance will be billed at an hourly rate of \$50.

B. Operating Problems

We may advise you from time to time of operating problems of the CANDY BOUQUET store disclosed by reports submitted to us and from inspections made by us. We will make no separate charge for operating assistance, except that we may make a reasonable charge for forms and other materials supplied to you at your request and for operating assistance made necessary in our judgment as a result of your failure to comply with any provision of this Agreement or for operating assistance requested by you in excess of that normally provided by us.

11. STORE PRODUCTS AND SERVICE

Inventory will ultimately be determined by market conditions within your Exclusive Territory. CBI does have suggestions as to the type bouquets that should be carried initially. CBI strongly recommends that you use the candies that are included in the CBI's wholesale price list.

A. Referrals and Servicing of Referrals

CBI has no referral program.

B. Supplies and Materials

CBI requires that you stock selected items needed to make all mandatory corporate designs including but not limited to candy, brochures, Logo items, wire, floral tape, cellophane, Styrofoam, artificial flowers and grasses, seasonal kits floral containers, baskets, ribbons, balloons and other necessary supplies. Further, to maintain quality control, you are restricted, and therefore. Neither CBI, nor any of its affiliates will derive income from your purchases, except candy and supplies purchased from CBI's Warehouse or preferred vendors.

C. Restriction on Goods and Services

You are not prohibited from stocking and selling any related products or services. These products may include loose and packaged candies, tasteful cards, balloons, flowers, gift baskets and other compatible gift items. You are restricted from using the premises for any purpose other than the operation of a "CANDY BOUQUET" store, unless your retail store predates your purchase of a CBI franchise and/or the purpose is approved in writing by CBI. You are prohibited from using the Candy Bouquet premises for illegal or immoral purposes, or for any way whatsoever that would cause damage to the goodwill and image of CBI.

D. Advertising

CBI has no advertising fees. CBI does have an advertising policy and certain restrictions on advertising by franchisees. Advertising is not allowed outside your Exclusive Territory with the exception of the situations as outlined. CBI permits franchisees to do their own advertising within their Exclusive Territory. However, all advertising material must include the Candy Bouquet primary logo, the candybouquet.com logo and include the disclaimer "Or contact the Candy Bouquet Franchise nearest you." A mail order business for Candy Bouquet products is not permitted. Any direct mail advertising or other direct advertising must be done within your

CBI#

Exclusive Territory only.

You are allowed to use mass media advertising after receiving approval from CBI via the Mass Media Approval form and provided your Exclusive Territory is within the mass media's primary market area. If more than one Candy Bouquet Exclusive territory is within the mass media's market area, then the originator of the advertising must offer the other Candy Bouquet franchisees within the market area the right to cooperate in the advertising effort. You agree to give these franchisees 7-10 days advanced notice to make their decision to cooperate in the ad. Mass media includes newspaper, radio, television and yellow page ads, and other forms of advertising that may go beyond your exclusive territory.

CBI does not allow franchisees to solicit business on auction or referral type sites such as EBay, Amazon or other similar sites. You are therefore, restricted from using these types of sites to solicit your products.

CBI strongly advises that you establish a website offered through a CBI approved vendor. Historically, there is a \$250 set-up cost and a \$30 monthly maintenance fee. Future costs may vary. Premium program options may become available for additional fees. The monthly maintenance fee is separate from your monthly association fees. CBI will profit from these costs. CBI must approve all websites, internet portals, and advertising materials. Submission for approval must be done in writing with an attached print version of the website, web portal and /or advertisements.

12. OPERATING PROCEDURES AND REQUIREMENTS

A. Operating Procedures

You agree to fully comply with all specifications, standards, and operating procedures and rules from time to time prescribed by us for your Store(s) or operation, including, but not limited to, specifications, standards and operating procedures and rules relating to the following:

1. The safety, maintenance, cleanliness, sanitation, function and appearance of the store premises and its equipment, fixtures, furniture, decor and signs;
2. Qualifications, dress, grooming, general appearance and demeanor of you and your employees;
3. Quality, design, size and uniformity, and manner of assembly and sale, of all candy bouquets and other items.
4. Methods and procedures relating to receiving, preparing and delivering customer orders;
5. Use of exterior and interior signs, posters, displays, and similar items;
6. The handling of customer complaints;
7. Compliance with our identity programs, as these may exist from time to time;
8. Immediate notification to CBI of any changes in address, telephone numbers, email address, web address and shipping address;
9. Checking email, phone, fax, or applicable messages at least every 24 hours to ensure order and inquires are responded to within a reasonable time frame.
10. Your answering machine must identify you as a Candy Bouquet Franchise.
11. At its discretion and based on sufficient evidence, Candy Bouquet may levy a \$100 fine to franchisees that do not correct the following complaints:
 - a) Not answering the business telephone during established store hours;
 - b) Not carrying adequate supplies necessary to produce orders received from the franchisee website.

B. Compliance with Laws and Other Business Practices

You agree to secure and maintain in force all required licenses, sales tax permits, other permits and certificates and to operate the Store in full compliance with all applicable laws, ordinances and regulations. You also agree to pay when due all amounts payable pursuant to any provision of this Agreement or any other agreement with us or our affiliates or subsidiaries or pursuant to any agreement with any other creditor or supplier of your Store.

C. Prices To Be Determined By Franchisee

We will suggest price guidelines for all Candy Bouquet items offered by your Store. You may determine, in your sole discretion, the prices to charge for the items to be sold in your Store.

D. Training and Operations Manual

CBI will loan to you during the term of the franchise one copy of our Operations Manual and any operational bulletins or similar materials containing suggested specifications, standards and operating procedures and rules prescribed from time to time by us. The entire contents of the Operations Manual will remain confidential and are to be returned to CBI for destruction upon termination or expiration of this Agreement. We will have the right to add to, supplement and otherwise modify the Operations Manual from time to time, if we deem it necessary to improve the standards of service or product quality to protect or maintain the goodwill associated with any Trademark, Copyrights, or other Marks or to meet competition. No such addition or modification shall alter your fundamental status and rights under this Agreement. The provisions of the Operations Manual and the specifications, standards and operating tips prescribed by us and communicated to you in writing, will constitute provisions of this Agreement as if contained in this Agreement. However, no changes to the manual will be made which would impose any unreasonable economic burden on you or unreasonably increase your obligations.

E. New Concepts and Designs

If you develop any new concept, design or improvement in the operation or promotion of your CANDY BOUQUET business, you agree to promptly notify us and provide us with all necessary information without compensation. You acknowledge that any such concept, design or improvement shall become our property and that we may utilize and disclose this information to other franchisees.

F. You Must Directly Supervise Store

The Store shall at all times be under the direct supervision of you (or the controlling shareholder or partner if you are a corporation or partnership). If you own more than one (1) store, each store owned must be under the direct, on-premises supervision of a manager who has met the following:

1. has completed, to our satisfaction, such training (as is specified in Section 9A of this Agreement);
2. whose identity has been disclosed to us; and
3. who shall have executed an Employee Non-Disclosure and Non-Competition Agreement not to divulge any trade secret or confidential or proprietary information, including the contents of the Training and Operations Manual, or to engage in or have any interest in any other candy, florist, or gift store business.

G. Insurance

You shall, at all times during the term of this Franchise Agreement, maintain and enforce at your sole expense, insurance coverage for your Candy Bouquet operation as follows:

1. General Liability insurance, including Products Liability and Completed Operations, for bodily injury and property damage in the minimum amount of \$500,000 per occurrence except \$500,000 in the aggregate annually for products liability and completed operations limit;
2. Automobile Liability insurance in the minimum amount of \$500,000 per occurrence;
3. Policies described above shall have CBI named as additionally insured;
4. Policies shall be written with a responsible insurance company reasonably satisfactory to CBI;
5. Provide that CBI will receive thirty (30) days prior written notice of termination, expiration, cancellation, modification or reduction in coverage or limits of any such policy;
6. You must submit to us annually, a copy of the certificate of or evidence of the renewal or extension of each such insurance policy or any modifications to any such insurance policies;
7. If at any time you fail to or refuse to maintain in effect any insurance coverage required by us, or to furnish satisfactory evidence of such insurance, we may, at our option and in addition to the other rights and remedies that we may have, terminate this Agreement.

H. Store Hours

Franchisees are required to maintain store operations a minimum of 40 hours per seven (7) day week, including a minimum of four (4) hours on Saturdays, unless fewer hours are set by lease agreements. Reasonable hours with an answering machine must be maintained.

I. English Language Requirement

CBI and our affiliates conduct business in English (as spoken in the United States of America). All communication and business between CBI and you will be in English, including but not limited to, training programs, training material, correspondence, contracts, transferred documents, sales literature, manuals, newsletters, specifications, reports, notices, and arbitrations. You represent and acknowledge that you can read and understand the English language.

RECORDS AND REPORTS

Bookkeeping and Record-Keeping

You agree to establish bookkeeping and record keeping systems conforming to state and federal requirements. CBI suggests using a computerized accounting package such as Quick Books or Quicken. You are required to have access to a computer with a modem and Internet connection. We also strongly suggest using a Certified Public Accountant for bookkeeping and record keeping and Internal Revenue Service tax filings.

You are required to provide CBI with your gross sales figures if requested by CBI for the following ending calendar periods: first quarter, second quarter, third quarter, and year-end. This information will be submitted to CBI on a form supplied to you by CBI.

14. PROPRIETARY MARKS AND COPYRIGHTS.

A. Usage

The Franchisee acknowledges that the Franchisor has a prior and superior claim to the Candy Bouquet name. You will operate and promote the Candy Bouquet franchise under the name "Candy Bouquet" or other name we direct. The franchisee shall not use the words Candy Bouquet in the legal name of its corporation, partnership, or any business entity used in conducting business provided for this Agreement. All business by you will be conducted under your own name (individual, partnership, or corporation) doing business as (DBA) "Candy Bouquet" or "CANDY BOUQUET – A DELICIOUS ALTERNATIVE TO FLOWERS. The Franchisee also agrees not to register, or attempt to register a trade name using Candy Bouquet in the Franchisee's name or that of any other person or business entity without prior written consent of CBI.

You acknowledge that CBI is the owner of any trademark, service marks, trade names, logo types, or commercial symbols (collectively, the "Marks") licensed to you by this Agreement and that all usage of the Marks and any goodwill established shall inure to our exclusive benefit. You will not use any Marks as part of any company name or in any connection with the sale of any unauthorized product or service or in any other manner not explicitly authorized in writing by us. You agree not to contest the validity or any ownership rights of CBI in the Marks, and you will not register or attempt to register any of the Marks.

B. Infringements

You agree to immediately notify us of any infringement of or challenge to your or our use of the Trademark, any Copyrights, or any other Marks or claim by any person of any rights in any Trademark. You agree that you will not communicate with any person, other than us and our counsel, in connection with any such infringement, challenge or claim. CBI alone has the right to control or settle any legal actions or proceedings regarding its trademark. CBI will protect your right to use the trademarks, service marks, trade names, logo types or other commercial symbols or indemnify the franchisee from any loss, cost or expenses arising out of any claim, suit or demand regarding the use of the name. You agree not to contest CBI's right, title or interest in such trademark. You agree to execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interests in any such litigation or Patent and Trademark Office or other proceeding or to otherwise protect and maintain our interest in the Marks.

C. Modification or Discontinuance of Trademark

If it becomes advisable at any time in our sole discretion for you to modify or discontinue use of any Trademark

CBI#

and/or use one or more additional or substitute Trademarks, you agree to do so. You agree to use your own legal counsel or other advisor to determine if the Candy Bouquet name and Trademark is a valid and useable mark within your Exclusive Territory at this specific time.

15. INSPECTIONS

We, or our designee, will have the right, but not the obligation, at any time during business hours and without prior notice to conduct reasonable inspections of your Store(s). We will not provide regular field supervision, but may make recommendations regarding operating methods and opportunities for cost savings and marketing improvements based on our inspections of your Store(s). These inspections will be made at our expense, unless we are required to make any additional inspections in connection with your failure to comply with this Agreement. In such event, we will have the right to charge you for the costs of making all additional inspections in connection with your failure to comply, including without limitation the travel expenses, lodging and compensation of our employees.

16. TERMINATIONS AND EXPIRATION.

A. Termination by You

You may not terminate this Agreement other than as described in Section 16 B 3 or if CBI has committed a material breach of the Franchise Agreement.

B. By CBI upon your default

We shall have the right to terminate this Agreement effective upon delivery of notice of termination to you, if any of the following occurs:

1. You fail to pay any franchise monthly association fees, invoices, or other amounts due to CBI or its preferred vendors.
2. You abandon the franchise by failing to operate the business for thirty (30) consecutive days during which FRANCHISEE is required to operate the business under the terms of the Franchise Agreement, or any shorter period after which it is reasonable under the facts and circumstances for FRANCHISOR to conclude that FRANCHISEE does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake, or other similar cause beyond your control;
3. You give CBI 3 months prior written notice that you wish to terminate the franchise and CBI agrees in writing; and you pay an exit fee of \$2,500;
4. You make any material misrepresentations relating to the acquisition of the franchise business, or you engage in conduct that reflects materially and unfavorably upon the operation and reputation of the franchise business or system;
5. You fail, for a period of ten (10) days after notification of non-compliance, to comply with any federal, state, or local law or regulation applicable to the operation of the franchise;
6. After curing any failure in accordance with the Franchise Agreement, you engage in the same non-compliance whether or not such non-compliance is corrected after notice;
7. You repeatedly fail to comply with one or more requirements of the Franchise Agreement, whether or not corrected after notice. FAILURE BY YOU TO HAVE EMPLOYEES, FRIENDS, ACQUAINTANCES, SALESMEN, FAMILY MEMBERS, OR ANYONE WORKING AND/OR IN CONTACT WITH CANDY BOUQUET OPERATIONS IN ANY MANNER, SIGN THE EMPLOYEE NON-DISCLOSURE AND NON-COMPETITION AGREEMENT;
8. You declare bankruptcy, the Franchised business or business premises of the franchise are seized, taken over, or foreclosed by a government official in the exercise of his duties, or seized, taken over, or foreclosed by a creditor, lien holder, or lessor, provided that a final judgment against FRANCHISEE remains unsatisfied for 30 days (unless a supersedes or other appeal bond has been filed, or a levy of execution has been made upon the license granted by the Franchise Agreement or upon property used in the franchised business, and it is not discharged within five (5) days of such levy);
9. You are convicted of a felony or any other criminal misconduct that is relevant to the operation of the franchise;
10. You make a reasonable determination that continued operations of the franchise by you will result in an imminent danger to public health or safety;
11. You fail to comply with the opening date provisions of Section 8C of this Franchise Agreement;

12. You fail to obtain or maintain insurance required by CBI and you do not correct this requirement within forty-eight (48) hours after written notice is delivered to you;
13. You breach any term, provision, covenant, condition, or obligation of the Franchise Agreement and you do not correct this failure within thirty-days (30) after written notice is delivered;
14. Your lease or sublease for your store is canceled due to breach with the landlord due to non-payment, abuse, misuse, criminal or crime of moral turpitude or a crime that substantially impairs the goodwill and image of CBI;
15. You make an unauthorized assignment of this Franchise Agreement or misrepresent the Franchise;
16. You fail to disclose the opening of another store location within your Exclusive Territory or any territory;
17. You fail to maintain opening hours in accordance with this agreement; or you do not actively operate your location for a period of 3 months.
18. You fail to purchase the required items from CBI.

C. Your Obligations Upon Termination or Expiration

Upon termination or expiration of this Agreement, you agree to the following:

1. Immediately return to us all copies of the Operations Manual that CBI has loaned to you.
2. Cease the use of registrations relating to the use of any of CBI's names, Marks, Copyrights, and Trademarks;
3. Notify the telephone company and all listing agencies of the termination or expiration of your right to use all telephone numbers and all classified and other directory listings, as well as, domain names and web pages specific to your Candy Bouquet Franchise and to authorize transfer of these to our designee or us. You acknowledge that we have the sole rights to and interest in all telephone numbers, directory listings, domain names and web pages relating to any Candy Bouquet name and trademark, and you authorize us to direct the telephone company and all listing agencies to transfer all telephone numbers, directory listings, domain names and web pages to us or our designee and if you fail or refuse to do so, the telephone company and all listing agencies may accept our direction as evidence of our exclusive rights in the telephone numbers, directory listings, domain names and web pages and our authority to direct the transfer. CBI will not assume any financial responsibility for the requirements under this section including, but not limited to, any continuing charges for telephone directory listings or web page;
4. Pay within ten (10) days all charges that are due and owing to CBI, under this Agreement;
5. Immediately cease identifying yourself as a Candy Bouquet franchisee or as being associated with the Candy Bouquet system or your store(s) as a Candy Bouquet store;
6. If you retain possession of the store premises, at your expense, make such reasonable modifications to the exterior and interior decor of your store as we require to eliminate its identification as a Candy Bouquet store;
7. Abide by all provisions of the covenant not to compete as described in Section 17 of this Agreement.

D. Franchisor's Obligations Upon Termination or Expiration

We have no obligation to you upon any termination or expiration of the Franchise Agreement and Franchise. If this Agreement expires or is terminated by either CBI or you for any reason whatsoever, or if you at any time cease to do business at the Franchised Location as a Candy Bouquet Franchise, then CBI will have the right, but not the obligation, to purchase the then-usable supplies, inventory, and equipment, and/or all other assets that are required by CBI for a standard Candy Bouquet business and owned by you in its Candy Bouquet business, for the protection of the CBI system. CBI will not purchase any assets from you that are not part of the standard Candy Bouquet business. You must give CBI written notice listing the cost of each one of the assets in detail, with date of purchase. You must list asking price for the assets within twenty four (24) hours after you cease to do business as a Candy Bouquet franchisee or after this Agreement expires or is terminated by you. You may not offer these used goods to another Candy Bouquet franchisee without the written permission from CBI.

17. COVENANTS NOT TO COMPETE AND TRADE SECRETS NONDISCLOSURE AGREEMENT

A. In-Term Covenant

You and your owners agree that, during the term of this Agreement, neither you nor your owners will, directly or indirectly for the benefit of you or your owners, or through or on behalf of or in conjunction with any other person, partnership or corporation, own, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in other candy, florist or gift store business (except for other CANDY BOUQUET stores in which you or your owners have an ownership interest) without CBI's prior written consent.

B. Post-Term Covenant

You agree that, for a period of three (3) years [Indiana franchises: three (3) years] after termination or expiration of this Agreement, or the date on which you cease to operate your store, whichever is later, neither you nor your owners, or through or on behalf of or in conjunction with any other person, partnership or corporation, will own, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any other candy, floral service or gift store business located at the premises of your store, within your Exclusive Territory, or within twenty-five (25) miles of any other CANDY BOUQUET store (except for other CANDY BOUQUET stores in which you or your owners shall have an ownership interest). For Indiana franchises, the scope of the covenant shall be limited to premises of your Store and within your Exclusive Territory only. The prevailing party of any legal action enforcing this covenant is entitled to recover costs and expenses including reasonable attorney's fees.

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.

C. Ownership of Public Companies

The covenants shall not apply to ownership by you or your owners of less than one percent (1%) beneficial interest in the outstanding equity securities of any corporation whose stock is publicly traded.

D. Solicitation of Employees

You and your owners agree that during the term of this Agreement, neither you nor your owners will directly or indirectly solicit or employ any person who is employed by us, by any entity controlled by us or by any other of our franchisees, nor will you or your owners induce or attempt to induce any of these people to leave their employment without our prior written consent and the consent of their employers.

E. Trade Secrets, New Processes, Concepts, Improvements, Etc.

You and your owners agree (i) to maintain the absolute confidentiality of the Training and Operations Manual and all other information, including information posted on CBI's forums, concerning the CANDY BOUQUET designs, plans, processes and procedures at all times during and after the term of the franchise, (ii) to disclose this information to the other employees of your Store only to the extent necessary for the operation of your Store in accordance with the Agreement, (iii) that you and your owners will not use the Training and Operations Manual or such other information in any other business or in any manner not specifically authorized or approved by us in writing, (iv) and to execute that certain Non-Disclosure and Non-Competition Agreement substantially in the form of Exhibit E of the Offering Circular, (v) you and your owners agree that during the term of this Agreement, or after termination or expiration of this Agreement, neither you nor your owners, or through or on behalf of or in conjunction with any other person or entity, will make, or cause to be made, any untrue or exaggerated statements, either written or oral, which are disparaging to CBI.

18. ASSIGNMENT

A. Assignment By CBI

This Agreement is fully assignable by CBI. The assignee will be entitled to all of the benefits of this Agreement. However, no assignment shall be made except to an assignee that, in good faith and judgment of the Franchisor, is willing and able to assume the CBI's obligations under this Agreement.

B. Assignment By You

This Agreement is personal to you and your owners. Accordingly, neither you nor any of your owners may assign or transfer this Agreement, any interest in this Agreement or if you are a corporation or partnership, any interest in the corporation or partnership except as specifically authorized under this Agreement. Any attempted assignment to transfer not in accordance with this Agreement shall have no effect and shall constitute a breach of this Agreement.

C. Assignment to Corporation or Partnership

We will allow you to assign this Agreement to a corporation, partnership, or LLC for the convenience of ownership of the store, provided:

1. The corporation, partnership, or LLC conducts no business other than the operation of the store or other Candy Bouquet stores without CBI's Consent. CBI will not unreasonably withhold its consent to conduct other businesses;
2. The corporation, partnership, or LLC is actively managed by you;
3. The person designated as the controlling shareholder or partner owns and controls more than fifty percent (50%) of (i) the general partnership interest of the partnership or (ii) the equity and voting power of all issued and outstanding capital stock of the corporation; and
4. All shareholders and investors meet our requirements as established from time to time and agree to guarantee the obligations of the corporation, partnership, or LLC under this Agreement and to be bound by the terms of this Agreement in the manner prescribed by CBI.

If you are a corporation, partnership, or LLC or if this Agreement is assigned to a corporation, partnership, or LLC you must comply with the requirements throughout the term of this Agreement. The partnership agreement or the organizational documents of any partnership or corporation owning the franchise, including all stock certificates, shall recite that they are subject to all restrictions contained in this Agreement. You shall provide CBI with all documents to be executed in connection with any such assignment and CBI shall use reasonable efforts to approve or disapprove these documents within thirty-days (30) after receipt.

D. Assignment or Transfer to Others

CBI, upon written approval, will permit sales, transfers or assignments of this Agreement. All money associated with the transfer of your franchise must be paid to CBI. CBI will make disbursements to the appropriate parties after all documentation has been finalized.

1. You provide CBI with all documents to be executed by you and/or your owners and the proposed purchaser at least thirty-days (30) prior to signing;
2. You (and your owners) are not in default under this Agreement or any other agreement with CBI or our subsidiaries or affiliates or any other creditor or supplier of the Store;
3. The proposed transferee or assignee (and its controlling shareholder or partner and all other owners if it is a corporation or partnership) meets CBI's then-applicable standards for franchisees;
4. The proposed transferee or assignee (and its owner if it is a corporation or partnership) is not operating any other candy, florist or gift store business, except with CBI's permission;
5. The proposed transferee or assignee (and its owners if it is a corporation or partnership) agrees in writing to assume your obligations under this Agreement and agrees to execute CBI's then-current form of standard franchise agreement for a term equal to the remaining term of this Agreement and an additional five (5) years, or, at our election, the then-current term and franchise agreement;
6. The proposed transferee or assignee pays CBI a transfer fee of \$3,000 and a \$500 training fee;
7. The proposed transferee or assignee and its manager (or the persons designated by the transferee or assignee) must complete all required training to the extent required by CBI;
8. The proposed transferee or assignee agrees to pay all fees and trade obligations due CBI as of the date of the transfer; and
9. The relocation or transfer remains within your Exclusive Territory.

E. Transfer upon Death or Incapacity

Upon your death or incapacity, your Exclusive Territory and license will inure to the benefit of your heirs. Your heirs will be subject to the same terms and conditions of your signed Franchise Agreement and will sign the then current franchise agreement.

F. Offering Your Franchise For Sale

You agree not to offer your Candy Bouquet business for sale without prior written consent from CBI. You agree not to place "For Sale" or similar signs at or in the general vicinity of the retail location of your Candy Bouquet

store or use any words in any advertising that identifies the business offered for sale as a “Candy Bouquet Store or Franchise”, without CBI’s written consent.

19. CONTRACT INTERPRETATION AND ENFORCEMENT

A. Effect of Waivers

No waiver by us of any breach or a series of breaches, of this Agreement shall constitute a waiver of any subsequent breach of performance of any of your obligations under this Agreement. Our acceptance of any payment from you or the failure, refusal or neglect by us or you to exercise any right under this Agreement or to insist upon full compliance of your obligations under this Agreement or with any specification, standard or operating procedure or rule will not constitute a waiver of any provision of this Agreement. Nothing in this agreement is intended to disclaim the representations we made in the franchise disclosure document.

B. Cost of Enforcement

The prevailing party of any arbitration or legal action is entitled to recover costs and expenses including reasonable attorney’s fees.

C. Indemnification of Franchisor

If we or any of our subsidiary, affiliated companies or preferred vendors are subjected to any claim, demand, or penalty or become a party to any suit or other judicial or administrative proceeding by reason of any claimed act or omission by you, your employees or agents, or by reason of any act occurring on the store premises, or by reason of an omission with respect to the business, or operation of the Store, including but not limited to making a delivery or returning from making a delivery, you shall indemnify and hold us, our subsidiaries and affiliated companies harmless against all judgments, settlements, penalties, and expenses, including reasonable attorney’s fees, court costs and other expenses of litigation or administrative proceeding, incurred by or imposed on us, our subsidiaries and affiliated companies in connection with the investigation or defense relating to such claim or litigation or administrative proceeding. You agree you will not name CBI, our shareholders, directors, officers, employees, agents, or Affiliates in any mediation, arbitration, or legal action. You acknowledge we have relied on this representation in signing this Agreement.

D. Construction and Severability

If any part of this Agreement for any reason shall be declared invalid, such decision shall not affect the validity of any remaining portion, which shall remain in full force and effect. If any applicable law or rule requires a greater prior notice of the termination or election not to renew the Agreement, or the taking of some other action than is required under this Agreement, the prior notice or other requirements required by this law or rule shall be substituted for the requirements of this Agreement.

E. Modification of Agreement

This Agreement and all exhibits to this Agreement constitute the entire Agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

You acknowledge that you are entering into this Agreement as a result of your own independent investigation of our franchised business and not as a result of any representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law.

F. Arbitration

The parties agree that any dispute or disagreement between the parties arising out of or in relation to this Agreement shall be resolved by arbitration under the rules of the American Arbitration Association. Notwithstanding any contrary provision of the laws of California or any other state, including those states identified in Exhibit G, the

location of any such arbitration shall be in Little Rock, Arkansas. The franchise agreement requires binding arbitration. Unless otherwise agreed in writing by CBI and you, the performance of each party's obligations under this Agreement shall be continued in full by the parties pending resolution of their dispute in an arbitration proceeding. Maryland franchisees must bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

In the event that either party to this Agreement refuses to submit to arbitration, then the opposing party has the right to enforce the Agreement in a legal proceeding. In the event either party refuses to be bound by any arbitration rulings, then the opposing party has the right to enforce an arbitration ruling or award in a legal proceeding.

Controversy or claim arising from a franchisee outside the U.S., Canada and Mexico will have arbitration administered by the International Centre for Dispute Resolution (ICDR), in accordance with International Arbitration rules. These franchisees agree that the following shall apply to any arbitration required 1) for monetary claims in the amount of \$20,000 or less, the number of arbitrators shall be one, 2) for monetary disputes greater than \$20,000 the number of arbitrators shall be three, 3) the place of arbitration shall be Little Rock, AR USA, 4) the language of the arbitration shall be English, 5) the parties shall request the ICDR to submit them a list of arbitrators from which they can delete names not acceptable.

G. Governing Laws

An exception to the following are for those states listed in the State Specific Addendum to the Franchise Disclosure Document.

1. Except as otherwise provided in this section, any dispute or disagreement between the parties arising out of or in relation to this Agreement shall be resolved by arbitration under the rules of the American Arbitration Association. Notwithstanding any contrary provision of the laws of California or any other state and except for those states identified in Exhibit G, the location of any such arbitration shall be in Little Rock, Arkansas. The franchise agreement requires binding arbitration. Unless otherwise agreed in writing by CBI and you, the performance of each party's obligations under this Agreement shall be continued in full by the parties pending resolution of their dispute in an arbitration proceeding.
2. In the event that either party to this Agreement refuses to submit to arbitration, then the opposing party has the right to enforce the Agreement in a legal proceeding. In the event either party refuses to be bound by an arbitration ruling, then the opposing party has the right to enforce the arbitration ruling or award in a legal proceeding.
3. Nothing in this section shall prevent CBI from filing a lawsuit against you in any federal or state court of law having jurisdiction in order to seek ex parte, temporary or permanent injunctive relief to enforce any covenants in this agreement or against actual, threatened, slanderous conduct, or spamming by you or to protect CBI confidential information against unauthorized disclosure. You agree that CBI's remedy at law for any breach by you of the covenants in this agreement or defamatory conduct will be inadequate and that CBI, its successors or assigns, shall be entitled to injunctive relief from a court of competent jurisdiction for any breach of a covenant or defamatory conduct. This right of CBI to injunctive relief shall be in addition to any other remedies available to CBI for any breach or any other violation. The election of CBI of one remedy shall not in any way preclude or waive any other remedies for such breach.
4. Any controversy or claim arising out of a franchise outside the U.S., Canada or Mexico will have the arbitration administered by the International Centre for Dispute Resolution (ICDR), in accordance with International Arbitration rules. The arbitration shall be held at the appropriate regional office of the (ICDR), or at any other convenient location agreeable to the arbitrator(s) and the parties, as the arbitrator(s) shall determine. The franchisees agree that the following shall apply to any arbitration required 1) for monetary claims in the amount of \$20,000 or less, the number of arbitrators shall be one, 2) for monetary disputes greater than \$20,000 the number of arbitrators shall be three, 3) the place of arbitration shall be Little Rock, AR USA, 4) the language of the arbitration shall be English, 5) the parties shall request the ICDR to submit them a list of arbitrators from which they can delete names not acceptable.
5. The Franchise Agreement is amended as follows:
 A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
 Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
 All representations in the franchise agreement requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred

under the Maryland Franchise Registration and Disclosure Law.

H. Notices

All written notices sent to Franchisees by the provisions of this Agreement or of the Operating Manual shall be deemed received by the Franchisee when delivered to you by hand or three (3) days after having been sent by Registered or Certified United States Mail. The correct address will be the most current principal business address or home address which CBI has on file as provided by franchisee. Such notices are also permitted to be delivered to franchisee by email to the email address provided by the franchisee to CBI. The notice will be deemed received by the franchisee if the email is not bounced back to CBI.

The above is applicable for franchisees sending written notices to CBI. An email notice from the franchisee is considered delivered to CBI when acknowledgement of receipt is returned to the franchisee by email from CBI Corporate.

I. Independent Contractors

The parties to this Agreement are independent contractors and no training, assistance or supervision that we may give or offer to you shall be deemed to negate such independence. We shall not be liable for any damages to any person or property arising directly or indirectly out of the operation of your Store(s), including but not limited to those damages which may occur while your employees are making or returning from any delivery, taxes levied upon you, your business, or your Store(s). The parties further acknowledge and agree the relationship created by this Agreement, the relationship between us, and the relationship between CBI and your employees is not a fiduciary relationship or one of principal and agent.

J. Standard of Reasonableness

Unless otherwise stated in this Agreement, we agree to exercise reasonable judgment with respect to all determinations to be made by us under the terms of this Agreement.

K. Acknowledgment

You acknowledge and agree that:

1. You have read and are satisfied that you fully understand and agree to abide by each item in the CBI Uniform Franchise Disclosure Document, including all sections of this Franchise Agreement;
2. You have conducted an independent investigation of the business contemplated by this Agreement and you have consulted with an attorney, accountant or other business advisors prior to executing this Agreement;
3. You recognize that the business contemplated by this Agreement involves financial risks making the success of the venture dependent upon your level of commitment and your business skills and abilities;
4. You have not been furnished any oral or written information concerning the actual or potential sales, costs, income or profits of a Candy Bouquet Franchise business operation;
5. You have not been encouraged to borrow funds to purchase or to operate a Candy Bouquet franchise business operation;
6. You and all shareholders, partners and other officers of your company received all appropriate Uniform Franchise Disclosure Document at your first personal (face to face) meeting with the franchisor or at least 10 business days before the execution of this Franchise Agreement and/or payment of any monies;
7. You and all shareholders, partners and other officers of your company signed and returned to franchisor the "Acknowledgement of Receipt of the Uniform Franchise Disclosure Document" form (last page of the UFDD) for each UFDD given to you;
8. You and all shareholders, partners and other officers of your company had the opportunity to read the Franchise Agreement thoroughly and understand all its covenants, all obligations of franchisor and all of your obligations to franchisor as a franchisee of franchisor;
9. No promises, guarantees or assurances have been made by the franchisor to you, any shareholders, partners or other officers of your company relating to earnings, revenues, profits or projected revenues for your franchise business;
10. You understand that this franchised business, as in all business ventures, involves risks and, despite our assistance and support programs, the success of your business will depend largely upon you, your ability, time, and the ability of the involved in the franchised business;

CBI#

11. You and all shareholders, partners and other officers of your company received the execution copy of the Franchise Agreement (copies with all material blanks filled in) at least five business days prior to the date you signed the Agreement; and
12. All of your questions concerning this agreement have been answered, and to your knowledge, all franchise laws and regulations applicable to either party have been fulfilled.

L. Binding Effects

This Agreement is binding upon the parties and their heirs, approved assigns and successors in interest.

M. Effective Date of this Agreement

This Agreement shall take effect upon the date of its acceptance and execution by CBI.

N. Force Majeure

You or CBI shall not be deemed to have defaulted or failed to perform under this agreement if the inability to perform shall have been caused by an event or events beyond the control and without the fault of the non-performing party, including without limitation acts of government, war, terrorist acts, embargos, fire, flood, explosion, strikes, labor disputes, vandalism, civil rights or inability to procure necessary raw materials, supplies or equipment.

FRANCHISOR:

FRANCHISEE: CBI#

BY: _____

BY: _____

DATED: _____

DATED: _____

WITNESS: _____

EXHIBIT G

THE FOLLOWING ARE STATE SPECIFIC ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT:

Item 17 of the Franchise Disclosure Document has been amended.

CALIFORNIA:

Unless preempted by the Federal Arbitration Act within the state of California, California law will govern this document. Any arbitration between Candy Bouquet International, Inc. and a franchisee will be conducted in the state of California.

Registration of this franchise by a state does not mean that the state recommends it or has verified the information in this offering circular. If you learn that anything in the offering circular is untrue, contact the federal trade commission and the California Department of Corporations, 320 west 4th street, Los Angeles, CA 90013-2344.

CBI will receive service of process in California with the California commissioner of corporations, 320 west 4th street, Los Angeles, Ca 90013-2344.

California Corporation's code section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the franchise investment law (California Corporation's code section 31000-31516). Business and professions code section 20010 voids a waiver of your rights under the franchise relations act (business and professions and code sections 20000-20043).

310.114.1 (c) (5) (b) (i)

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 u.s.c.a. sec. 101 et seq.).

310.114.1 (c) (5) (b) (iv)

The franchise agreement requires binding arbitration. The arbitration will occur at Arkansas with the costs being borne by the franchisee.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as business and professions code section 20040.5, code of civil procedures section 1281, and the federal arbitration act) to any provisions of a franchise agreement restricting venue to a forum outside the state of California.

310.114.1 (c) (5) (b) (v)

The franchise agreement requires application of the laws of Arkansas this provision may not be enforceable under California law.

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.

California corporations code §31512 voids a waiver of your rights under the franchise investment law (California corporations code §§31000 through 31516). Business and professions code §20010 voids a waiver of your rights under the franchise relations act (business and professions code §§20000 through 20043).

California Corporation's code, section 31125 requires CBI to give you a disclosure document, approved by the department of corporations prior to a solicitation of a proposed material modification of an existing franchise.

California business and professions code sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise. If the franchisee agreement is inconsistent with the law, the law will control.

This 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 agreements contain a liquidated damage clause; under civil code section 1671 certain liquidated damage clauses are unenforceable.

The California franchise investment law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the offering circular.

Hawaii:

Within the state of Hawaii, Hawaii law will govern this document. Any arbitration between Candy Bouquet International, Inc. And a franchisee will be conducted in the state of Hawaii.

This franchise has been filed under the franchise investment law of the state of Hawaii. Filing does not constitute approval, recommendation or endorsement by the director of commerce and consumer affairs or a finding by the director of commerce and consumer affairs that the information provided herein is true, complete and not misleading.

The franchise investment law makes it unlawful to offer or sell any franchise in this state without first providing to the prospective franchisee, or sub franchisor, at least seven days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least seven days prior to the payment of any consideration by the franchisee, or sub franchisor, whichever occurs first, a copy of the offering circular, together with a copy of all proposed agreements relating to the sale of the franchise.

Candy Bouquet International, Inc. Will receive service of process in Hawaii with the commissioner of securities of the state of Hawaii 335 Merchant St, room 203., Honolulu, HI 96813.

Illinois:

Within the state of Illinois, Illinois law will govern this document. Any arbitration between Candy Bouquet International, inc and a franchisee will be conducted in the state of Illinois.

Registration of this franchise by a state does not mean that the state recommends it or has reviewed the information in this offering circular. If you learn that anything is the offering circular is untrue, contact the federal trade commission and the Illinois attorney general's office, 500 south second street, Springfield, Illinois 62706.

Information for prospective licensees required by the Federal Trade Commission

To protect you, we've required your franchisor to give you this information. We haven't checked it, and don't know if it's correct. It should help you make up your mind. Study it carefully. While it includes some information about your contract, don't rely on it alone to understand your contract. Read your entire contract carefully. Buying a franchise is a complicated investment. Take your time to decide. If possible, show your contract and this information to an advisor, like a lawyer or an accountant. If you find anything you think may be wrong or anything important that's been left out, you should let us know about it. It may be against the law.

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

Federal Trade Commission
Washington, D.C. 20580

The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois law, ill. Rev. Stat. 1987, ch. 121 1/2, pars 1719, 1720, and 815 il cs 705/19 and 705/20.

Candy Bouquet International, Inc. will receive service of process in Illinois with the Illinois attorney general's office, 500 south second St., Springfield, IL 62706.

Indiana:

Within the state of Indiana, Indiana law will govern this document. Any arbitration between Candy Bouquet International, Inc. and a franchisee will be conducted in the state of Indiana. Section 23-2-2.7-1(10) of the Indiana code makes it unlawful for any franchise agreement entered into between a franchisor and a franchisee who is either a resident of Indiana or a non resident who will be operating a franchise in Indiana to contain any provision limiting litigation for breach of the agreement in any manner whatsoever.

Registration of this franchise by a state does not mean that the state recommends it or has verified the information in this offering circular. If you learn that anything in the offering circular is untrue, contact the federal trade commission or the office of the attorney general, 302 west Washington St., Rm e111, Indianapolis, in 46204

Candy Bouquet International, Inc. Will receive service of process in Indiana with the secretary of state, 201 State House, Indianapolis, IN 46204.

Maryland:

Item 17 is amended as follows:

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

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

Maryland's State Authority is the Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, MD 21202.

Michigan:

Within the state of Michigan, Michigan law will govern this document. Any arbitration between Candy Bouquet International, Inc. and a franchisee will be conducted in 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 document 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 an assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection 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 not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applied only if: (i) the term of the franchise is less than 5 years and (ii) 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) 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 sub-franchisor.
 - (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: state of Michigan, department of attorney general, consumer protection division, attn: franchise, 670 law building, 525 w. Ottawa ST., Lansing, Michigan 48913, phone number (517) 373-7117.

Minnesota:

Within the state of Minnesota, Minnesota law will govern this document. Any arbitration between Candy Bouquet International, Inc. and a franchisee will be conducted in the state of Minnesota.

Registration of this franchise by a state does not mean that the state recommends it or has verified the information in this offering circular. If you learn that anything in the offering circular is untrue, contact the federal trade commission and the Minnesota commissioner of commerce, 133 e. 7th St., St. Paul, MN 55101, (612) 296-6328.

Minnesota statute 80c.21 and Minnesota rule 2860.4400j prohibit us from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the offering circular or agreement can abrogate or reduce any of your rights as provided for in Minnesota statutes, chapter 80c, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, CBI will comply with Minnesota stat. Sec. 80c.14, subs. 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; and that consent to the transfer of the franchise will not be unreasonable withheld.

New York:

Within the state of New York, New York law will govern this document. Any arbitration between Candy Bouquet International, Inc. and a franchisee will be conducted in the state of New York.

This offering prospectus is provided for your own protection and contains a summary only of certain material provisions of the franchise agreement. This offering prospectus and all contracts or agreements should be read carefully in their entirety for an understanding of all rights and obligations of both the franchisor and the franchisee.

Although these franchises have been accepted for filing, such filing under the general business law, art. 33 of the state of New York does not constitute approval, recommendation or endorsement by the New York state department of law that the information provided herein is true. The department's review did not include a detailed examination of the materials submitted. A false, incomplete, inaccurate or misleading statement may constitute a violation of both federal and state law, and should be reported to both the federal trade commission, Washington, D.C. 20580 and the New York state department of law, bureau of investor protection and securities, 120 Broadway, New York, NY 10271.

General business law, article 33 of the state of New York makes it unlawful to offer or sell any franchise in this state which is subject to registration without first providing to the prospective franchisee, a copy of the offering prospectus, together with a copy of all proposed agreements relating to the franchise at the earlier of (a) the first personal meeting between the franchisor or its agent and the prospective franchisee, (b) at least 10 business days prior to the execution of a binding franchise or other agreement, or (c) at least 10 business days prior to the receipt of any consideration in connection with the sale or proposed sale of a franchise.

North Dakota:

Within the state of North Dakota, North Dakota law will govern this document. Any arbitration between Candy Bouquet International, Inc. and a franchisee will be conducted in the state of North Dakota.

Registration of this franchise by a state does not mean that the state recommends it or has verified the information in this offering circular. If you learn that anything in the offering circular is untrue, contact the federal trade commission and the north Dakota securities commissioner, 600 e blvd, 5th fl, Bismarck, ND 58505.

Covenants not to compete such as those mentioned within this document are generally considered unenforceable in the state of North Dakota.

North Dakota residents may not be able to register their business as Candy Bouquet.

Rhode island:

Within the state of Rhode Island, Rhode Island law will govern this document. Any arbitration between Candy Bouquet International, inc and a franchisee will be conducted in the state of Rhode Island.

Registration of this franchise by a state does not mean that the state recommends it or has verified the information in this offering circular. If you learn that anything in the offering circular is untrue, contact the federal trade commission and the Rhode Island department of business regulation - securities division, 233 Richmond Street, Suite 232, Providence, RI 02903.

South Dakota:

Within the state of South Dakota, South Dakota law will govern this document. Any arbitration between Candy Bouquet International, Inc and a franchisee will be conducted in the state of South Dakota.

Virginia:

Within the state of Virginia, Virginia law will govern this document. Any arbitration between Candy Bouquet International, Inc. and a

franchisee will be conducted in the state of Virginia.

Registration of this franchise by a state does not mean that the state recommends it or has verified the information in this offering circular. If you learn that anything in the offering circular is untrue, contact the federal trade commission and the division of securities and retail franchising, 1300 E. Main, Richmond, VA 23219.

Washington:

Within the state of Washington, Washington law will govern this document. Any arbitration between Candy Bouquet International, inc and a franchisee will be conducted in the state of Washington.

Wisconsin:

Within the state of Wisconsin, Wisconsin law will govern this document. Any arbitration between Candy Bouquet International, Inc. and a franchisee will be conducted in the state of Wisconsin.

Registration of this franchise by a state does not mean that the state recommends it or has verified the information in this offering circular. If you learn that anything in the offering circular is untrue, contact the federal trade commission or the commissioner of securities, 101 e. Wilson St. Fourth floor, P.O. box 1768, Madison, WI 53701, (608) 266-3431.

FRANCHISOR:

BY: _____

DATED: _____

FRANCHISEE:

BY: _____

DATED: _____

WITNESS: _____

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Candy Bouquet International, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we 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.

Michigan, Oregon, and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or payment of any consideration, whichever occurs first.

If Candy Bouquet International, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and state agency listed on Exhibit A.

The franchisor is Candy Bouquet International, Inc., located at 510 McLean Street, Little Rock, AR 72202. Its phone number is 501 375-9990

Issue Date: _____

The franchise sellers for this disclosure document are:

Dr. Jim Wheeler, President & CEO
 Jim Benham, Chief Operations Officer
 Janet Carter, Franchise Advisor
 Brandon Anderson, Franchise Advisor

Candy Bouquet International, Inc, 510 McLean Street, Little Rock, AR 72202. Phone (501) 375-9990.

Candy Bouquet International, Inc. authorizes the respective state agencies identified on Exhibit C to receive service of process for it in the particular state.

I received a disclosure document with an issue date of _____ that included the following Exhibits:

- A FRANCHISE LIST
- B FINANCIAL STATEMENTS
- C AGENTS FOR SERVICE OF PROCESS
- D NON-DISCLOSURE AND NON-COMPETITION AGREEMENT
- E WEB-CONTENT NON-DISCLOSURE AGREEMENT
- F FRANCHISE AGREEMENT (WITH ADDENDUM)
- G STATE SPECIFIC ADDENDA
- H RECEIPTS (2)

Date: _____
 (Do not leave blank)

 Signature of Prospective Franchisee

 Print Name

Please return the signed receipt either by signing, dating, and mailing it to Candy Bouquet international, Inc. at 510 McLean Street, Little Rock, AR 72202, or by faxing a copy of the signed and dated receipt to Candy Bouquet at (501) 375-9998.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Candy Bouquet International, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we 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.

Michigan, Oregon, and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or payment of any consideration, whichever occurs first.

If Candy Bouquet International, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and state agency listed on Exhibit A.

The franchisor is Candy Bouquet International, Inc., located at 510 McLean Street, Little Rock, AR 72202. Its phone number is 501 375-9990

Issue Date: _____

The franchise sellers for this disclosure document are:

Dr. Jim Wheeler, President & CEO
 Jim Benham, Chief Operations Officer
 Janet Carter, Franchise Advisor
 Brandon Anderson, Franchise Advisor

Candy Bouquet International, Inc, 510 McLean Street, Little Rock, AR 72202. Phone (501) 375-9990.

Candy Bouquet International, Inc. authorizes the respective state agencies identified on Exhibit C to receive service of process for it in the particular state.

I received a disclosure document with an issue date of _____ that included the following Exhibits:

- A FRANCHISE LIST
- B FINANCIAL STATEMENTS
- C AGENTS FOR SERVICE OF PROCESS
- D NON-DISCLOSURE AND NON-COMPETITION AGREEMENT
- E WEB-CONTENT NON-DISCLOSURE AGREEMENT
- F FRANCHISE AGREEMENT (WITH ADDENDUM)
- G STATE SPECIFIC ADDENDA
- H RECEIPTS (2)

Date: _____
 (Do not leave blank)

 Signature of Prospective Franchisee

 Print Name

Please return the signed receipt either by signing, dating, and mailing it to Candy Bouquet international, Inc. at 510 McLean Street, Little Rock, AR 72202, or by faxing a copy of the signed and dated receipt to Candy Bouquet at (501) 375-9998.