

## FRANCHISE DISCLOSURE DOCUMENT

CANTEEN  
(a division of Compass Group USA, Inc.)  
A Delaware Corporation  
2400 Yorkmont Road  
Charlotte, NC 28217  
(704) 328-4000  
[www.canteen.com](http://www.canteen.com)



The franchisee will be authorized to distribute food, beverages and other consumer items through one or more of the following distribution channels as determined by Canteen: vending services, food services, combined services, office coffee services and/or secured delivery services.

For a standard Canteen franchise agreement, the total investment necessary to begin operation of a Canteen franchise ranges from \$8,350 to \$41,000 if you are a conversion franchise with an existing vending business, and if you are a non-conversion franchise and do not already own a vending business, the total ranges from \$1,006,750 to \$1,568,000. This includes an amount ranging from \$3,250 to \$25,000 that must be paid to the franchisor or affiliate.

For a Canteen threshold agreement, the total investment necessary to begin operation of a Canteen franchise ranges from \$8,100 to \$19,000, and if you do not already own a vending business, then the total ranges from \$1,006,500 to \$1,546,000. This includes an amount of \$3,000 that must be paid to the franchisor or affiliate. A threshold agreement differs from a standard franchise agreement in that the threshold franchisee's right to service vending accounts having annual gross revenues of greater than \$25,000 is non-exclusive, the franchisee does not have the right to use the franchisor's trademarks, and the franchisee is limited to the vending channel.

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 disclosures in different forms, please contact Canteen's franchise group at 2400 Yorkmont Road, Charlotte, NC 28217 and (704) 328-4000.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. 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](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: December 20, 2021.

## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information.

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits H and I.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit J includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Canteen business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a Canteen franchisee?</b>	Item 20 or Exhibits H and I lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising *Generally*

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit G.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in the state where the franchisor's principal offices are located at the time of the dispute. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in the state where our principal offices are located than in your own state.

Certain state may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

**TABLE OF CONTENTS**

<u>Item</u>	<u>Page</u>
1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES .....	1
2. BUSINESS EXPERIENCE.....	5
3. LITIGATION.....	8
4. BANKRUPTCY .....	8
5. INITIAL FEES.....	8
6. OTHER FEES.....	9
7. ESTIMATED INITIAL INVESTMENT.....	16
8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	19
9. FRANCHISEE'S OBLIGATIONS .....	22
10. FINANCING.....	24
11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING .....	26
12. TERRITORY .....	31
13. TRADEMARKS.....	34
14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION.....	36
15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS .....	37
16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	38
17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION .....	41
18. PUBLIC FIGURES.....	46
19. FINANCIAL PERFORMANCE REPRESENTATIONS .....	46
20. OUTLETS AND FRANCHISEE INFORMATION.....	48
21. FINANCIAL STATEMENTS .....	58
22. CONTRACTS.....	58
23. RECEIPTS .....	Last Page

## EXHIBITS

- A. Franchise Agreement
- B. Asset Purchase Agreement
- C. Vending Threshold Franchise Agreement
- D. Lease Agreement
- E. Assignment of Lease
- F. Confidentiality Agreement
- G. List of State Agencies/Agents for Service of Process
- H. List of Existing Franchisees
- I. List of Former Franchisees
- J. Financial Statements and Guarantee of Convenience Foods International, Inc.
- K. State Addenda to the Franchise Disclosure Document
- L. Riders to the Franchise Agreement for Certain States
- M. Master Subcontract Agreement
- N. Table of Contents of Food Safety Manual
- O. Form Release
- P. Promissory Note
- Q. Security Agreement

## ITEM 1

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

To simplify the language, this disclosure document (“Disclosure Document”) uses “we,” “us” or “Canteen” to mean the franchisor, Canteen, a division of Compass Group USA, Inc. The person who buys the franchise is referred to as “you” or “Franchisee”. If you are a corporation, partnership or other legal entity, the provisions of our Franchise Agreement also apply to all of your owners by virtue of our requirement that your owners personally guarantee your obligations under the Franchise Agreement.

#### **Franchisor and Predecessors**

Compass Group USA, Inc. (“Compass”) is a Delaware corporation with its principal business address at 2400 Yorkmont Road, Charlotte, North Carolina 28217. Compass does business under its corporate name and operates various related lines of business through separately identified corporate divisions, such as “Canteen,” “Chartwells,” “Eurest Dining Services,” “Eurest Support Services,” and “ESS Support Services,” and its affiliated companies operate under other corporate names such as “Flik”, “Unidine Corporation”, “Bon Appetit,” “Restaurant Associates,” “Morrison,” “Touchpoint Support Services,” “Canteen One,” “Statewide Services,” “Crothall,” “Kimco,” “E15, LLC,” “ESFM,” “Gourmet Dining,” “Lackmann Culinary Services,” “SSC Service Solutions,” “Culinary Group,” “Cosmopolitan Catering,” “Coffee Distributing Corp.,” “Dynamic Vending,” “Treat America,” the “RAC Holdings” group of companies, and the “Levy Restaurant” group of companies. Our agents for service of process and their addresses are disclosed in Exhibit G.

Compass Group USA, Inc. is wholly-owned by Compass Group USA Investments Inc. Compass Group USA Investments Inc. is a Delaware corporation with its principal business address at 2400 Yorkmont Road, Charlotte, North Carolina, 28217. Compass Group PLC is our ultimate corporate parent with a principal business address at Compass House, Guildford, Chertsey, Surrey, KT16 9BQ.

Canteen does not have any predecessors that are required to be disclosed in this Disclosure Document.

#### **Prior Business Experience of the Franchisor**

We are in the vending services business, namely installing and servicing vending machines offering food, beverages and other consumer items principally at business and industry, institutional and recreational locations. We engage in this line of business directly through our own branch operations. We also grant franchises for vending services and certain contract food, catering, executive dining, office coffee services and/or secured delivery services. Other divisions of Compass provide contract food, catering, executive dining, concessions and other food services using names other than “Canteen,” as described above. In some markets, Compass also has entered into franchise arrangements where it serves as franchisee or licensee for a number of quick-casual and fast food or coffee chains, including national brands such as Pizza Hut, Quizno’s, Subway, Papa John’s Pizza, Starbucks, Einstein’s Bagels, Dunkin Donuts, Panda Express and Peet’s Coffee, among many others.

Canteen has entered into arrangements with Blimpie Subs and Salads and Au Bon Pain to sell certain products (“Trademarked Products”) through Canteen vending machines. Under these arrangements, Canteen will sell certain Trademarked Products through Canteen vending machines bearing the mark for the Trademarked Product developed for the program. Canteen may enter into similar agreements with other companies which produce nationally recognized products in order to sell these Trademarked Products through the Canteen vending machines under the nationally recognized mark of the companies, and this program may be made available to you, at our option.

We have operated businesses of the type you will operate since June of 1994. We began offering franchises in April 1996.

Before we offer a Canteen franchise, we ask that a prospective franchisee first sign our standard form Confidentiality Agreement, a copy of which is attached as Exhibit F to this Disclosure Document.

We grant franchises under a Franchise Agreement substantially in the form attached as Exhibit A to this Disclosure Document (the “Canteen Franchise Agreement”). However, we have in the past and may in the future, depending upon the nature of the transaction, amount of business involved, the type and amount of assets and/or accounts you purchase from one or more of our branch operations, as discussed below, negotiate the material terms of our form of Franchise Agreement, including the royalty rate and term. Generally, prospective franchisees will have existing vending or food service operations that will be converted to operate under the Canteen System. In connection with the sale of a franchise, on an occasional and infrequent basis we also may offer you the right to purchase the assets of one or more of our branch operations which do not meet our strategic needs. Prospective franchisees who purchase one of our branch operations also must execute an Asset Purchase Agreement substantially in the form attached as Exhibit B to this Disclosure Document. In certain circumstances, we may lease or assign an existing lease to you in which case you must execute a Lease or Assignment of Lease substantially in the form attached as Exhibits D and E, respectively.

In addition to the franchises we offer under the Canteen Franchise Agreement, we may enter into a vending franchise relationship whereby you will be granted rights to service vending accounts having annual gross revenues of \$25,000 or less on a limited exclusive basis, and the right to service vending accounts having annual gross revenues of greater than \$25,000 on a non-exclusive basis. Any such change to our standard Canteen Franchise Agreement to account for the vending threshold franchise relationship will be in the Vending Threshold Franchise Agreement, which is attached to this Disclosure Document as Exhibit C (“Threshold Franchise Agreement”). We would offer you either a standard Canteen Franchise Agreement or a Threshold Franchise Agreement, depending upon if there are other franchisees or our branch operations in your geographic area that may need rights to provide similar services to accounts having annual gross revenues greater than \$25,000. Under the Threshold Franchise Agreement, you will not have the right to use our name and mark CANTEEN. Unless otherwise specifically provided for in this Disclosure Document, the terms of the Canteen Franchise Agreement and the Threshold Franchise Agreement are identical, and will be collectively referred to in this Disclosure Document as “Franchise Agreement”.

We will license you to sell food, beverage and other consumer products (which may include janitorial and paper goods) through the channel(s) of distribution that we specify in the Franchise Agreement. Under the Canteen Franchise Agreement, these channels of distribution generally include vending only (including automated or unattended market environments using a self-checkout method) and food only (i.e., contract food, executive dining and/or catering) accounts of a certain revenue threshold, combined vending and food accounts, office coffee services accounts, and secured delivery services at correctional accounts. Under the Threshold Franchise Agreement, the channel of distribution will be vending accounts (including automated or unattended market environments using a self-checkout method). However, we recognize that some vending operators also offer office coffee services, food services, and commissary services, and we may offer you, in our sole discretion, the right to provide food services to accounts under a certain revenue threshold, office coffee services, and commissary services, depending on the territory granted, whether we, an affiliate or one of our licensees is already providing such service, your experience, the size of your franchise and other factors. We or one of our affiliates may provide you with sandwiches and other food products and supplies produced or distributed from one or more of our production facilities. We also may allow you to sell certain products we develop which bear trademarks owned by or licensed to us (“branded products”). Our branded programs currently include a coffee branded program, fresh food branded programs, and a convenience store branded program. We are not required to offer you the opportunity to participate in any branded product programs, and you do not have to participate in any programs that we may offer to you. Under the Canteen Franchise Agreement, we will grant you a protected territory within which you may operate through the channels we license to you, although your right to offer office coffee services or food services may be non-exclusive depending on the territory granted, whether we or an affiliate are already providing such service, and the amount of office coffee or food services business you conduct. Under the Threshold Franchise Agreement, you will receive an assigned territory where the level of exclusivity is limited to vending accounts having annual gross revenues of \$25,000 or less.



## **Our Affiliates**

The following are Canteen’s affiliates that provide products or services to you if you are located in the United States.

<b>Name and Address</b>	<b>Business</b>
Foodbuy, LLC (“Foodbuy”) 2400 Yorkmont Road Charlotte, North Carolina 28217	Compass and its indirect subsidiaries own a 100% interest in Foodbuy. Foodbuy is a group purchasing organization conducting various purchasing-related services to and for Compass, its Affiliates and third parties and in connection with your franchise.
Canteen One, LLC (“Canteen One”) 4150 Olson Memorial Highway Suite 200 Minneapolis, Minnesota 55422	Canteen One is a wholly-owned subsidiary of Compass, and specializes primarily in third party vending and food carts management, consulting and subcontracting throughout the United States. The actual vending and cart services are performed by a network of independent vending and cart companies (“Third Party Operators”) with which Canteen One contracts. These Third Party Operators may provide vending and food cart services to accounts located in your Territory and, therefore, may be a competitor of yours. You may be given the opportunity to become a subcontractor of Canteen One to provide vending services to accounts managed by Canteen One, under the terms and conditions contained in the Master Subcontract Agreement, substantially in the form as attached to this Disclosure Document as Exhibit M. Under this Agreement, Canteen One would grant you a non-transferable license to install and operate machines within a facility identified in a Schedule issued to you. Each Schedule will indicate the items you may vend and the price and portion size for each item as requested by the customer.

## **Other Franchises Offered by Compass or its Affiliates**

In January of 2004, Compass created a new division, Compass Vending Services Division, which encompasses all the vending operations and franchises held by the company. In addition, in August 2004, Compass established another vending franchise system under the VENDLINK name and marks, which is a non-exclusive type of vending franchise system which generally caters to vending owners of small (e.g., under \$25,000 in annual revenues per account) vending operations (“Vendlink”). Compass has been offering the Vendlink franchise since 2004 and the number of Vendlink franchises in effect as of September 30, 2021 is 3. Compass is not offering the Vendlink franchise under this Disclosure Document.

In May of 2007, an affiliate of Compass, Compass Group Canada Ltd. (“Compass Canada”), established and entered into a vending franchise relationship with an existing vending operator in Montreal, under the CANTEEN name and marks. Compass Canada is a food service company primarily offering the same food, catering, concessions, vending and other food services as Compass in the contract food services industry. Compass Canada has provided vending services since the early 1960’s and started offering the Canada franchise since 2007. Compass Canada’s principal address is 1 Prologis Boulevard, Suite 400, Mississauga, Ontario L5W 0G2, Canada. As of September 30, 2021, Compass Canada does not have any franchises. None of Canteen’s affiliates offer franchises in other lines of business.

The following are franchises in other lines of business offered by Compass. Compass is not offering these other franchises under this Disclosure Document.

<b>Name and Address</b>	<b>Business</b>
Compass Group USA, Inc. 2400 Yorkmont Road Charlotte, NC 28217	Beginning January 2007, Compass offered a mobile catering franchise system under the name and mark STREATS (“Streats”), through which Compass granted catering truck and food cart operators the right, within negotiated geographic territories, to sell food and beverages from catering trucks or food carts, and the right to offer contract food, catering, executive dining, concessions and other food services to accounts with estimated annual revenues under \$250,000. As of September 30, 2021, Compass has no Streats franchisees. Compass does not currently offer the Streats franchise.
Compass Group USA, Inc. 2400 Yorkmont Road Charlotte, NC 28217	Beginning January 2007, Compass offered a catering franchise system under the name and mark MEDALLION (“Medallion”), through which Compass granted local caterers the right to sell catering services or catering-related equipment and services within a specific geographic area. As of September 30, 2021, Compass has no Medallion franchisees. Compass does not offer the Medallion franchise any longer.
Compass Group USA, Inc. 2400 Yorkmont Road Charlotte, NC 28217	Beginning January 2007, Compass offered an office coffee services franchise system under the name and mark HIGHLAND ESTATES COFFEE TRADERS (“Highland Estates”), through which Compass granted office coffee service providers the right to offer non-coin-operated office coffee and refreshment services and related supplies, and the right to offer vending services to the same accounts that require office coffee services, within a specific geographic area. As of September 30, 2021, Compass has no Highland Estates franchisees. Compass does not offer the Highland Estates franchise any longer.

### **The Market, Competition and Applicable Regulations**

The food service and vending markets are mature and very competitive, particularly on pricing. This type of business is capital intensive and requires considerable technical and operational skills. Accordingly, except in extraordinary circumstances, we offer this franchise only to persons who have existing vending or food service operations or who have had recent experience in this business. The target markets for your goods and services are businesses and institutions. You will have to compete in your territory with national, regional and local businesses offering the same services, as well as us and our affiliates who may offer similar services under different names and marks. Additionally, if you enter into a Threshold Franchise Agreement, or if we offer you the right to provide office coffee services on a non-exclusive basis under the Canteen Franchise Agreement, we and our affiliates may compete with you under the same names and marks or different names and marks, we can license others to compete with you under the same name and marks or different names and marks (such as under the Highland Estates office coffee franchise system) and you will have competition from third parties offering similar services under different names and marks. Although our business is national in scope, there are areas in the continental U.S. where we currently do not have a significant market presence.

We are unaware of any laws or governmental regulations that are specific to the type of business you will operate, although you will have to comply with local, state and federal health and sanitation laws and will have to obtain certain licenses for your franchise business, including:

- ❖ Various licenses, permits, and authorizations from state and municipal authorities, including business licenses, sales permits, and a limited number of alcoholic beverage licenses, are necessary to operate the business, including a permit for VOC (volatile organic carbon) control to service vending or refrigerant equipment.
- ❖ Machine licenses per vending machine are required by some states at a cost of approximately \$50 per vending machine per year.
- ❖ Individual food permits/licenses for individual accounts are required by some states at a cost of approximately \$75 per permit per year, but can be as much as \$1100 per year for self-checkout markets.
- ❖ Tobacco resale certificate licenses are required by some states at a cost of approximately \$50 to \$100 per account per year for tobacco sales.
- ❖ Privilege licenses required by some states (including North Carolina) mandate the payment of a certain amount per location based on the amount of all cold drink machines at such location.
- ❖ State and Federal Department of Transportation regulations govern your commercial fleet operations.
- ❖ State and Federal regulations concerning the sale of food and beverages in public schools.
- ❖ Federal and/or State Occupational Safety and Health Administration laws and regulations govern health and safety standards in your operation (for example, OSHA300 rule for vending).
- ❖ Federal Drug Administration and state and local health laws, ordinances, rules, and regulations concerning the preparation, storage and labeling of food products, nutritional claims, and allergen information.

You should investigate the application of these laws further.

On March 11, 2020, the World Health Organization declared the outbreak of the novel coronavirus disease (“COVID-19”), a pandemic. Local rules and regulations enacted in response to the COVID-19 pandemic may affect food operations by, for example, limiting some locations to take out or delivery services only while temporary measures are in effect. They may also place limits on permitted hours of operations and require you to put in place additional safety measures for your employees and guests, among other changes. You must comply with all applicable laws, rules, and orders of any governmental authority concerning the outbreak and your response.

## ITEM 2

### **BUSINESS EXPERIENCE**

**President and Chief Financial Officer, Compass Group USA, Inc.: Adrian Meredith**

Mr. Meredith was named Chief Financial Officer of Compass Group USA, Inc. on October 1, 2010 and President effective as of April 1, 2012. Mr. Meredith is located in Charlotte, North Carolina.

**Chief Executive Officer – Compass Vending Services Division, Compass Group USA, Inc.: Peter Fetherston**

Mr. Fetherston was named CEO for Compass Vending Services on October 23, 2013, and is located in Charlotte, North Carolina.

**President – Franchise Division – Compass Vending Services Division: Dale Whetstone**

Mr. Whetstone has served as President of the Franchise Division since October 1, 2007, and is located in Charlotte, North Carolina.

**Chief Financial Officer – Compass Vending Services Division: David Goldring**

Mr. Goldring was named CFO of Compass Vending Services Division on October 28, 2013 and is located in Charlotte, North Carolina.

**Chief Operations Officer – Canteen Division: Erik R. Snyder**

Mr. Snyder was named Chief Operations Officer – Canteen Division in January 2020. Prior to this, he was President of North America Supply & Procurement for Diageo since 2002. Mr. Snyder is located in Charlotte, North Carolina.

**Director – Compass Group USA, Inc. and Chairman and Chief Executive Officer, - Foodbuy LLC: Dennis M. Hogan**

Mr. Hogan assumed the role of Director – Compass Group USA, Inc. and Chairman and Chief Executive Officer, Foodbuy LLC on May 1, 2018. Prior to this, Mr. Hogan served as Managing Director UK & Ireland with Compass Group PLC since 2013. Mr. Hogan is located in Charlotte, North Carolina.

**Chief People Officer – Compass Group USA, Inc.: Cindy Noble**

Ms. Noble was appointed Chief People Office in 2017 and is located in Charlotte, North Carolina. She began her career at Compass Group with Levy Restaurants in 1992 and has held various positions within the company.

**Chief Executive Officer, Chartwells Higher Education Division – Compass Group USA, Inc.: Lisa McEuen**

Ms. McEuen was named Chief Executive Officer of Chartwells Higher Education division in January 2016. Prior to this, Ms. McEuen served as Senior Vice President, Business Excellence since 2007 and then as Executive Vice President. Ms. McEuen works in Aptos, California.

**Chief Operations Officer – Compass Group USA, Inc.: Rick Postiglione**

Mr. Postiglione was named Chief Operations Officer in November 2014. Prior to this, he was President and Chief Executive Officer of Compass' Contract Foodservices segment and held various other positions since 1997. Mr. Postiglione works in Rye Brook, New York.

**Vice President Category Development, Foodbuy LLC: Mark O'Callaghan**

Mr. O'Callaghan was named Vice President Category Development on February 1, 2011. Mr. O'Callaghan is located in Charlotte, North Carolina.

**Executive Vice President, General Counsel & Secretary – Compass Group USA, Inc.: Jennifer McConnell**

Ms. McConnell was named Vice President, Deputy General Counsel of Compass as of January 2014. Ms. McConnell was named Executive Vice President, General Counsel & Secretary effective October 1, 2014. All positions have been located in Charlotte, North Carolina.

**Vice President of Business Development, Franchise Group – Compass Vending Services Division: Scott M. Denhard**

Mr. Denhard was named Vice President of Business Development for Compass' Franchise Group effective July 1, 2018. He has been with Compass since 1997 serving most recently as Regional Vice President for Canteen's Mid South Division. Mr. Denhard works in Charlotte, North Carolina.

**National Director of Food Services, Canteen Franchise Division: Laura Wagner**

Ms. Wagner has served in the position of National Director of Food Services since January 31, 2011. Ms. Wagner is located in Charlotte, North Carolina.

**Purchasing Support Manager, Franchise Group – Compass Vending Services Division: Bret Hansen**

Mr. Hansen has served as Purchasing Support Manager of the Compass Vending Services Division since July 2016, and is located in Charlotte, North Carolina. Prior to serving in his current position, Mr. Hansen was a Financial Analyst with the Compass Vending Services Division from 2012 to 2016 in Charlotte, North Carolina.

**Senior Manager of Finance, Compass Group USA, Inc.: David May**

Mr. May was named Senior Manager of Finance in July 2016. Prior to serving in his current position, Mr. May was with the Compass Group Vending Services Division as a Purchasing Support Manager since July 2014. Mr. May is located in Charlotte, North Carolina.

**Vice President of Finance, Compass Group USA, Inc.: Tom Russell**

Mr. Russell was named Vice President of Finance in May 2018 and is located in Charlotte, North Carolina. Prior to serving in his current position, Mr. Russell was Director of Franchise Operations since May 2016 and Senior Manager of Finance since November 2011.

**Director of Franchise Development, Midwest Region – Compass Vending Services: Terry Van Booven**

Mr. Van Booven has served as Director of Franchise Development, Midwest Region for Compass Vending Services since September 2006. Mr. Van Booven is located in Maryland Heights, Missouri.

**Director of Franchise Development, Western Region – Compass Vending Services: Richard Schramm**

Mr. Schramm joined the Franchise Division of Canteen as Director of Franchise Development in June of 2012, and is located in Carthage, Missouri.

**Director of Business Development, Southeast Region – Compass Vending Services: Daniel Christopher Hart**

Mr. Hart joined the Franchise Division of Canteen as Director of Business Development in January 2020, and is located in Atlanta, Georgia. Prior to serving in his current position, Mr. Hart held various positions with Southern Refreshment Services, Inc. since 2010.

**(THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY)**

### **ITEM 3**

#### **LITIGATION**

George Moore, et al., v. Compass Group USA, Inc. d/b/a Canteen, United States District Court for the Eastern District of Missouri Eastern Division (Case No. 4:18-cv-01962-SEP). George Moore (filed October 23, 2018), James Jilek (filed October 25, 2019), and Francis Jaye (filed May 13, 2019), on behalf of themselves and all other persons similarly situated, each filed separate lawsuits against Compass Group USA, Inc. d/b/a Canteen. The three lawsuits were timely removed to federal court and have since been consolidated into one lawsuit in the United States District Court for the Eastern District of Missouri. The primary allegations in the three consolidated lawsuits are breach of contract, unjust enrichment, and fraud. Each of the lawsuits allege that the plaintiffs, and the respective class of consumers they represent, were customers at Canteen's vending machines and their credit cards were charged an additional .10 cents for each purchase. Plaintiff seeks compensatory damages, punitive damages, fees, costs, and equitable relief on behalf of a purported nationwide class of consumers, in an unspecified amount. The parties are currently engaged in discovery.

Christine Bryant v. Compass Group USA, Inc. & 365 Retail Markets LLC, United States District Court for the Northern District of Illinois (Case No. 1:19-cv-06622) (filed on August 23, 2019). Bryant, on behalf of herself and all other persons similarly situated, alleges violations of the Illinois Biometric Protection Act ("BIPA"), which mandates certain notification, consent, storage and deletion protocols when collecting biometric information from individuals. Bryant alleges that she registered for a Canteen account with her fingerprint on a 365 Retail Markets kiosk, but that machine she used never presented her with any consent form authorizing the collection and retention of her fingerprint data. The case was timely removed to federal court where Canteen filed a Motion to Dismiss, which was partially granted. In May 2021 the parties reached a settlement, and in November 2021 the court granted preliminary approval of the settlement terms.

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

### **ITEM 4**

#### **BANKRUPTCY**

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

### **ITEM 5**

#### **INITIAL FEES**

Under the Canteen Franchise Agreement, the initial franchise fee ranges from \$3,250 to \$25,000, depending upon the territory granted, size of your franchise, term of the franchise and other factors. Generally, the initial fee will be \$3,250 for small vending operators having annual gross revenues of \$2,000,000 or less and receiving a Protected Territory of only a few counties (10 or less) in a particular State and having a franchise term of 5 – 8 years. For franchise prospects having annual gross revenues of more than \$2,000,000, receiving a Protected Territory of more than that stated above and having a franchise term of greater than 8 years, the initial fee will be \$25,000. The initial franchise fee is payable in a lump sum on signing the franchise agreement, or may be deducted from your quarterly rebate payment until paid in full, or if earlier, upon expiration or termination of your Franchise Agreement. Under the Threshold Franchise Agreement, the initial franchise fee is \$3,000, and will be deducted from your quarterly rebate payment until paid in full, or if earlier, upon expiration or termination of your Franchise Agreement. The initial franchise fee is non-refundable.

## Purchase of Branch Operation Assets

In connection with the purchase of a franchise, we infrequently and on an occasional basis will offer you the right to purchase the assets of one or more of our branch operations which do not meet our strategic needs and is located in your territory. If you purchase assets of a branch operation from us, you must pay us the purchase price for the assets under the Purchase Agreement and, if applicable, for the real estate under the Real Estate Purchase Agreement. The purchase price for the assets and, if applicable, the real estate are separate from the initial franchise fee. The purchase price will be determined by mutual agreement and will vary depending upon the location, sales volume and profitability of the operation and condition of the assets purchased. The assets you will acquire generally include vending machines and coin changers, vehicles, office furniture, inventory and transferable rights to assumed contracts and potentially an existing building and improvements, although the assets sold may vary depending upon the branch you acquire.

You are encouraged to independently evaluate the purchase price for the assets of such branch operation and, if applicable, the real estate before you sign the Franchise Agreement. You must pay the purchase price in lump sum, except as otherwise agreed to by the parties. If you sign the Purchase Agreement before closing, you may have to make an advance payment which will vary depending upon the purchase price. The advance payment will be credited toward the purchase price and will only be refundable if we do not fulfill our obligations under the Purchase Agreement. The purchase price is not refundable under any other circumstances.

During the last fiscal year, we sold one branch operation as part of a sale of a franchise.

Except as expressly disclosed above, you are not obligated to pay to us or any affiliate of ours before operating as a Canteen franchisee any other fees or other payments for services or goods received from us or our affiliates.

## ITEM 6

### **OTHER FEES**

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>
<b>TYPE OF FEE</b> See Note 1	<b>AMOUNT</b> See Note 2	<b>DUE DATE</b> See Note 3	<b>REMARKS</b>
Royalty	<p><b><u>Under the Canteen Franchise Agreement:</u></b></p> <ul style="list-style-type: none"> <li>Up to 5.25% of Gross Sales that are less than or equal to \$2 million each fiscal year (3.25% of Gross Sales if you are in compliance with Canteen's operational and purchasing standards) of all products sold through vending machines or of other services, including those in Note 4;</li> <li>Up to 5% of Gross Sales in excess of \$2 million during each fiscal year (3% of Gross Sales if you are in compliance with Canteen's operational and purchasing standards) of all products sold through</li> </ul>	<p><b><u>Under the Canteen Franchise Agreement:</u></b></p> <p>Due either 10 days after the close of each month, or on a quarterly basis and offset against Franchisee Rebates owed to you.</p> <p><b><u>Under the Threshold Franchise Agreement:</u></b></p> <p>Due on a monthly or a quarterly basis and will be offset against Franchisee Rebates owed to you.</p>	Existing Franchisees pay Royalties at varying rates. (See Note 5).

Column 1	Column 2	Column 3	Column 4
TYPE OF FEE See Note 1	AMOUNT See Note 2	DUE DATE See Note 3	REMARKS
	<p>vending machines or of other services, including those in Note 4; and</p> <p><b><u>Under the Threshold Franchise Agreement:</u></b></p> <ul style="list-style-type: none"> <li>• Up to 5% of Gross Sales for Accounts which generate \$25,000 or less in annual gross revenues for all products sold through vending machines including those in Note 4 (“Small Vending Accounts”) (3% of Gross Sales if you are in compliance with Canteen’s operational and purchasing standards), and certain existing accounts as of the commencement of the franchise;</li> <li>• Up to 5% of Gross Sales for Accounts which generate in excess of \$25,000 in annual gross revenues for all products sold through vending machines including those in Note 4 (“Large Vending Accounts”)</li> </ul>		
Branded Product Purchases and Royalty on branded products	Prices will vary depending upon the brand, (whether internal Compass or external brand concept) the size of your account, volume of business, and regional distributor’s costs. Royalty for internal branded products ranges anywhere from 0% to 3% of Gross Sales.	Due 10 days after the close of each month	We may grant you the right to sell branded products in our sole discretion. (See Item 11). If you desire to participate, you must purchase a reasonable quantity of products from us or third party suppliers and/or pay the royalty we establish.
Referral Fee	One-time payment of 2% of the estimated annual Gross Sales of each vending Account referred to Franchisee by Canteen or its Affiliates.	Due upon installation of Account.	Not all franchisees pay this fee.
Assignment Fee	<p><b><u>Under the Canteen Franchise Agreement:</u></b> Our then current standard assignment fee. Currently, \$12,500.</p> <p><b><u>Under the Threshold Franchise Agreement:</u></b> Equal to our then-current initial franchise fee (currently \$3,000) if transfer is to third-party becoming a</p>	Before transfer	Payable upon a Transfer. (See Note 6). We may not charge an Assignment Fee if we have not incurred any legal, accounting or other expenses in the Transfer.



Column 1	Column 2	Column 3	Column 4
TYPE OF FEE See Note 1	AMOUNT See Note 2	DUE DATE See Note 3	REMARKS
	franchisee; otherwise 50% of one year's Royalty Fees.		
Training Fee	Approximately \$3,000	As incurred	If we contract with a third party to provide you training, you must pay the cost of training materials and any training fees assessed, plus any expenses such as travel, lodging and wages. If we provide training, you must pay the training fee we assess, the cost of training materials, plus any expenses such as travel, lodging & wages.
Shipping and handling for written materials	In an amount determined by shipper	As incurred	We may charge you reasonable shipping and handling costs for the selected written materials we provide you.
Administrative Fee on Product Purchases	<p><b><u>Under the Canteen Franchise Agreement:</u></b> 15% of any rebates payable to us as a result of your VISTAR purchases, and 25% of all other rebates payable to us as a result of your purchases.</p> <p><b><u>Under the Threshold Franchise Agreement:</u></b> if you are not in compliance with our operational and purchasing standards, 15% of any rebates payable to us as a result of your VISTAR purchases, and 40% of all other rebates payable to us as a result of your purchases from suppliers. If you are in compliance with our operational and purchasing standards, 15% of any rebates payable to us as a result of your VISTAR purchases, and 25% of all other rebates payable to us as a result of your purchases.</p>	Upon payment of any rebate	If you purchase food and other consumer products or services through us, we remit to you pro-rata rebates, less the administrative fee. We may, upon written notice to you, change the amount and manner in which rebates are remitted to you. (See Item 8). Existing Franchisees may pay administrative fees of varying rates.

Column 1	Column 2	Column 3	Column 4
TYPE OF FEE See Note 1	AMOUNT See Note 2	DUE DATE See Note 3	REMARKS
	<b>Bottler Franchisees:</b> if you are a major bottler of soft drinks, your Administrative Fee on the products you bottle will be 50% of your rebates payable to us on your purchases of those bottled products less your cost to the soft drink company.		
Multiple Facilities and National Accounts Commissions	If you service a National Account or Multiple Facilities Account, you must pay us, when applicable, an administrative fee ranging from 2% to 5% of Gross Sales.  In addition, the Multiple Facilities Account or National Account may require its vendors to pay commissions, ranging from 0% to 40% of Gross Sales generated at such location.	On or before 10th day of each month	Unless otherwise agreed, you must remit to us all Multiple Facilities Account (under the Canteen Franchise Agreement) and National Account (under both the Canteen Franchise Agreement and the Threshold Franchise Agreement) commissions
Commissions to Canteen Affiliates concerning third party management business	Under the Canteen One Master Subcontract Agreement, the commission will vary depending upon the commission rate negotiated by the client for each machine, based upon a percentage of gross sales or net receipts. For fiscal year 2021, the commission rate paid by Canteen franchisees was between 0% and 40% of Net Receipts. (See Note 9).	Will vary depending upon terms of particular account location.  The commission is due on or before the Payment Due Date as set forth on the Schedules.	If you agree with any Affiliate to service an account location within your Territory, you must agree to all terms set by such Affiliate. (See Note 8).
Building Lease Payments	Building lease payments vary depending upon the size and location of the building and currently range from \$0 to \$8,000 per month.	Will vary depending upon terms of lease	If you purchase a branch operation, we may allow you to assume any existing lease or lease the building from us, depending on the circumstances. (See Note 7).
Interest	The greater of 13% simple interest per annum or simple interest per annum equal to the then-current prime interest rate published in the <u>Wall Street Journal</u> in “Money Rates Section”	21 days after billing	Payable on all overdue amounts. Interest will not be greater than the legal

Column 1	Column 2	Column 3	Column 4
TYPE OF FEE See Note 1	AMOUNT See Note 2	DUE DATE See Note 3	REMARKS
			maximum amount allowed in each state.
Costs and Attorney's Fees	Costs and expenses	As incurred	Payable if you enter into a legal dispute with us.
Audit Costs	Costs and expenses	As incurred	Payable if you have underreported Gross Sales by more than 5% or have failed to furnish reports.
Indemnification	Costs and expenses	As incurred	You must reimburse us if we are held liable for claims arising from your business.
Management Costs	Costs and expenses	As incurred	Upon death or permanent disability of you or your controlling owner, if we manage your business prior to transfer, you must reimburse us for our costs and expenses.
MyCompass Website Access	Approximately \$40.00 per user.	Twice per year	See Item 8.
Asset Purchase Price	Will vary depending upon whether you purchase certain accounts from us.	As negotiated	See Exhibit B, Asset Purchase Agreement.

**Note 1** All fees are non-refundable. Unless otherwise stated in Column 4, Remarks, all fees are uniformly imposed on all franchisees.

**Note 2** "Gross Sales" are:

(a) for Profit/Loss Accounts, (i) the total receipts and sums charged, of every kind and nature, for sales of Vending Services, including all products sold through vending machines or at unattended retail markets including those in Note 4, Food Services, Office Coffee Services ("OCS Services"), Commissary Services, and any other products and services you sell, (ii) plus the "Subcontractor Commission Amount", (iii) plus proceeds from any business interruption insurance you receive, (iv) excluding any sums collected and paid to appropriate taxing authorities for any sales tax, retail excise tax, vending machine stamp tax, or bottle deposits. Subject to Canteen's prior written approval, Gross Sales of items sold through vending machines may be calculated by Franchisee using a merchandise disappearance system (with proper adjustments) in a form and manner satisfactory to Canteen. "**Profit/Loss Account**" means an Account, including any Accounts of Franchisee existing as of the date of the Franchise Agreement, from which Franchisee receives and retains, or is entitled to, the receipts, or sums charged for Franchisee's sales of Vending Services, or Food Services, or other products and services.

(b) for Fee Accounts, (i) the total “managed dollars” consisting of the aggregate amount of your accrual of charges and expenses incurred or allocated for operation, management, and administration of services provided to an Account (collectively “Costs”), including, but not limited to (A) purchase or rental, storage, and maintenance of inventory, equipment and systems, (B) provision of training, relief staff, wage and salary, payroll tax, FICA, FUI, SUI, employee benefits such as medical, dental, life, workers' compensation, and state disability insurance, payroll and benefit plan preparation, processing, and administration; (C) payment of sales or property taxes, licenses, permits, rents, special security costs, cash or property losses unrelated to Canteen employees; and (D) deployment or investment of capital in connection with such services, (ii) plus the sum of (A) any fees or payments received or charged the Account, (B) minus relevant Costs for services supplied in exchange for the fees or payments, (iii) plus proceeds from any business interruption insurance you receive, and (iv) plus the Subcontractor Commission Amount. “**Fee Account**” means an Account, including any Accounts of Franchisee existing as of the date of the Franchise Agreement, whereby (a) Franchisee receives, or is entitled to, a fee or other payment in connection with the management, consulting, or provision of Vending Services, Food Services, or other products and services, and (b) the Account, or its designee, retains the receipts, or sums charged, for sales of Vending Services, or Food Services, or other products and services.

(c) “**Subcontractor Commission Amount**” means the quotient of (i) the aggregate commission amount, projected or actual, payable to you from a third party rendering Food Services, Vending Services, or any other Authorized Services on your behalf or at your instruction in the Protected Territory, (ii) divided by the applicable commission percentage pursuant to which factor the commission amount is calculated. For example, if a Subcontractor pays you 25% commission on sales, and sales were \$100, the full \$100 will be used in the calculation of Gross Sales.

**Note 3** “Month” refers to each of the 12 four-week or five-week accounting periods which comprise our fiscal year. “Quarter” refers to each of the 4 four-week or five-week monthly periods in a calendar year comprised of January through March, April through June, July through September, and October through December. If requested by the franchisee, we have agreed to receive payment on a calendar month basis.

**Note 4** These products include all products sold through the vending machines or self-checkout or unattended retail markets such as candy, cookies, crackers, sandwiches, entrees, bagels, muffins, salads, pizza, hot dogs, burgers, yogurt, fruit, nuts, snacks, chips, microwave popcorn, gum, mints, cold cup beverages, hot cup beverages, milk, juice, hot canned food, canned and bottled beverages, tobacco products, refrigerated foods, ice cream, and pastry. Services include vending services, OCS Services, manual food services up to the Revenue Threshold (\$250,000 annually per Account), and any other services authorized by Canteen.

**Note 5** The Royalty Fees payable to us may vary from franchisee to franchisee depending upon a variety of factors including the size of Accounts, the territory granted, your experience, size and gross revenues generated under your franchise, and whether you are in compliance with our operational and purchasing standards, and our distribution, supplier, and other requirements. Depending upon the nature of the transaction, amount of business involved, and/or the type and amount of assets and accounts you purchase from one or more of our branch operations, if any, we have in the past and may in the future negotiate this rate amount. In limited circumstances, we may agree to set the Royalty Fees initially at a lower percentage of Gross Sales, which will then be increased through the remaining term of the franchise agreement.

**Note 6** “Transfer” means the voluntary or involuntary, direct or indirect, sale, assignment, pledge, hypothecation, transfer or other disposition (whether or not such event arises or results from: any merger or consolidation, regardless whether the transferor is the surviving corporation; any death, divorce, insolvency, dissolution proceeding or otherwise by operation of law; or, any foreclosure or surrender or loss by transferor of its possession, control or management of the transferred property. “Franchise Transfer” means a Transfer of any legal, equitable, or beneficial ownership interest in the franchise (other than in the ordinary course of business without material effect on the operations, properties, facilities, condition, business, value or prospects). “Franchisee Transfer” means the Transfer of any legal, equitable, or beneficial ownership interest, whether in part or in whole, in either the franchisee or the assets owned by the franchisee, its owners or affiliates that are deployed or held in connection with the franchise, excluding any dispositions in the ordinary course of business without material effect upon the operations, properties, facilities, conditions, business, value or prospects of the franchise and/or franchisee (whether financial or otherwise).

**Note 7** The lease terms for branch offices will vary depending upon the size and location of the branch office. See Exhibits D and E for form of Lease and Assignment of Lease agreements.

**Note 8** From time to time during the term of your Franchise Agreement, Affiliates of Canteen (including Canteen One) may offer you the opportunity to service an Account location within your Territory. If you agree to service such account location, you must sign the Master Subcontract Agreement and comply with all terms governing such account as established by such Affiliate, including proper reporting and the payment of all commissions negotiated by the Account, which may range from 0% to 40% of gross sales or Net Receipts generated at such location. Canteen One has established a network of “Vending Operators” experienced in the vending machine industry and who will commit to provide excellent service to Canteen One’s accounts within a designated territory under the terms of the Master Subcontract Agreement. Canteen One limits the number of vendors which Canteen One selects in each designated territory in order to concentrate Canteen One’s business with the “vending operators.” Upon signing the Master Subcontract Agreement, you will become a member of a select group of preferred vending operators for Canteen One.

**Note 9** The term “Net Receipts” means the gross collections less actual sales/use taxes and container deposits (without deduction of any costs incurred by you).

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**ITEM 7**

**ESTIMATED INITIAL INVESTMENT**

**CHART 1**

**Conversion Franchises<sup>1</sup>  
YOUR ESTIMATED INITIAL INVESTMENT**

<b>Column 1 TYPE OF EXPENDI- TURE</b>	<b>Column 2 AMOUNT</b>	<b>Column 3 METHOD OF PAYMENT</b>	<b>Column 4 WHEN DUE</b>	<b>Column 5 TO WHOM PAYMENT IS TO BE MADE<sup>5</sup></b>
Initial Franchise Fee	<b><u>Under the Canteen Franchise Agreement:</u></b> \$3,250 - \$25,000  <b><u>Under the Threshold Franchise Agreement:</u></b> \$3,000	Lump Sum or offset from Rebates owed to you, if mutually agreed upon.	<b><u>Under the Canteen Franchise Agreement:</u></b> At signing of Franchise Agreement, unless otherwise agreed  <b><u>Under the Threshold Franchise Agreement:</u></b> Offset from Rebates owed to you, unless otherwise agreed	Canteen
Inventory and Equipment <sup>2</sup>	\$2,600 - \$11,000	As Incurred	As Incurred	Suppliers, Utilities, etc.
Travel and Living Expenses While Training	\$2,500 - \$5,000	As Incurred	During Training	Airlines, Hotels and Restaurants
<b>TOTAL<sup>3,4</sup></b>	<b><u>Under the Canteen Franchise Agreement:</u></b> <b>\$8,350 – \$ 41,000</b>  <b><u>Under the Threshold Franchise Agreement:</u></b> <b>\$8,100 - \$19,000</b>			

**Note 1** We anticipate that most prospective franchisees will have an existing vending or food service business that will be converted to a franchise. Since we impose no requirements as to the warehouse, equipment (except that it be in good condition in accordance with our standards) or initial inventory, it is unlikely that there will be any significant costs associated with establishing the franchise business, except for the Initial Franchise Fee and certain costs in implementing our purchasing programs or converting to our suppliers and distributors. We estimate that you already have the vehicles needed to service your vending business. See Note 2 under the Non-Conversion Franchises (Chart 2) for a description of the number and types of vehicles that is typical for a vending operation. If, however, you do not have an existing vending or food service business, you will need to purchase or lease a warehouse/distribution space for storage, purchase and/or lease route trucks and vending machines and purchase an initial inventory of products. The estimate of your initial investment summarized in the table below is based on the assumption that you do not have an existing vending or food service business and that you will sign primarily vending only accounts and some food or combined food and vending accounts. It is anticipated that you will have approximately 50 accounts. If you purchase the assets of one of our branch offices, you may make a greater initial investment

depending upon the assets purchased. The purchase price will be established by negotiations and reflected in the Purchase Agreement.

**Note 2** Estimated costs incurred to acquire a computer system and to implement Canteen’s plan-o-gram program and other purchasing initiatives. A plan-o-gram is a quarterly plan designed to optimize consumer satisfaction and off-take (e.g., being satisfied with the product selection as you walk away from the vending machine), as well as to maximize profitability while allowing local flexibility. It is a mix of required and optional vending products and items that is changed from time to time to reflect consumer preferences and new products being introduced into the market.

**Note 3** None of these payments are refundable. We do not provide financing for your initial investment.

**Note 4** If you purchase assets of a branch operation from us, you must pay us the purchase price for the assets under the Purchase Agreement. The purchase price will be determined depending upon the nature of the transaction, amount of business involved, the type and amount of assets and/or accounts you purchase from one or more of our branch operations. During the last fiscal year, we did not sell branch operations as part of a sale of a franchise.

**Note 5** No payments are made to any Canteen Affiliate.

**CHART 2**  
**Non-conversion Franchises**  
**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Column 1 TYPE OF EXPENDI- TURE</b>	<b>Column 2 AMOUNT</b>	<b>Column 3 METHOD OF PAYMENT</b>	<b>Column 4 WHEN DUE</b>	<b>Column 5 TO WHOM PAYMENT IS TO BE MADE<sup>8</sup></b>
Initial Franchise Fee	<u><b>Under the Canteen Franchise Agreement:</b></u> \$3,250 - \$25,000  <u><b>Under the Threshold Franchise Agreement:</b></u> \$3,000	Lump Sum or offset from Rebates owed to you, if mutually agreed upon.	<u><b>Under the Canteen Franchise Agreement:</b></u> Upon Signing Agreement, unless otherwise agreed  <u><b>Under the Threshold Franchise Agreement:</b></u> Offset from Rebates owed to you, unless otherwise agreed	Canteen
Training Fee	\$3,000 (includes travel and lodging expenses)	Lump Sum	Before Opening	Canteen or Vendor
Real Estate & Improvements <sup>1</sup>	\$22,000 - \$73,000	Lump Sum	Before Opening	Contractor or Landlord
Vehicles <sup>2</sup>	\$216,000 - \$232,000	Lump Sum or Monthly	Lump Sum or Monthly	Vendor
Equipment <sup>3</sup>	\$600,000 - \$1,000,000	Lump Sum or Monthly	Before Opening or Monthly	Vendor or Canteen
Opening Costs <sup>4</sup>	\$25,000 - \$50,000	As Incurred	As Incurred	Suppliers, Utilities, etc.
Opening Inventory	\$60,000 - \$80,000	Lump Sum	Before Opening	Vendors

Travel and Living Expenses While Training	\$2,500 - \$5,000	As Incurred	During Training	Airlines, Hotels and Restaurants
Additional Funds <sup>5</sup> (12 weeks)	\$75,000 - \$100,000	As Incurred	As Incurred	Suppliers, Employees, etc.
<b>TOTAL<sup>6,7</sup></b>	<b><u>Under the Canteen Franchise Agreement:</u> \$1,006,750 – \$1,568,000</b>  <b><u>Under the Threshold Franchise Agreement:</u> \$1,006,500 - \$1,546,000</b>			

**Note 1** If you do not own adequate warehouse space, you will need to lease a building from which to operate your business. Franchises with approximately 50 accounts typically require 5,000 - 8,000 square feet of space. Monthly rent is estimated to be between \$1,000 - \$5,000 depending on factors such as size, condition and location of the premises (major metropolitan areas tend to be more expensive than suburban or rural areas). The premises may be located anywhere. An initial investment to bring the building to efficient operating condition may be required and is estimated to be \$22,000 - \$73,000. If you purchase a branch operation, we may assign an existing lease to you.

**Note 2** We estimate that you will need 5 route trucks that will cost approximately \$ 35,000 to \$38,000 per vehicle and 2 maintenance vehicles or vans (panel or step vans) that will cost approximately \$21,000 per vehicle. You may be able to lease them from third party leasing companies at preferred financing rates.

**Note 3** We estimate that you will need approximately 250 vending machines for 50 accounts. The smallest item of vending equipment, such as an office coffee machine, may range in price from \$200 to \$1,000 each. The largest, most sophisticated vending machines may list for \$2,000 to \$10,000 each, and the average cost is \$3,900 per machine. Food service equipment and smallwares can range from \$40 to \$15,000 each. You will have to purchase a computer system for your business, and we anticipate that the cost could range from \$600 to \$250,000 depending on the type of system purchased, the level of sophistication you deem necessary for your operation and the size of your operation.

**Note 4** Includes security deposits, utility costs, and licensing fees. See Item 1 for a general description of these fees. If you purchase one of our branch offices, you are likely to incur additional legal and/or accounting costs.

**Note 5** Additional costs include payroll, prepaid expenses and changer funds. These figures are estimates for a 12 week start-up period. We cannot guarantee that you will not have additional start-up costs. These costs will vary depending on your management skills and experience, local economic conditions, competition, and local wage rates. We relied on our experience both with branch operations and franchises in compiling these estimates.

**Note 6** None of these payments are refundable. We do not provide financing for your initial investment.

**Note 7** If you purchase assets of a branch operation from us, you must pay us the purchase price for the assets under the Purchase Agreement. The purchase price will be determined depending upon the nature of the transaction, amount of business involved, the type and amount of assets and/or accounts you purchase from one or more of our branch operations. During the last fiscal year, we did not sell branch operations as part of a sale of a franchise.

**Note 8** No payments are made to any Canteen Affiliate.

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## ITEM 8

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

Although we do not designate or require approval of any suppliers from whom you must purchase and/or lease equipment or purchase products, we encourage you to utilize our designated suppliers and distributors. We have established and continue to establish, in our sole judgment, standards and specifications for many of the products, items and services used in the development and operation of a Canteen franchise, and for the direct and indirect sources of supply or distribution of most of those items. These requirements help assure the quality and consistency of the goods and services provided by Canteen franchises, and protect and enhance the image of the Canteen System. These specifications will be made available to you, from time to time, as we deem advisable. We do not issue specifications and standards regarding suppliers since you are permitted to contract with alternate suppliers, but we will notify you of the list of our designated suppliers and distributors with whom we have purchasing deals on at least a quarterly basis or upon your request. Since we do not require approval of the suppliers you may select, there are no fees to be paid to us and no approval procedures you must follow. You will receive the benefit of a lower Royalty Fee provided that (i) 85% or more of all of your purchases are in compliance with our System and from our approved suppliers and distributors as we designate from time to time, (ii) you implement at least 85% of our Plan-O-Gram, and (iii) you utilize Canteen's designated purchasing co-op, currently Foodbuy, LLC, to purchase eighty-five percent (85%) or more of all products Franchisee sells and report such sales to the designated purchasing co-op. A Plan-O-Gram is a quarterly plan designed to optimize consumer satisfaction and off-take, as well as to maximize profitability while allowing local flexibility. The Plan-O-Gram is a mix of required and optional vending products and items that is changed from time to time to reflect consumer preferences and new products being introduced into the market. To calculate the 85% compliance with our System and Plan-O-Gram, we will not take into consideration your purchases of products and supplies outside of our System and Plan-O-Gram if those non-compliant purchases are due to an express requirement of the vending account for which you are purchasing the products or supplies. We may in the future, depending upon the nature of the transaction, geographical restrictions and/or Account restrictions, negotiate the compliance rate for purchasing in our form of Franchise Agreement.

You do not have to purchase or lease any products or equipment from us or our affiliates or from any other source unless you choose to participate in one of our branded product programs, so neither we nor our affiliates derive revenue or other material consideration from any required purchase or lease. You may use your own existing equipment as long as it is in good condition in accordance with our standards or may purchase and/or lease it from any vending manufacturer. However, if you choose to accept a subcontract to service an account with whom we or our Affiliate holds the master agreement, you may be required to purchase or lease equipment, hardware or software from us, our Affiliate, or a vendor approved by us. We estimate that 3% of all of your purchases and leases in establishing and operating the franchised business will be for these required purchases or leases. Further, if you participate in one or more of our Branded Programs or test market products, we may designate any sources (including the distributors), brands or types of food products which you must sell. Depending on your geographic area, we may be the only approved supplier for Branded Program products. We will notify you of our approval or disapproval of alternate supplier within 30 days after we receive your request to use an alternate supplier. There are no suppliers in which an officer of ours owns an interest.

We are not aware of any purchasing or distribution cooperatives in this business. In the course of our business we negotiate purchase arrangements for the benefit of our branch operations. Currently, we conduct most of our purchasing activities through our Affiliate, Foodbuy. We pay a fee to Foodbuy to conduct such purchasing activity. The purchases we make on behalf of you and our other Canteen franchisees would also be conducted through Foodbuy. If you purchase food or other consumer products or services from our suppliers, including Foodbuy, through us, you may get the benefit of our pricing and, if suppliers provide rebates based on your purchase of products (other than branded products as described below) or services, we will generally, and unless otherwise specified to you in writing, pay you your pro rata share of the rebates we receive less a reasonable administrative fee for our services. From time to time, however, we have the right to provide to our Canteen franchisees a special purchasing program that changes the amount and way franchisee rebates are remitted to you. Such special program may entail remitting rebates to a franchisee based upon the individual franchisee's actual growth in purchases of certain products regardless of the amount of rebates we receive from the supplier based on your purchases. If we receive other benefits from suppliers, such as allowances, early payment

discounts, signing bonuses or incentives, we are under no obligation to provide these benefits to you. If we also receive rebates from equipment suppliers based, in part, on your purchases of equipment from the supplier, we will pay you, unless otherwise specified to you in writing, your pro rata share of any rebates we receive less a reasonable administrative fee for our services. Because of the number of suppliers and variety of arrangements, we are unable to estimate the precise basis of all rebates we receive. During the period October 1, 2020 through September 30, 2021, however, Compass' total revenues were \$5,457,754,039 and Compass received total rebates from suppliers based on purchases by franchisees equal to approximately \$168,197,130, of which Compass retained \$37,803,113 in administrative fees and returned \$130,394,107 to franchisees. In addition, \$2,901,079 of the \$168,197,130 in total rebates was received from vending equipment manufacturers based on purchases by franchisees. Of the \$168,197,130, Canteen received approximately \$167,848,213 and retained approximately \$37,464,241 in administrative fees. Of the \$2,901,079 of vending equipment rebates, Canteen received \$2,856,866.

Canteen One, an affiliate of ours, may receive volume or supplier growth incentives from various suppliers based upon the purchases by its network of vending and cart operators at locations serviced by Canteen One. If you become a vendor of Canteen One and sign the Master Subcontract Agreement attached to this Disclosure Document as Exhibit M, you must agree that in all vending machines and similar equipment that you operate under the Master Subcontract Agreement or any other agreement between you and Canteen One (including any agreement to which you may succeed by way of your acquisition of another business), you will sell such products and brands of products, in such package sizes, as we may specify from time to time by written notice to you. For the avoidance of any doubt in that regard, we may specify such products, brands and package sizes in our sole and absolute discretion, and you must purchase applicable food and other items from approved suppliers of these branded products. In addition, the supplier growth and other financial incentives that Canteen One receives from such purchases you make when servicing a Canteen One' account or facility are retained by Canteen One and we are under no obligation to provide these benefits to you under the Franchise Agreement or under the Master Subcontract Agreement.

If you purchase a branch operation we may, in some cases, allow you to lease the premises from us. Except as disclosed, we do not receive any other payments based on required purchases by franchisees.

We have developed and continue to enhance an online information, reporting, document share, and royalty calculating system, which we refer to as "FISH," which is an acronym for "Franchise Information Systems Hub". FISH allows franchisees to log onto the system and input its sales, calculate the fees owed to us, and upload any other required information. FISH also allows us, among other things, to send you messages about information relating to the franchise system and/or of interest to franchisees. You must have a computer system with internet access to allow you to use the FISH solution, but Canteen does not require you to purchase computer hardware or software from a particular source. There are no fees for access to FISH. At this time, you may not send payments to us through FISH. Please refer to Item 11 under the heading "Computer Systems" for additional details about required purchases of computer and communications devices.

We currently use a website which we refer to as "MyCompass," that allows franchisees to log onto the website to obtain current news, communications, and information that will be useful in the franchisee's vending operation. The cost for access to this site is approximately \$80.00 a year per user. You are not required to use MyCompass.

You must purchase insurance from carriers with an A.M. Best rating of A- VIII or better as follows. The Commercial General Liability ("CGL") insurance policies shall be written on Insurance Services Office ("ISO") occurrence from CG 00 01 01 96 (or substitute form providing equivalent coverage) and shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury, liquor liability and liability assumed under an insured contract with Combined Single Limit of at least \$5,000,000 per occurrence and in the aggregate. If a general aggregate exists, it shall apply separately to each location; Workers Compensation with statutory limits provided for workers compensation and employer's liability with minimum amount of \$500,000 per employee, \$500,000 per accident, \$500,000 policy limits; Business Automobile written on ISO form CA 00 01, CA 00 05, CA 00 12, CA 00 20, or a substitute form providing equivalent liability coverage with a combined single limit of at least \$5,000,000 per accident – such insurance shall cover liability arising out of any auto (including owned, hired and non-owned autos); and Commercial Property insurance with standard all risk coverage on a replacement cost

basis. On occasion, depending on the circumstances, we may negotiate the limits and coverage we require. Liability Limits can be satisfied by a combination of primary and excess policies. All existing franchisees have been given a period of time to obtain the levels of insurance we require.

Canteen and its Affiliates, and their respective directors, officers, employees, agents and shareholders shall be included as additional insured under the above insurance policies, except workers compensation and employer's liability, using ISO additional insured endorsement CG 20 26 and CG 20 37 or substitute providing equivalent coverage for the CGL and commercial umbrella, if needed and CA 20 48 or substitute providing equivalent coverage for the Business Auto. The insurance shall apply as primary and noncontributory insurance with respect to any other insurance or self-insurance programs afforded Canteen and its Affiliates. If the CGL and Umbrella states that it is excess or pro-rata, the policy shall be endorsed to be primary and noncontributory with respect to the additional insured. With all required coverage, Franchisee and its insurance carriers waive all rights against Canteen and its Affiliates, and their respective directors, officers, employees, agents and shareholders for recovery of damages.

You must deliver to us a certificate showing such insurance to be in effect and naming as additional insureds Canteen and its Affiliates, and their respective directors, officers, employees, agents and shareholders. Certificate shall also show that waiver of subrogation has been granted in favor of Canteen and its Affiliates and the insurance shall apply as primary and noncontributory with respect to any other insurance or self-insurance afforded Canteen and its Affiliates. All certificates of insurance shall provide for 30 days' written notice to Canteen prior to the cancellation or material change of any insurance policy.

You must cooperate fully in the promotion, protection and maintenance of our goodwill and, under the Canteen Franchise Agreement, the goodwill associated with the name "CANTEEN" and the other trade names, trademarks and service marks listed in the Franchise Agreement by selling products of high quality and cleanliness and which have consumer acceptance, in full compliance with all applicable federal, state and local requirements.

Other than allowing you to take advantage of our purchasing arrangements, we do not provide material benefits such as renewal or additional franchises, to any franchisees for purchasing products or equipment through us.

Under the Threshold Franchise Agreement, your right to use the trademark "CANTEEN" and certain other marks, as well as your right to use certain patents owned by Canteen or its affiliates, may be limited or denied.

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## ITEM 9

### FRANCHISEE'S OBLIGATIONS

This table 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 items of this Disclosure Document.

OBLIGATION	SECTION IN AGREEMENT <sup>1</sup>	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Section 2.1; Lease (Ex. D); Assignment of Lease (Ex. E)	Items 11 & 12
b. Pre-Opening purchase/leases	Not Applicable	Items 7 & 8
c. Site development and other pre-opening requirements	Not Applicable	Items 7 & 11
d. Initial and ongoing training	<b><u>Under the Canteen Franchise Agreement:</u></b> Sections 5.1; 5.2  <b><u>Under the Threshold Franchise Agreement:</u></b> Section 5.1	Item 11
e. Opening	Not Applicable	Item 11
f. Fees	<b><u>Under the Canteen Franchise Agreement:</u></b> Sections 3; 5; 8.2.10; 9.1.7; 10.3  <b><u>Under the Threshold Franchise Agreement:</u></b> Sections 3; 5; 8.1.5; 8.2.1; 9.1.7, 10.3  Asset Purchase Agreement (Ex. B) Section 3	Items 5, 6 & 7
g. Compliance with standards and policies/Operating Manual	Section 6	Item 8 & 11
h. Trademarks and proprietary information	<b><u>Under the Canteen Franchise Agreement:</u></b> Sections 1.1; 4; 7.1; 7.3  <b><u>Under the Threshold Franchise Agreement:</u></b> Section 4	Items 13 & 14
i. Restrictions on products/services offered	<b><u>Under the Canteen Franchise Agreement:</u></b> Section 2.2; 2.4; 2.5; 5.3  <b><u>Under the Threshold Franchise Agreement:</u></b> Sections 2.1; 2.2; 5.2	Items 8 & 16

OBLIGATION	SECTION IN AGREEMENT <sup>1</sup>	DISCLOSURE DOCUMENT ITEM
j. Warranty and customer service requirements	Not Applicable	
k. Territorial development and sales quotas	<p><b><u>Under the Canteen Franchise Agreement:</u></b> Sections 2.3; 6.2</p> <p><b><u>Under the Threshold Franchise Agreement:</u></b> Sections 2.1; 6.1</p>	Item 12
l. Ongoing product/service purchases	<p><b><u>Under the Canteen Franchise Agreement:</u></b> Sections 5.3; 5.4; 6.3; 6.4</p> <p><b><u>Under the Threshold Franchise Agreement:</u></b> Sections 5.2; 5.4; 6.2; 6.3</p>	Item 8
m. Maintenance, appearance and remodeling requirements	<p><b><u>Under the Canteen Franchise Agreement:</u></b> Sections 6.1; 6.4</p> <p><b><u>Under the Threshold Franchise Agreement:</u></b> Sections 6.1; 6.3</p>	Item 8
n. Insurance	<p><b><u>Under the Canteen Franchise Agreement:</u></b> Section 6.9</p> <p><b><u>Under the Threshold Franchise Agreement:</u></b> Section 6.6</p>	Items 6 & 8
o. Advertising	<p><b><u>Under the Canteen Franchise Agreement:</u></b> Section 6.5; 6.6</p> <p><b><u>Under the Threshold Franchise Agreement:</u></b> Sections 6.4; 6.5</p>	Item 11
p. Indemnification	<p><b><u>Under the Canteen Franchise Agreement:</u></b> Section 6.13</p> <p><b><u>Under the Threshold Franchise Agreement:</u></b> Section 6.9</p> <p>Asset Purchase Agreement Section 14 (Exhibit B)</p>	Item 6
q. Owner's participation / management / staffing	<p><b><u>Under the Canteen Franchise Agreement:</u></b> Sections 6.1; 6.2</p> <p><b><u>Under the Threshold Franchise Agreement:</u></b> Section 6.1</p>	Item 15
r. Records and Reports	<p><b><u>Under the Canteen Franchise Agreement:</u></b> Sections 6.7; 6.8</p>	Item 6

OBLIGATION	SECTION IN AGREEMENT <sup>1</sup>	DISCLOSURE DOCUMENT ITEM
	<u>Under the Threshold Franchise Agreement:</u> Section 3.4	
s. Inspections and Audits	<u>Under the Canteen Franchise Agreement:</u> Sections 6.11; 6.12 <u>Under the Threshold Franchise Agreement:</u> Section 6.8	Item 6
t. Transfer	Section 8	Item 17
u. Renewal	Section 2.1	Item 17
v. Post-termination obligations	Sections 10, 11	Item 17
w. Non-competition covenants	Sections 7.2, 8.2	Item 17
x. Dispute Resolution	Section 10.5, Asset Purchase Agreement Section 20 (Exhibit B)	Item 17

**Note 1** Unless otherwise specified, all references are to the Franchise Agreement.

## ITEM 10

### FINANCING

Except as explained below, we generally do not offer direct or indirect financing for your purchase of a Canteen franchise.

#### Advances and Initial Franchise Fee

When you enter into a Threshold Franchise Agreement, we will advance you a certain amount (the “Advance”), the exact amount to be negotiated between you and us, but approximately ½% of your anticipated quarterly revenue, which will be repaid by offset against rebates that will become payable to you as described in Item 8 above. Your Initial Franchise Fee will also be repaid by offset against these rebates. When you enter into a Canteen Franchise Agreement, we may offer that you pay your initial Franchise Fee by offset against your rebates. The amount of the offset will equal the rebates we receive from suppliers and the offsets will continue until the rebate amounts equal the Advance and the Initial Franchise Fee. No interest will accrue on the outstanding amount of the Advance or the Initial Franchise Fee during the Term of your franchise. To the extent the Advance and the Initial Franchise Fee have not been repaid as of the date your Franchise Agreement terminates or expires, the remaining outstanding balance of the Advance and the unpaid portion of the Initial Franchise Fee will be due and payable at that time, and, if not then repaid, will bear interest at the greater of the rate of 13% simple interest or the prime rate published periodically by The Wall Street Journal beginning on the first day following the effective date of the termination or expiration of your Franchise Agreement.

#### Purchase of Branch Assets

In circumstances where you purchase one of our branch operations under the Asset Purchase Agreement

(Exhibit B), we may allow you to defer payment of a portion of the purchase price on terms and conditions negotiated by the parties or we may offer a conditional letter of credit to help the franchisee secure a loan from a third party to pay a portion of the purchase price. If we allow you to defer a portion of the purchase price or offer a letter of credit, you may be required to execute a Promissory Note in our favor and a Security Agreement whereby you grant to us a security interest in the assets and inventory we sell to you along with your personal guaranty of the amounts deferred. A form Promissory Note is attached to this Disclosure Document as Exhibit P, and a form Security Agreement is attached to this Disclosure Document as Exhibit Q. The Promissory Note contains waivers of the borrower's right of issuance, notice of dishonor or changes, notice of acceleration of maturity and you agree to continue to remain bound for the payment of principal, interest and all other sums due under the Promissory Note despite any change or changes by way of release, surrender, exchange, modification or substitution of any security. (Promissory Note, Paragraph 5). The Promissory Note and Security Agreement provide for consent to jurisdiction in North Carolina and waive the borrower's right to object to venue and claims of inconvenient forum. (Promissory Note, Paragraph 5; Security Agreement, Section 25).

### **Other Direct and Indirect Financing**

In limited circumstances, we may offer financial assistance in unique instances to existing franchisees, depending on the financial and operational status of the franchisee, the size and location of the franchise involved, and market conditions. The financial assistance would be in the form of a loan or guaranty of a note, and would help the franchisee secure a loan from a third party of franchisee's choice to cover ongoing franchise obligations, or to assist in the buyout of ownership interests, or in connection with the franchisee's acquisition of new business or as a small advancement of expected future volume allowances that we would have eventually passed back to the franchisee. The amount of the assistance offered is subject to negotiation, including an extension to the term of the franchise agreement and a prohibition on transferring the business or ownership of the franchisee, and depends upon the loan amount and the costs and fees that the lender requires in order to grant the loan. Any assistance we provide will typically be secured by satisfactory collateral, including the assets of the franchisee's business and other unencumbered assets, including the franchisee owner's personal assets. (Promissory Note, Paragraph 4). The franchisee must sign a Promissory Note and other applicable documents. During fiscal year 2021, Canteen provided a variety of repayment terms from 0 to 18 months, depending on the amount financed, the type of collateral provided, and other factors. The interest rate charged will vary depending on when financing is obtained as well as other factors, however, the annual interest rate charged by us during 2021 did not exceed 5%. The highest interest rate that we may charge is 10% annually. Any interest rate is not an annual percentage rate calculated in accordance with the Consumer Credit Protection Act ("Truth in Lending") and Regulation Z. You may prepay the financed amount, and we will not apply prepayment penalties. Upon default by franchisee, we may accelerate the balance of the note and assess attorney's fees and other costs incurred by us and associated with the collection of the debt (Promissory Note, Paragraph 4 and 6). In addition, the financing documentation contains cross-defaults to the Franchise Agreement (Promissory note, Paragraph 3) and other documentation signed by the franchisee. The borrower waives its right of issuance, notice of dishonor or changes, notice of acceleration of maturity and you agree to continue to remain bound for the payment of principal, interest and all other sums due under the Promissory Note despite any change or changes by way of release, surrender, exchange, modification or substitution of any security. (Promissory Note, Paragraph 5). The Promissory Note and Security Agreement provide for consent to jurisdiction in North Carolina and waive the borrower's right to object to venue and claims of inconvenient forum. (Promissory Note, Paragraph 5; Security Agreement, Section 25).

The financial assistance described in this paragraph is under evaluation by our management and may not be available in the future.

We have not in the past sold, assigned or discounted to a third party, in whole or in part, any note, contract or other instrument executed by a franchisee, nor do we intend to do so in the future. We do not receive payments from any person for the placement of financing for any franchisee. Except as noted above, we do not guaranty your note, lease or other obligation. We do not require a guaranty from any other entity other than the franchisee and its owners.

## ITEM 11

### **FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS and TRAINING**

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

#### **Pre-Opening Obligations for a Conversion Franchise or a Non-Conversion Franchise**

Before you open your business, we:

- (a) do not furnish assistance in (i) locating a site for your business so long as the site is within your Territory that we designate; (ii) negotiating the purchase or lease of the site, (iii) the conforming of your premises to local ordinances and building codes or obtaining any required permits; (iv) the constructing, remodeling, or decorating the premises; or (v) the hiring of your employees.
- (b) will designate your Protected Territory under the Canteen Franchise Agreement, or your Assigned Territory under the Threshold Franchise Agreement in which you may operate your business and select a site for your headquarters or warehouse. (Franchise Agreement - Section 2.1).
- (c) may, in our sole discretion, provide the training we deem advisable from time to time. (Franchise Agreement - Section 5.1).
- (d) will use reasonable efforts to make available for your purchase reasonable quantities of food, beverages and other products and equipment as further described below under our "Continuing Obligations" section.

#### **Continuing Obligations for a Conversion Franchise or a Non-Conversion Franchise**

During the operation of your business, we will provide you with the following assistance:

- (a) We will provide you with the services and information we deem appropriate from time to time in our sole discretion. Such guidance, at our discretion, will be furnished to you in the form of selected written materials (in reasonable quantities we determine), consultation by telephone during normal business hours and other assistance we determine from time to time. We may assess reasonable fees for services that we offer to you on an optional basis. (Canteen Franchise Agreement - Section 5.2; Threshold Franchise Agreement – Section 5.1).
- (b) To the extent permitted or prudent, we will make available to you purchasing offers from our suppliers, from time to time on a reasonable basis for:
  - (i) computer hardware and software we use relating to Vending Services, although we do not provide written specifications for these items. We do not, however, have to develop any software, modify or improve any software, supply any improvements or updates made to any previously developed software or, make available any hardware or software from Canteen suppliers or make available any installation, training or support services (Canteen Franchise Agreement - Section 5.2.3; Threshold Franchise Agreement – Section 5.1), and
  - (ii) We may provide you selected materials we develop at our reasonable costs, including shipping and handling. If we contract with a third party to develop these materials, we will request that the materials be made available to you at the same prices available to us. (Canteen Franchise Agreement - Section 5.2.1; Threshold Franchise Agreement – Section 5.1).



- (c) We will use reasonable efforts to make available for your purchase from suppliers directly or through us, reasonable quantities of food, beverages and other consumer products, vending and food service equipment and smallwares as described below, and services, for use in the franchise at prices and terms we establish from time to time; except that we will incur no liability to you if any suppliers are unwilling to include you in these purchasing arrangements or if at any time suppliers modify, amend or terminate any contracts, agreements or understandings with us regarding any aspect of these purchasing arrangements:
- (i) Products and Services. If purchasing programs are available, you may, on your own behalf, affect purchases of food, beverages and other consumer products and services in connection with your Authorized Services. We may provide written specifications for these items if it is part of our “Branded Programs” (see below, subsection (d)), or our Plan-O-Gram, which is a quarterly plan with a mix of required and optional vending products and items that is changed from time to time to reflect consumer preferences and new products in the market. We do not deliver or install these items for you. You will be responsible for all losses and expenses incurred in connection with your services.
  - (ii) Equipment. At your request, we may effect purchase orders on your behalf under certain purchasing programs for vending machines and parts, heavy kitchen equipment and smallwares for use in your Canteen franchise, although we do not provide you with written specifications for these items and we do not deliver or install these items (unless they are part of our “Branded Program,” which is described below in subsection (d)). You must pay directly to the supplier the total invoice charge including taxes, freight and delivery charges and payable within 10 days upon delivery of the goods, regardless whether the shipment is rejected. You are responsible for all losses and expenses incurred in connection with your purchases. (Canteen Franchise Agreement - Section 5.3; Threshold Franchise Agreement – Section 5.2) If any suppliers pay rebates to us based, in part, upon your purchases of equipment, we will pay you a pro rata share of such rebates less a reasonable administrative fee equal to a percentage of your pro rata share of the rebates. (See Item 6).
  - (iii) If any suppliers pay rebates to us based, in part, on your purchases of food and other consumer products or services (other than branded products as described in Subsection (d)) directly from the suppliers, we will, unless otherwise specified to you in writing, pay you your pro-rata share of these rebates, less our administrative fee, as described in Items 6 and 8. (Canteen Franchise Agreement – Section 5.3.4; Threshold Franchise Agreement – Section 5.2.4). From time to time, however, with respect to certain suppliers and purchasing programs, we have the right, upon written notice to you, to only remit to you rebates or incentive payments based upon your percentage of purchasing growth of a particular product or products over the past year versus the previous year, regardless of the amount of Rebates or incentives Canteen receives from suppliers. (Canteen Franchise Agreement – Section 5.3.4; Threshold Franchise Agreement – Section 5.2.4).
- (d) From time to time we may, in our sole discretion, allow you to sell certain products or services which bear proprietary marks owned by or licensed to us (“Branded Programs”). You do not have to participate in any programs if we offer them to you. If you request to participate in any Branded Programs you will be deemed to consent to the terms and conditions of the program that we or such brand owner may establish, including the payment of commissions or royalties. You must discontinue the Branded Program if we determine that you (a) have not performed satisfactorily, (b) are unable to comply with all the operating standards required, or (c) are unable to comply with all the financial and operating terms and conditions. We will determine whether any rebates will be paid in connection with any Branded Program and the amount of any rebates. (Franchise Agreement - Section 5.4).
- (e) We do not provide any assistance in establishing prices, such as setting minimum and/or maximum prices at which the franchisee must sell its products and services.

## Training

### TRAINING PROGRAM

Column 1	Column 2	Column 3	Column 4
SUBJECT	HOURS OF CLASSROOM TRAINING (Note 1)	HOURS OF ON- THE-JOB TRAINING (Note 1)	LOCATION
Route Rides		40 HOURS	Regional Location to be determined, as needed
Administrative Skills / General Business Skills	10 HOURS	30 HOURS	Regional Location to be determined, as needed
Maintenance Training		40 HOURS	Regional Location to be determined, as needed
Food / Product Safety	24 HOURS		Regional Location to be determined, as needed
District On-Site Training		56 HOURS	Regional Location to be determined, as needed
Business Overview / Corporate Office		16 HOURS	Charlotte, NC Canteen Headquarters
Sales Training	24 HOURS		Charlotte, NC

**Note 1** The hours listed are approximations over a 6-week period and will vary depending upon your experience and other relevant factors.

We may provide training on such topics and at such places and times as we designate. If we provide training in conjunction with training of our own employees and we do not charge a fee for the training, then we will not charge you a training fee, but you will be responsible for all other expense incurred by you and/or your employees including wages and compensation, costs of training materials, transportation, food, lodging and other incidental expenses. If we charge our employees a training fee, or if we contract with a third party to provide training or we sponsor training solely for our franchisees, then you shall be responsible for your pro rata share of such training fee and training material costs as well as all other expenses incurred in connection with such training, including food, lodging, transportation, wages and compensation. (Franchise Agreement – Section 5.1). To date, we have not charged our employees a training fee, but franchisees would pay \$1,000 if they elect to participate in an optional Sales Funnel 101 Training Class in Charlotte, NC several times throughout the year and conducted by Joe Leone of the Ray Leone Resource Group. The Sales Funnel 101 Training is not required for franchisees.

With respect to non-conversion franchise prospects, you, your management employee(s) and one other key employee personnel must attend and complete, to our satisfaction, an initial training program at any time before operating

your Canteen franchise. All training programs will be at times and places as may be designated by us. We will be responsible for the cost of the instructors for such initial training program but you will be responsible for all other expenses incurred by you and/or your employees including wages and compensation, costs of training materials, transportation, food, lodging and other incidental expenses. The length and content of the initial training program varies depending on the position to be assumed and the experience level of the trainee. A typical training program for you or your manager will be approximately 4 to 6 weeks in duration and will include both classroom and on-the-job training.

Operations training is conducted quarterly at our corporate offices in North Carolina and on a regional, as-needed basis under the lead direction of our National Director of Franchise Development, currently Laura Wagner. Ms. Wagner has 27 years of experience in operations training. Instructional materials include written programs and discussions. The initial training program is not mandatory for conversion franchisees, and 80% of new conversion franchisees elected to attend the Business Overview/Corporate Office training during the preceding 12 months. No additional training is required, except for training that may be required by federal, state or local law, or required by an account that you are servicing, or that we offer in connection with any of our proprietary branded programs in which you elect to participate.

The initial training program topics include those specified in the table above. This table assumes a training program of approximately 6 weeks (240 total hours) for you and your manager/key personnel. Your initial training program may vary depending upon your level of experience and other relevant factors.

The following people assist Ms. Wagner with training. Joe Costanzo, our Charlotte District General Manager, assists with Route Rides, Maintenance Training, Administrative Skills/General Business Skills, and District On-Site Training. Mr. Costanzo has 17 years of experience in field operations training. Christine Summers, our Director of Food Safety/Risk Management, assists with Food and Product Safety training. Ms. Summers has over 21 years of experience in quality assurance training. Scott Denhard, our Vice President of Business Development, assists with District On-Site Training. Mr. Denhard has more than 23 years of experience in field operations and financial systems training. The Business Overview and Corporate Training is conducted by Ms. Wagner, as well as Tim Bailey, our President of the Mid-South Region with more than 23 years' of experience in field operations training; Brenda McCall, our Division Operations Controller with more than 15 years' experience in field systems training; Ashley Kakas, our VP of Marketing with our Marketing and Merchandising department with 13 years' experience in marketing and merchandising training; Porzia Reynosa, our Canteen Connect Manager with 10 years' experience in communications training; and Joe McDonald, our Senior Sales Director Corporate Sales with more than 24 years' experience in corporate sales training.

### **Advertising**

We are not obligated to conduct advertising relating to the franchise system. We do not have an advertising fund or any advertising cooperatives and you are not required to participate in any advertising cooperative or advertising fund. We do not have an advertising council. Upon request, you must first submit to us for our approval all advertising and promotional materials which we have not prepared or previously approved. If we do not notify you of our disapproval of the materials within 30 days after receipt of them, we will be deemed to have approved the materials. We reserve the right to later disapprove in writing any advertising and promotional materials we previously approved for use by you.

### **Computer System**

You do not have to buy or use an electronic cash register. We have developed an online information, reporting, document share, and royalty calculating website, which we refer to as "FISH," which is an acronym for "Franchise Information Systems Hub." FISH allows franchisees to log onto the system and input its sales, calculate any royalty fees owed to us, and upload any other required information. You must have access to, or purchase or lease at your expense, and maintain, a computer, modem, Internet service, and other computer-related accessories or peripheral equipment and software such as telephone and power lines, an internet browser and an internet connection, sufficient to access FISH through the internet. Currently, the minimum computer requirements to access FISH are listed below.

## **COMPUTER SPECIFICATIONS**

Computer Components	Minimum Specifications
Processor (CPU)	1 GHz or faster
Memory (RAM)	2 GB (expandable)
Hard Drive	160 GB
Operating System	Vista/Windows 7
Internet Browser	Microsoft Internet Explorer 6.0 or higher, or equivalent
Internet Connection	Persistent, non-dial IP Broadband connectivity

The computer will be used for, among other functions, accessing the FISH website to record your sales, calculate royalty and other fees owed to us, and provide other recordkeeping and central functions. There is no requirement that you purchase a computer from a specific vendor or manufacturer. We estimate the cost of purchasing or leasing the required hardware and software described above will range from \$600 to \$1,000. In addition, the cost of a broadband internet connection installed with hardware is approximately \$100 per month. The approximate cost of network monitoring protection, which is recommended, is an additional \$50 per month. You will be required, at your cost, to upgrade and/or update both the hardware components of your computer and software programs or have access to such updated computers and software, to meet our system-wide changes. There are no contractual limitations on the frequency and cost of this obligation to upgrade, but we estimate an annual cost of optional or required maintenance, updating, upgrading or support services will range from \$100 to \$1000.

We will not have independent access to information generated and stored in your computer, although we will have access to any information you upload on the FISH website.

You may not advertise, offer or sell any Authorized Services containing the Marks through the Internet without first getting our written consent.

### **Manual**

Attached as Exhibit N is a copy of the Table of Contents of our Food Safety Manual (the "Manual"). We may require you to purchase, sell and use only food, beverages, products, equipment and other items in connection with your franchise from sources approved by Canteen. The Manual contains confidential standards, specifications, and procedures for the operation of your franchise. The contents of the Manual are confidential and Canteen may amend the Manual and implement changes to the System. The Manual is loaned to you for use during the term of your franchise. The Manual currently has 210 pages.

We do not have any other operating manuals for the franchisees.

### **Time Period Between Signing of Franchise Agreement and Opening of Business**

The business offered under this Disclosure Document typically will begin immediately after you sign the Franchise Agreement if you are a conversion franchise, or approximately 60 to 120 days if you are a start-up franchise. The factors which may affect this time period include the ability to acquire equipment and vehicles, obtaining necessary business permits and financing, finalizing building/warehouse lease, and compliance with local rules, zoning and regulations.

## ITEM 12

### **TERRITORY**

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Except as described below, under the Canteen Franchise Agreement attached as Exhibit A, we appoint you as our franchisee for the distribution of food, beverages and other consumer products under the “Canteen” mark within an agreed-upon territory defined in Exhibit A to the Canteen Franchise Agreement (the “Protected Territory”).

The Protected Territory typically is delineated by counties. The number of counties in a Protected Territory will vary depending upon size and other demographics. The Protected Territories range between 1 to 200 counties and is determined based upon where a franchise prospect is currently operating or desires to operate after giving consideration to where other Canteen franchisees or Canteen Affiliate’s franchisees are located.

Within the Protected Territory, you may sell food, beverages and other consumer products only through the channel(s) of distribution as specified in the Canteen Franchise Agreement and the Canteen Threshold Franchise Agreement (“Authorized Services”).

We agree not to operate, nor license another person to operate, a franchise under the Marks within the Protected Territory which provides the Authorized Services (except as explained below), as long as (a) you and your Affiliates are in compliance with the Canteen Franchise Agreement and all other agreements with Canteen and/or its Affiliates, and (b) you develop each and every county in the Protected Territory within a period of 12 months from the date of the Canteen Franchise Agreement by conducting continuous, uninterrupted operations within the county and obtaining annual Gross Sales of an amount of at least \$25,000 per county for smaller counties, to \$250,000 or more per county for larger counties (these amounts depend upon the size of the population in each county) during the term of the Canteen Franchise Agreement. In the event that you fail to develop any particular county within the Protected Territory, then you will lose the territory protection afforded for the specific county or counties undeveloped and therefore, such county or counties shall be removed from your Protected Territory (such that you shall have no further rights to operate or provide Authorized Services in such county or counties) effective upon written notice to Franchisee. Otherwise, your territorial rights are not dependent upon achievement of a certain sales volume, market penetration or other contingency.

In certain cases, we may also grant you “non-exclusive” rights to provide Authorized Services in agreed-upon counties. Non-exclusive rights may be granted in counties where two or more franchisees or our corporate branch are operating in the same county and we determine that it is practical for all to operate there because of the demographics and population of the county and the amount of business each person has. You do not have any right to use the mark CANTEEN or any other marks or our proprietary programs within the non-exclusive territory, without our consent, in our sole discretion. Your right to offer OCS Services or Food Services may also be non-exclusive depending on the territory granted, whether we and/or an Affiliate are already providing such OCS Services or Food Services, and the amount of office coffee or food business you conduct. In the event that your right to offer OCS Services or Food Services is non-exclusive, you agree that we and our Affiliates may provide, or license others to provide (under a franchise or otherwise), OCS Services or Food Services in your Protected Territory, including under Canteen’s Highland Estates system and marks or other marks.

In the Threshold Franchise Agreement attached as Exhibit C, the term “Assigned Territory” will be used in lieu of “Protected Territory”, indicating the territory in which you will be able to operate your business. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Your territorial rights are not dependent upon achievement of a certain sales volume, market penetration or other contingency.

Your Assigned Territory is typically delineated by counties. The number of counties in an Assigned Territory will vary depending upon size and other demographics. An Assigned Territory will range between a minimum of 1 county to up to approximately 200 counties and is determined based upon where a franchise prospect is currently operating or desires to operate after giving consideration to where other Canteen franchisees or Canteen Affiliate's franchisees are located. The minimum Assigned Territory granted under the Threshold Franchise Agreement includes a population base of 50,000 people and has 20 businesses, each having over 200 employees.

In the Threshold Franchise Agreement, within the Assigned Territory you may provide (a) Vending Services on an limited exclusive basis to accounts with annual gross revenues at or below \$25,000 ("Small Vending Accounts"), and on a non-exclusive basis to accounts with annual gross revenues above \$25,000 ("Large Vending Accounts"), (b) OCS Services (if we grant to you, in our sole discretion, the right to offer OCS Services), on a limited exclusive basis to Small Vending Accounts for which you are providing Vending Services ("Exclusive OCS Accounts"), and on a non-exclusive basis to other accounts, (c) Food Services (if we grant to you, in our sole discretion, the right to offer Food Services) on a non-exclusive basis to accounts with annual gross revenues for Food Services less than \$250,000, and (d) Commissary Services (if we grant to you, in our sole discretion, the right to offer Commissary Services) on a non-exclusive basis.

Under the Threshold Franchise Agreement, except for Reserved Markets and Accounts (including Third Party Management), and as long as you and your Affiliates are in compliance with the Threshold Franchise Agreement and all other agreements with Canteen and/or its Affiliates, we and our Affiliates will not operate, solicit or provide, or license another to provide (a) Vending Services to Small Vending Accounts within your Assigned Territory; or (b) OCS Services (if we grant to you, in our sole discretion, the right to offer OCS Services) in your Assigned Territory to Exclusive OCS Accounts, if we or our Affiliates do not provide or manage the provision of vending, food, or any other service to the Exclusive OCS Account. For Large Vending Accounts, all accounts which require Food Services or Commissary Services, and all accounts which require OCS Services (other than Exclusive OCS Accounts) within the Assigned Territory, Canteen and its Affiliates may provide or manage, or license another to provide, Vending Services, Food Services, OCS Services, Commissary Services, and any other services to those Accounts, and you may also provide Vending Services to those Accounts (or OCS Services, Food Services and/or Commissary Services, if we in our sole discretion grant to you the right to offer those services). Under the Threshold Franchise Agreement, you will not be authorized to use our mark "CANTEEN" or any other name or mark of ours, except with our express written consent before you use.

The Protected Territory granted to you under the Canteen Franchise Agreement and the Assigned Territory granted to you under the Threshold Franchise Agreement shall collectively be referred to in this Disclosure Document as "Territory." You agree not to compete with us and our Affiliates and provide any food, vending, office coffee or commissary services outside your Territory during the term of your Franchise Agreement. We and our affiliates may: (i) operate, and grant others the right to operate Canteen franchises outside the Territory; (ii) provide, and grant others the right to provide, services that do not comprise your Authorized Services within the Territory; (iii) operate within and outside the Territory, Vending Services, Food Services, Combined Accounts, OCS Services (excluding to Exclusive OCS Accounts), Commissary Services, Correctional Accounts (excluding Vending Services within the Territory other than as provided in the paragraphs below), Secured Delivery Services or any similar or dissimilar service businesses (excluding Vending Services within the Territory other than as provided in the paragraphs below) under trademarks or service marks, other than the Marks, owned by or licensed to us or our affiliates; (iv) grant others the right to operate, within and outside the Territory under franchises or licenses, excluding those for which the primary purpose is to sell Vending Services other than as provided in the paragraphs below; (v) warehouse and conduct within the Territory, international export operations for products and services under the Marks and maintain administration offices for that purpose; (vi) direct-ship to a client located within and outside of the Territory office coffee products and other products standard in the office coffee services industry, and related equipment and supplies; and (vii) offer and provide food and beverage equipment, product and related supplies to convenience stores, not for use with vending services. In addition, we and our Affiliates have the exclusive right to provide OCS Services to any Account operated or managed by us or our Affiliates.

Even within the agreed upon categories of Authorized Services, we reserve the exclusive right to service or license another to service certain types of accounts in your Territory including (a) all of our existing accounts and accounts we may acquire from another company by purchase, merger or otherwise; (b) Multiple Facilities Accounts (under the Canteen Franchise Agreement), i.e., those Accounts having one or more, of their facilities located or operated in your Protected Territory; (c) National Accounts, i.e., Accounts for which Canteen or its Affiliates has agreed to supply a majority of the Account's requirements for Vending Services, OCS Services and/or Food Services throughout the United States; (d) "Reserved Combined Accounts" and "Reserved Food Only Accounts". We, in our discretion, may permit you to service the accounts if we choose not service the accounts on our own behalf. "Reserved Food Only Accounts" are those accounts for which only Food Services are supplied and for which the annual revenues are, or are projected to be equal to or greater than the Revenue Threshold. "Reserved Combined Accounts" are those accounts for which both Food Services and Vending Services are supplied and with annual revenues for Food Services that are, or are projected to be, equal to or greater than the Revenue Threshold under the Canteen Franchise Agreement or the Threshold Franchise Agreement; (e) Correctional Accounts, all services (e.g., food services; Secured Delivery Services); (f) Other accounts that require the provision of (i) Secured Delivery Services; (ii) Food Service and/or Secured Delivery Services, together with any services other than Vending Services (under the Canteen Franchise Agreement); and (g) Accounts for Authorized Services for which you do not desire to provide services.

Under the Canteen Franchise Agreement and the Canteen Threshold Franchise Agreement, Canteen reserves the right to use other channels of distribution, including the Internet or direct marketing sales, to make sales within your Territory using our principal trademarks if we are soliciting business to accounts that we reserve, or offering services that you are not allowed to offer in your Territory, as described in this Item 12. In addition, Canteen reserves the right to use other channels of distribution, including the Internet or direct marketing sales, to sell within your Territory products or services under trademarks different from the ones you will use under the Franchise Agreement. We do not pay any compensation to you for soliciting or accepting orders inside your Territory. Under the Canteen Franchise Agreement and the Canteen Threshold Franchise Agreement, you do not have the right to solicit or accept orders from customers outside of your Territory, but you are able to use other channels of distribution, including the Internet or regional or national advertising mediums, if the distribution is directed to a general audience including customers in your Territory, subject to our right to approve the advertising.

In addition, Affiliates of Canteen (including Canteen One) reserve the right to manage or install or license another to manage or install Vending Services and other services comprising the Authorized Services to third parties at various accounts located in your Territory under their third party management business. Such third parties may be a competitor of yours and your franchise. During the term of your Franchise Agreement, such Affiliate(s) may offer you the opportunity to service an Account or Accounts located in your Territory under the terms and conditions as established by such Affiliate. If you consent to provide services to any such Account location(s), you must agree to provide such services on the terms and conditions established by such Affiliate or as contained in the Master Subcontract Agreement attached to this Disclosure Document as Exhibit M, including compliance with all reporting requirements and the payment of all applicable commissions negotiated by the Account, which may range from 0% to 40% of the gross sales or Net Receipts generated at such Account location(s) depending upon various factors including the type of Account, the location, services provided and other factors.

Other operating divisions of Compass currently operate businesses which provide similar goods and services under the marks "Morrison," "Touchpoint Support Services," "Canteen One," "ESS," "Crothall," "Chartwells," "Roux Fine Dining," "Coffee Distributing Corp.," "Treat America," "Eurest Dining Services" and derivatives of these marks. In particular, Compass' division, Vendlink, offers vending franchises under the name "Vendlink" in non-exclusive territories and generally to vending operators who service a majority of smaller vending accounts generating \$25,000 or less in annual sales.

Our affiliates, Flik International Corp., Unidine Corporation, Gourmet Dining, LLC, Lackmann Culinary Services, Culinart Group, Cosmopolitan Catering, LLC and Bon Appetit Management Company operate executive dining, catering and contract food services under the marks "Flik," "Unidine," "Bon Appetit" or "Bon Appetit Management Company," "Gourmet Dining," "Culinart," "Cosmopolitan Catering," and "Lackmann." Also, our

affiliate, Morrison Management Specialists, operates health care and senior dining food service businesses under the “Morrison” “Morrison Senior Living” and “Morrison Healthcare” name and marks. Our affiliate, Levy Restaurant LP and its related companies operate contract food services, special event catering, restaurant and concession services under the name and mark “Levy”. In some food service operations, operating divisions of Compass and Compass affiliates also operate as a franchisee or licensee of a number of quick-casual and fast food or coffee chains, including national brands such as Burger King, Jamba Juice, Quizno’s, Subway, Taco Bell, Wendy’s, Caribou Coffee, Peet’s Coffee, Starbucks, Einstein’s Bagels, Papa John’s Pizza, Salsarita’s and Panda Express, among many others. Another affiliate, RAC Holdings Corp., and its subsidiaries operate stand-alone restaurants, executive dining services, special events catering and other contract food catering services. An affiliate company, ESS Support Services operates food services and catering services to Alaskan off-shore oil platforms. Our affiliate, Crothall Services Group (“CGS”), is a facilities management company that performs a variety of services including housekeeping, patient transportation, engineering and maintenance and energy and asset management. These affiliates may operate, and license others to operate, businesses within or outside the Territory under these and any other trademarks or service marks that they may adopt, and we and our affiliates are under no obligation to permit or license the use of these other marks to you. Under the “Fresh to You From” program, the owners of the Trademarked Products may operate restaurants in your Territory.

Except as described above and described in Item 16, Canteen does not otherwise operate or franchise the operation of, or have any present plans to operate or franchise the operation of, any business within your territory selling goods or services similar to or competitive with those you will offer under different tradenames or trademarks. Compass may, in the future, however, use and license others to use the mark “Eurest,” “Morrison,” “Chartwells,” or another mark for contract food service within your territory. Compass also may provide, and license others to provide, contract food service under these and other marks outside your territory. All rights not expressly granted to you are reserved to Compass and its Affiliates.

The Franchise Agreement does not grant you any options, rights of first refusal or similar rights to acquire additional franchises within your Territory or contiguous territories. We will approve relocation of your business if the new location meets our criteria for establishing a new franchisee in that geographic location.

### **ITEM 13**

#### **TRADEMARKS**

Under the Threshold Franchise Agreement, you are not granted any right to use any trademarks or service marks owned by us or our affiliates, including in connection with your corporate name or trade name, or on your stationery, business cards, sales materials, vending machines, equipment, vehicles or trucks. You will operate under your corporate name. We will allow you to identify yourself as a franchisee under the “Canteen” name only in internal communications with us, our affiliates, and our designated distributors or suppliers, but not to any other third party. These limitations also apply under the Canteen Franchise Agreement within any territory in which we grant you the non-exclusive right to offer services, in competition with us or other franchisees.

Under the Canteen Franchise Agreement, the principal trademarks licensed to you are the trademark, service mark and logo forms of “CANTEEN” listed below. The principal trademarks are registered on the Principal Register with the United States Patent and Trademark Office (“USPTO”) as follows:

- (a) CANTEEN Trademark  
Reg. No. 562,516 issued August 5, 1952
- (b) CANTEEN Trademark  
Reg. No. 701,771 issued July 26, 1960



- (c) CANTEEN Service Mark  
Reg. No. 2,842,926 issued May 18, 2004
- (d) CANTEEN (and Logo Design) Service Mark  
Reg. No. 852,057 issued July 2, 1968
- (e) Logo Design Service Mark  
Reg. No. 3,017,439 issued November 22, 2005
- (f) CANTEEN Service Mark  
Reg. No. 3,053,219 issued January 31, 2006
- (g) C CANTEEN (and Logo Design) Service Mark  
Reg. No. 4,265,787 issued December 25, 2012
- (h) AVENUE C Service Mark  
Reg. No. 4,325,293 issued April 23, 2013
- (i) CANTEEN (and Logo Design) Service Mark  
Reg. No. 6,125,546 issued August 11, 2020

All required affidavits of use have been filed and all registrations have been renewed as required.

There are presently no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court involving any of our trademarks, service marks or logo forms. There are no pending infringement, opposition or cancellation proceedings, nor any pending material litigation involving any of the trademarks, service marks or logo forms listed above.

There are no agreements currently in effect which significantly limit our rights to use or license the use of any trademarks, service marks or logo forms in any manner material to the franchise.

During the term of your franchise and after its termination or expiration, whether singularly or in concert with others, (a) you may not assert any entitlements to goodwill or any interests in and to the Marks, (b) your use of the Marks and any goodwill established in doing so will inure to our exclusive benefit, (c) you may not contest the validity or ownership of any Marks or any names, logos, trademarks, trade dress, service marks, or trade names now or later owned by or licensed to us or our Affiliates, (d) you may not perform any action, direct or indirect, which might prejudice or adversely affect the validity or value of the Marks or our ownership of it, (e) you may not apply for, seek registration of, or take any other action to establish in yourself or others(s) any ownership, equitable, or beneficial rights in the Marks, or in any service mark, trade name, trade dress, trademark, word, symbol, letter, or design confusingly similar to the Marks or any other trademarks, trade names, service marks, logos or names owned by us or our Affiliates, and (f) you may not use any Mark (or any abbreviation, modification or colorable imitation) as part of any corporate or legal business name or in any other manner (including as an electronic media identifier, such as websites, web pages or domain names) not expressly authorized by us in writing.

Under the Canteen Franchise Agreement, you must use the Marks only in accordance with the Standards (as defined in the Canteen Franchise Agreement) or such directives or prescriptives as are issued from us from time to time, and you must identify yourself as the independent owner of it in the manner as we prescribe. You must acknowledge that whether or not registered, the Marks are the property of Canteen and agree that you will not employ the Marks (or any abbreviation, modification or colorable imitation of it) for any purpose, including but not limited to, employing any such Mark as part of any corporate or legal business name or in any other manner, except as expressly authorized in writing by us.

We are not obligated under the terms of the Canteen Franchise Agreement to protect your right to use the principal trademarks listed in this Item 13, nor are we obligated to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by use to you, or if the proceeding is resolved unfavorably to you. You must immediately notify us of any apparent infringement of or challenge to your use of any Mark, or a claim by any person of any rights in any Mark. You may not communicate with any person other than us and our counsel in connection with any infringement, challenge or claim. We will have sole discretion to take the action we deem appropriate and will have the right to control exclusively any litigation or USPTO or other administrative proceeding arising out of any infringement, challenge or claim relating to any Mark. You must execute all instruments and documents necessary to protect and maintain our interests in any litigation or USPTO or other proceeding or otherwise to protect and maintain our interests in the Marks. If we require you at any time in our sole discretion to modify or discontinue use of any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will have no liability or obligation at all with respect to your modification or discontinuance of any Mark or promotion of a substitute trademark or service mark.

We currently know of no superior rights or infringing uses that could materially affect your use of the principal trademarks.

#### **ITEM 14**

### **PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

Under the Threshold Franchise Agreement, there are no patents or licenses to patents that are material to the franchise because you are not granted any right to use any patents owned by us or our affiliates. Under the Canteen Franchise Agreement, we do not own any patents or licenses to patents that are material to the franchise. We claim copyrights in certain manuals (including the Manual), computer software, advertising materials and related items which you may use in operating the franchise business. We do not own any rights to any registered copyrights which are material to the franchise.

We have proprietary rights in know-how, processes, products and other data, techniques and information related to the operation of our facilities, which we may provide to you under the Franchise Agreement or our Manual. We reserve all rights which we have to these items. When you sign the Franchise Agreement, you agree not to disclose or make any unauthorized use of any of this proprietary, secret or confidential information.

#### **ITEM 15**

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

You, or a designated representative satisfactory to us, must personally and actively supervise the affairs, management and operation of the franchise business under to the terms of the Franchise Agreement. This designated representative need not have an equity interest in the franchise business, but must have relevant business experience and agree in writing to preserve the confidentiality of any confidential information to which you have access. No training is required of the designated representative except for any food safety training that may be required by local, state or federal law. You must exert your best efforts to fully exploit the business potential of your franchise throughout the Protected Territory by, among other things, obtaining and servicing as many accounts for the Authorized Services as possible throughout the Protected Territory and maximizing sales of products in those accounts.

If you are a corporation, limited liability company or partnership, all of your owners must personally guarantee your obligations under the Franchise Agreement and agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement. This “Owners’ Guaranty” is attached to the Franchise Agreement. Your managers and employees also must sign any nondisclosure agreements we prescribe. We have in the past and may in the future, depending upon the nature of the transaction, amount of business involved, the type and amount of assets and/or accounts you purchase from one or more of our branch operations, negotiate the material terms of our form of Owners’ Guaranty, including such items as its scope. Your spouse will be required to sign the Owners’ Guaranty if your spouse is an owner of the franchise company.

During the Term of your Franchise Agreement, you may not have any interest in or render services or give any advice to: (a) any person or entity providing Vending Services or otherwise managing the provision of Vending Services to Accounts located outside the Protected Territory; (b) any Competitive Business located anywhere within the United States; or (c) any entity located anywhere which grants franchises, licenses or other interests to others to operate any Competitive Business within the United States; provided, however, such ownership restrictions do not apply to the ownership of a Competitive Business whose shares of a class of securities are listed on a stock exchange or traded on the over the counter market and such ownership represents less than 5.0% of that class of securities. “Competitive Business” means any business that offers, sells or manages the offer or sale of Vending Services, Food Services, OCS Services or SDS Services, or any other business that offers or manages services the same as or similar to the services provided now or later by us or any of our Affiliates, including but not limited to the Reserved Markets and Accounts. You also may not divert business or accounts to a Competitive Business.

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## ITEM 16

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

The Franchise Agreement authorizes you to offer a limited scope of services. The exact scope of those authorized services under the Canteen Franchise Agreement includes 5 categories which the parties may select before signing the agreement. The parties' agreement is evidenced by checking the box next to the appropriate category and initialing in the margin. The 5 categories under the Canteen Franchise Agreement generally are:

- (1) Vending Only Accounts which are accounts requiring the supply of Vending Services only. "Vending Services" means one or more of the following services: (a) installing and servicing vending machines that offer food, beverages, and other consumer products; (b) cooperative vending services whereby vending machines and products are sold or leased to accounts that operate the machines; or (c) providing and servicing automated or unattended environments for the purchase of food, beverages and other consumer products as part of a self-checkout vending market, such as those offered under the tradenames Avanti, 365, Company Kitchen, Breakroom Provision, Avenue C, Verii, Smart Market, etc.
- (2) Food Only Accounts which are accounts (a) for which only Food Services are supplied, and (b) with annual revenues that are, or are projected to be, less than the Revenue Threshold (currently \$250,000). "Food Services" include the provision of contract food, executive dining, catering services, cafeteria, food delivery, temporary locations and cart services, concessions, as well as private, local, state or federal nutrition programs which may involve home delivery programs or congregate delivery programs. Food Only Accounts does not include convenience stores, unless Canteen otherwise agrees. Your right to provide Food Services to Food Only Accounts may be non-exclusive.
- (3) Combined Accounts which are accounts (a) for which both Vending Services and Food Services are supplied and (b) with annual food revenues that are, or are projected to be, less than the Revenue Threshold.
- (4) Office Coffee Service Accounts which are accounts for which non-coin operated office coffee and/or refreshment services ("OCS") are supplied within the Protected Territory, and do not include convenience stores, unless Canteen otherwise agrees. Your right to provide OCS to Office Coffee Services Accounts may be non-exclusive.
- (5) Correctional Accounts (if we grant to you, in our sole discretion, the right to offer Food Services or Secured Delivery Services to Correctional Accounts). "Correctional Accounts" are those accounts in the penal services market, including without limitation, all correctional and prison facilities whether county, state or federal. "Secured Delivery Services" means, on behalf of an Account, the supply of consumer products for inmate use at correctional institutions.

The scope of the authorized services under the Threshold Franchise Agreement generally includes the following services:

- (1) Vending Services on a limited exclusive basis to accounts with annual gross revenues at or below \$25,000 ("Small Vending Accounts").
- (2) Vending Services on a non-exclusive basis to accounts with annual gross revenues above \$25,000 ("Large Vending Accounts").
- (3) OCS Services (if we grant to you, in our sole discretion, the right to offer OCS Services), on a limited exclusive basis to Small Vending Accounts for which you are providing Vending Services ("Exclusive OCS Accounts"), and on a non-exclusive basis to other accounts (excluding convenience stores, unless Canteen otherwise agrees).

- (4) Food Services (if we grant to you, in our sole discretion, the right to offer Food Services) on a non-exclusive basis to accounts with annual gross revenues for Food Services less than \$250,000, (excluding convenience stores, unless Canteen otherwise agrees).
- (5) Commissary Services (if we grant to you, in our sole discretion, the right to offer Commissary Services) on a non-exclusive basis. “Commissary Services” means the preparation of fresh food products that are packaged in a wrapping, bag, box, or other container that can be picked up quickly and eaten “on the go,” and the sale of such products to vendors in bulk for sale in vending machines, “grab and go” display cases, or convenience stores.

In addition, we may offer you the right to sell janitorial products such as cleaning solutions and supplies, paper products such as towels and tissues, and trashcans and can liners, to the accounts for which you provide authorized services, within your Territory, so long as we or our Affiliates do not also provide facilities management, cleaning, or related services to that account.

Even within the agreed upon categories of Authorized Services, we reserve the exclusive right to service or allow others to service certain types of accounts in your Territory. These generally are as follows:

- (a) All of our existing accounts and any accounts we may acquire from another company by purchase, merger or otherwise.
- (b) Under the Canteen Franchise Agreement, Multiple Facilities Accounts, i.e., those Accounts for which Canteen or its Affiliates (a) has agreed to supply Vending Services, Food Services and/or OCS Services on behalf of at least two facilities operated by such Account in the United States, and (b) one or more, but not all of such facilities are located or operated in your Protected Territory. We or our Affiliate or designee may provide Vending Services, Food Services, OCS Services, and/or Secured Delivery Services or any other services at any facilities of the Multiple Facilities Account located in your Protected Territory without offering you the opportunity to provide these services, or we may allow you to provide services to the facilities of the Multiple Facilities Account located in your Protected Territory.
- (c) National Accounts, i.e., those Accounts (or group of related Accounts) for which Canteen or its Affiliates has agreed to supply a majority of the Account’s requirements for Vending Services, Food Services, and/or OCS Services on behalf of at least two facilities operated by such Account throughout the United States, which services may now or later include Account facilities located or operated within the Territory. We or our Affiliate may provide Vending Services, Food Services, OCS Services, and/or Secured Delivery Services or any other services at any facilities of the National Account located in your Territory without offering you the opportunity to provide these services.

Should we allow you to service a National Account and/or a Multiple Facilities Account, we may require you to discontinue providing service to the National Account or Multiple Facilities Account in your Territory if we determine, in our sole discretion, that you have not provided the services satisfactorily, or are unable to comply with the operating standards required by Canteen for the account, or are unable to comply with all the financial and operating terms and conditions of the account.

We reserve the right to determine the commission and other financial arrangements of all National Accounts and Multiple Facilities Accounts, but you do not have to accept our offer for you to service the facilities of National Account or Multiple Facilities Account located in the Territory. If, however, you consent to provide services to a National Account or Multiple Facilities Account, you must do so on the terms and conditions we establish. If the terms of a National Account or Multiple Facilities Account require payment of a commission or other consideration by Canteen to the account, you must provide us, by the 10<sup>th</sup> day of the Canteen Period, a written report of Gross Sales made during the previous Canteen Period along with the full amount of the

commission or other consideration owed. In addition, if you service a National Account or Multiple Facilities Account, you agree to pay us, when applicable, an annual administrative fee ranging from 2% to 5% of Gross Sales.

(d) Despite any rights granted to you to offer OCS Services, we have a right to provide OCS Services to any Account operated or managed by Canteen or any of its Affiliates within your Territory, and you will not have the right to provide OCS Services to those Accounts. In the event your Authorized Services include the right to offer OCS Services on a non-exclusive basis, you agree that we and our Affiliates may provide, or license others to provide (under a franchise or otherwise), OCS Services in your Territory, including under Canteen's Highland Estates system and marks. You will have no rights to use the Highland Estates system or marks without our consent.

(e) All so-called "Reserved Combined Accounts" and "Reserved Food Only Accounts" under the Canteen Franchise Agreement. We, in our discretion, may permit you to service the accounts if we choose not service the accounts on our own behalf. "Reserved Food Only Accounts" are those accounts for which only Food Services are supplied and for which the annual revenues are, or are projected to be equal to or greater than the Revenue Threshold. "Reserved Combined Accounts" are those accounts for which both Food Services and Vending Services are supplied and with annual revenues for Food Services that are, or are projected to be, equal to or greater than the Revenue Threshold.

(f) Under the Canteen Franchise Agreement, Correctional Accounts, all services (e.g., food services; Secured Delivery Services) excluding vending, unless we grant to you the right to provide Food Services or Secured Delivery Services to Correctional Accounts.

(g) Under the Canteen Franchise Agreement, other accounts that require the provision of (i) Secured Delivery Services; (ii) Food Service and/or Secured Delivery Services, together with any services other than Vending Services.

(h) Accounts for Authorized Services for which you do not desire to provide services.

In addition, Affiliates of Canteen (including Canteen One) reserve the right to manage, install or license another to manage or install Vending Services and other services comprising the Authorized Services to third parties at various accounts located in your Territory under their third party management business. Such third parties may be a competitor of yours and your franchise. During the term of your Franchise Agreement, such Affiliate(s) may offer you the opportunity to service an Account or Accounts located in your Territory under the terms and conditions as established by such Affiliate. If you consent to provide services to any such Account location(s), you must agree to provide such services on the terms and conditions established by such Affiliate or as contained in the Master Subcontract Agreement attached to this Disclosure Document as Exhibit M, including, without limitation, compliance with all reporting requirements and the payment of all applicable commissions negotiated by the Account, which may range from 0% to 40% of the gross sales or Net Receipts generated at such Account location(s) depending upon various factors including the type of Account, the location, services provided and other factors.

Regardless of the scope of "Authorized Services" and the exceptions described above, you may continue to service accounts under the Canteen Franchise Agreement as long as you (a) either are servicing the account when you sign the Canteen Franchise Agreement or you intend to begin servicing the account within 60 days after signing the Franchise Agreement, and (b) you have disclosed to us in writing the identity and location of the accounts before you sign the Canteen Franchise Agreement. You may continue to service accounts under the Threshold Franchise Agreement as long as you have disclosed to us in writing the identity and location of the accounts before you sign the Threshold Franchise Agreement. However, if your existing contract for the Account terminates or expires, and the annual gross revenues of the Account is greater than \$25,000, then we and our affiliates may solicit and provide any services to those accounts, or license others to solicit and provide services to those accounts. In addition, under the

Threshold Franchise Agreement, we and our affiliates can compete against you and may solicit and provide services to any vending account with annual gross revenues above \$25,000.

We do not have the right to change the types of Authorized Services you provide after you sign the Franchise Agreement. If you participate in our Branded Programs, we may change the types of goods and services you provide under the program at any time. There are no limits on our right to do so.

Despite anything contained in this Item 16 to the contrary, in limited circumstances, we may negotiate with you before the signing of your Franchise Agreement a limitation on your right to access the various accounts listed above, including without limitation Multiple Facilities Accounts and National Accounts. Any such changes to our standard Franchise Agreement will be incorporated into the Franchise Agreement.

## ITEM 17

### RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

#### THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN FRANCHISE or OTHER AGREEMENT	SUMMARY
a. Length of the franchise term	Section 2.1	<p><b><u>Under the Canteen Franchise Agreement:</u></b> 15 years.</p> <p><b><u>Under the Threshold Franchise Agreement:</u></b> 5 years.</p> <p>A different period of time may be mutually agreed to between the parties. In limited circumstances, the term may be for a very short period, with a right granted to the franchisee to extend the term for a substantially longer period, to be negotiated between the parties.</p>
b. Renewal or extension of the term	Section 2.1	Franchise automatically renews for successive 10 year terms with terms and conditions of the then-current Franchise Agreement or as the parties may otherwise agree to, unless we or you give the other 18 months notice of an election not to renew.
c. Requirements for franchisee to renew or extend	Section 2.1	“Renewal” means the automatic extension of the franchise agreement after the expiration of the franchisee’s initial term of the existing agreement. To renew, you may be asked to sign an amendment with materially different terms and conditions than your original contract; and you must be in compliance

PROVISION	SECTION IN FRANCHISE or OTHER AGREEMENT	SUMMARY
		with your original contract; and you and your owners execute a general release.
d. Termination by franchisee	<p><b><u>Under the Canteen Franchise Agreement:</u></b> Section 2.3</p> <p><b><u>Under the Threshold Franchise Agreement:</u></b> Not Applicable</p>	You do not have a right to terminate the Franchise Agreement; however, under the Canteen Franchise Agreement, in the event that you fail to provide continuous services in the territories granted to you, then you will lose the territory protection.
e. Termination by franchisor without cause	Section 2.1.1	We may terminate upon 60 days written notice and the payment to you of the lesser of one year's Royalty Fee payments and \$200,000.
f. Termination by franchisor with cause	<p><b><u>Under the Canteen Franchise Agreement:</u></b> Section 2.3; Section 10</p> <p><b><u>Under the Threshold Franchise Agreement:</u></b> Section 10</p>	We can terminate the franchise only for certain causes. In addition, under the Canteen Franchise Agreement, if you fail to provide continuous services in the territories granted to you, then you will lose the territory protection.
g. "Cause" defined – curable defaults	Section 10.1	You have 72 hours to cure health, safety or sanitation violations, 30 days to cure for non-reporting or nonpayment of amounts due to us and 30 days to cure nonpayment to an unaffiliated supplier, failure to comply with restrictions relating to use of the Marks, or other failures to perform under the Franchise Agreement for which no cure is specified.
h. "Cause" defined – non-curable defaults	<p><b><u>Under the Canteen Franchise Agreement:</u></b> Sections 8.4, 10.1.1, 10.1.3, 10.1.4, 10.1.7, 10.1.8 and 10.1.11</p> <p><b><u>Under the Threshold Franchise Agreement:</u></b> Sections 10.1.1, 10.1.3, 10.1.4, 10.1.7, 10.1.8, 10.1.11 and 10.1.12</p>	Non-curable defaults include insolvency and other financial difficulties, abandonment of franchise, transfer of control, material misstatement of material fact or omission of material fact, felony or other conviction, unauthorized transfer, unauthorized use of Marks or Confidential Information, failure of heirs to procure competent manager or to sell franchise, and 3 or more defaults within any consecutive 12 month period.
i. Franchisee's obligations on termination/non-renewal	Sections 10.4, 11	Payment of all amounts due to Canteen; discontinue use of Marks and Confidential Information.
j. Assignment of contract by franchisor	Section 8.5	We may assign our right to the agreement.



PROVISION	SECTION IN FRANCHISE or OTHER AGREEMENT	SUMMARY
k. "Transfer" by franchisee – defined	Sections 8.1, 8.2, 8.3, 24	Includes sale, transfer, assignment or other disposition. "Franchise Transfer" means a Transfer of legal, equitable or beneficial ownership interest in the franchise (other than certain transfers in the ordinary course of business). "Franchisee Transfer" means a transfer of a legal, equitable or beneficial ownership interest either in assets owned by franchisee, its owners or affiliates (other than certain transfers in the ordinary course of business) and/or franchisee.
l. Franchisor approval of transfer by franchisee	Sections 8.1; 8.2; 8.3	Any transfer or assignment is subject to right of first refusal by us. We have the right to approve all transfers, but will not unreasonably withhold approval. Certain restrictions do not apply to transfers to then-current owners of the franchisee company or immediate family members. Canteen may require a prohibition on transfers if we sell you corporate business or provide you with financial assistance (See Item 10) to acquire new business, for a length of time reasonably tied to the loan repayment term or the value of the business.
m. Conditions for franchisor approval of transfer	Sections 8.2; 8.3	You pay all amounts due, sign release and non-compete; transferee must meet qualifications and submit to due diligence review and either assume the existing franchise agreement or sign a then-current franchise agreement, at Canteen's option; payment of transfer fee. Certain restrictions do not apply to transfers to then-current owners of the franchisee company or immediate family members.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 8.6	We can match any offer to buy your business (or pay the reasonable equivalent in cash) within 60 days of receipt of written notice.
o. Franchisor's option to purchase franchisee's business	Sections 8.6 and 11.2.4	Upon termination under Section 10, we may purchase the assets including usable products, inventory, equipment, accounts, etc. at fair market value determined by good faith negotiations or, alternatively, by an appraiser selected by us. We may opt to purchase your business upon your death or permanent disability or the death or permanent disability of your controlling owner.
p. Death or disability of franchisee	Section 8.4	Upon death or disability, rights under Agreement to be transferred either to us or to an approved third party within 9 months.

PROVISION	SECTION IN FRANCHISE or OTHER AGREEMENT	SUMMARY
q. Non-competition covenants during term of the franchise	Section 7.2	You may not: own or engage in Competitive Business anywhere, or in any entity which grants franchises, licenses or other interests to operate a Competitive Business; or divert business to a competitor provided, however, in limited circumstances, if we so consent, your affiliates may engage in a Competitive Business existing at the time of the Franchise Agreement, so long as adequate assurances are made that our confidential information and trade secrets will be protected from authorized use by your affiliates.
r. Non-competition covenants after the franchise is terminated or expires	<p><b><u>Under the Canteen Franchise Agreement:</u></b> Section 8.2.8; 11.3.10</p> <p><b><u>Under the Threshold Franchise Agreement:</u></b> Section 8.2.1(k); 11.3.8</p>	None, unless you transfer your franchise or we terminate your franchise for cause, in which case for two years from the date of a transfer or termination, you and your owners and affiliates are prohibited from owning, rendering services or providing advice to a Competitive Business within Territory or any entity which grants franchises, licenses or other interests to operate a Competitive Business.
s. Modification of the agreement	Section 20	Agreement may be modified upon mutual agreement of Canteen and franchisee in writing.
t. Integration/ merger clause	Sections 16; 18	Only the terms of the Franchise Agreement, its Exhibits, Riders and Personal Guarantees are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreements, its Exhibits, Riders and Personal Guarantees may not be enforceable. No claim made in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation.	Section 10.5	Arbitration subject to the rules of the American Arbitration Association. All disputes arbitrated in an AAA office located closest to our principal offices at the time of demand.
v. Choice of Forum	<p><b><u>Under the Canteen Franchise Agreement:</u></b> Sections 10.5.2, 10.5.3 and 10.5.4</p> <p><b><u>Under the Threshold Franchise Agreement:</u></b> Sections 10.5.1, 10.5.2 and 10.5.3</p>	American Arbitration Association in an AAA office located closest to our principal offices at the time of demand. *(Subject to State law.)

PROVISION	SECTION IN FRANCHISE or OTHER AGREEMENT	SUMMARY
w. Choice of Law	<p><u>Under the Canteen Franchise Agreement:</u> Section 10.5.4</p> <p><u>Under the Threshold Franchise Agreement:</u> Section 10.5.3</p>	The laws of North Carolina. *(Subject to State law.)

**Note:** Please see state specific Addenda in Exhibit K to this Disclosure Document.

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## **ITEM 18**

### **PUBLIC FIGURES**

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

## **ITEM 19**

### **FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing 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.

The rebate returns are a historic Financial Performance Representation about existing Canteen franchisees, and are calculated by reviewing the rebates passed back to the franchisee from Canteen after Canteen deducts its administrative fee described in Item 6, based on the purchases the franchisee makes using Canteen's purchasing programs, and comparing the rebates passed back against the revenue reported by the franchisees. The information below is based on supplier pricing and prices paid by participants in the Canteen purchasing program for the period commencing September 16, 2020 and ending September 15, 2021 (the "Financial Performance Period"). The information is compiled from the performance of 119 Canteen franchises, which represents all Canteen franchises that have been a franchisee of the Canteen system during the entire Financial Performance Period. We have excluded information for the 6 Canteen franchises that became a franchisee during the Financial Performance Period, and the 5 Canteen franchisees that left the system during the Financial Performance Period, and were therefore not Canteen franchisees during this entire Financial Performance Period.

Canteen franchises recognized average rebate returns of approximately 8.8% and a median rebate return of 8.5%. Of the 119 Canteen franchisees included as the basis for this financial performance representation, 52%, or 62 franchisees, recognized rebate returns equal to or less than 8.5% (25% of which recognized rebate returns equal to or less than 7.0%), and 48%, or 57 franchisees, recognized rebate returns equal to or greater than 8.6% (24% of which recognized rebate returns equal to or greater than 10%) during the Financial Performance Period by being Canteen franchisees. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

In connection with your review and analysis of the above financial performance representation, you should consider the following:

1. No Certified Public Accountant has audited the figures or data presented here or expressed any opinion as to the contents or form, and the information is not presented in accordance with the statement on standards for accountants' services on prospective financial information (or its successor) issued by the American Institute of Certified Public Accountants, Inc.
2. The financial performance representation is based upon information furnished by Canteen suppliers and Canteen franchisees. Canteen has not independently verified the accuracy of this information. Items used in Canteen's analysis include rebates received on purchases for all cold beverages, candy, salty snacks, pastry, gum, mints, fresh food, frozen food, coffee products, paper goods used in vending, condiments, vending equipment and parts (including snack vending machines, coffee vending machines, fresh food machines, bill

changers, frozen food machines, office coffee machines, cold beverages machines), and services.

3. The financial performance representation is based upon data for the Financial Performance Period.

**Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.**

Other than the preceding financial performance representation, Canteen does not make any financial performance representations. 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 the President of the Franchise Division, currently Dale Whetstone, 2400 Yorkmont Road, Charlotte, NC 28217, 704-328-4000, the Federal Trade Commission, and the appropriate state regulatory agencies.

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**ITEM 20**

**OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1  
SYSTEMWIDE OUTLET SUMMARY  
FOR FISCAL YEARS ENDED 9-30-19/9-30-20/9-30-21**

**CANTEEN DIVISION**

Column 1	Column 2	Column 3	Column 4	Column 5
<b>OUTLET TYPE</b>	<b>FISCAL YEAR</b>	<b>OUTLETS AT THE START OF THE FISCAL YEAR</b>	<b>OUTLETS AT THE END OF THE FISCAL YEAR</b>	<b>NET CHANGE</b>
<b>FRANCHISED</b>	2019	125	124	-1
	2020	124	124	0
	2021	124	125	+1
<b>COMPANY-OWNED</b>	2019	191	191	0
	2020	191	191	0
	2021	191	175	-16
<b>TOTAL OUTLETS</b>	2019	316	315	-1
	2020	315	315	0
	2021	315	300	-15

**TABLE NO. 2  
TRANSFERS OF OUTLETS FROM FRANCHISEES  
TO NEW OWNERS (OTHER THAN THE FRANCHISOR)  
FOR FISCAL YEARS ENDED 9-30-19/9-30-20/9-30-21**

**CANTEEN DIVISION**

Column 1	Column 2	Column 3
<b>STATE</b>	<b>FISCAL YEAR</b>	<b>NUMBER OF TRANSFERS</b>
<b>AZ</b>	2019	1
	2020	0
	2021	0
<b>CO</b>	2019	1
	2020	0
	2021	0
<b>FL</b>	2019	0
	2020	0
	2021	1
<b>IN</b>	2019	0
	2020	0

	2021	2
KS	2019	0
	2020	0
	2021	1
MI	2019	1
	2020	0
	2021	0
MN	2019	0
	2020	0
	2021	1
ND	2019	0
	2020	0
	2021	1
NM	2019	1
	2020	0
	2021	0
OH	2019	0
	2020	0
	2021	1
OR	2019	1
	2020	0
	2021	0
WA	2019	0
	2020	1
	2021	0
TOTAL	2019	5
	2020	1
	2021	7

**TABLE NO. 3  
STATUS OF FRANCHISED OUTLETS  
FOR FISCAL YEARS ENDED 9-30-19/9-30-20/9-30-21**

**CANTEEN DIVISION**

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
STATE	FISCAL YEAR	OUTLETS AT START OF FISCAL YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS -OTHER REASONS	OUTLETS AT END OF THE FISCAL YEAR (Note 1)

AK	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
AL	2019	10	1	0	0	0	0	11
	2020	11	0	0	1	1	0	9
	2021	9	0	0	0	0	1	8
AR	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
AZ	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
CA	2019	11	0	0	0	0	0	11
	2020	11	0	0	0	0	0	11
	2021	11	0	0	0	0	0	11
CO	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
CT	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	1	0	0	0	0	4
DC	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
DE	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
FL	2019	5	0	0	0	0	0	5
	2020	5	1	0	1	0	0	5
	2021	5	0	0	0	0	0	5
GA	2019	11	0	0	0	0	1	10
	2020	10	1	0	1	0	0	10
	2021	10	0	0	0	0	0	10
ID	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
IL	2019	7	0	0	0	0	0	7
	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
IN	2019	7	0	0	0	0	0	7
	2020	7	0	0	0	0	0	7



	2021	7	0	0	0	0	0	7
IA	2019	8	0	0	0	0	0	8
	2020	8	0	0	0	0	0	8
	2021	8	0	0	0	0	1	7
KS	2019	5	0	0	0	0	0	5
	2020	5	1	0	0	0	0	6
	2021	6	0	0	0	0	0	6
KY	2019	6	0	0	0	0	0	6
	2020	6	1	0	0	0	0	7
	2021	7	0	0	0	0	1	6
LA	2019	7	0	0	0	0	0	7
	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
MA	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
ME	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
MD	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
MI	2019	7	0	0	0	0	0	7
	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	1	6
MN	2019	9	0	0	0	0	0	9
	2020	9	0	0	0	0	0	9
	2021	9	0	0	0	0	0	9
MS	2019	7	0	0	0	0	0	7
	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	1	6
MO	2019	11	0	0	0	0	0	11
	2020	11	1	0	0	0	0	12
	2021	12	0	0	0	0	1	11
MT	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	2	0	0	0	0	3
NE	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
NV	2019	5	0	0	0	0	0	5

	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
NH	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
NJ	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
NM	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
NY	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	1	0	0	0	0	7
NC	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
ND	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
OH	2019	7	0	0	0	0	0	7
	2020	7	0	0	0	0	0	7
	2021	7	1	0	0	0	1	7
OK	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	1	5
OR	2019	7	0	0	0	0	0	7
	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
PA	2019	8	0	0	0	0	0	8
	2020	8	0	0	0	0	0	8
	2021	8	0	0	0	0	0	8
RI	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
SC	2019	6	1	0	0	0	0	6
	2020	7	0	0	0	1	0	6
	2021	6	0	0	0	0	0	6
SD	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6

TN	2019	10	0	0	0	0	0	10
	2020	10	0	0	0	0	0	10
	2021	10	0	0	0	0	1	9
TX	2019	16	0	0	0	0	0	16
	2020	16	0	0	0	0	0	16
	2021	16	2	0	0	0	0	18
UT	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
VT	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
VA	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
WA	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
WV	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
WI	2019	4	1	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
WY	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
TOTAL	2019	264	3	0	0	0	1	266
	2020	266	5	0	3	2	0	266
	2021	266	9	0	0	0	9	266

**Note 1:** The number in the “Outlets at End of the Fiscal Year” exceeds the number of franchised outlets we have in the Canteen system as shown in the Systemwide Outlet Summary Chart on page 48 because many of our franchisees operate in more than one state (i.e., have numerous counties in multiple states as part of their territory).

**TABLE NO. 4  
STATUS OF COMPANY-OWNED OUTLETS  
FOR FISCAL YEARS ENDED 9-30-19/9-30-20/9-30-21**

**CANTEEN DIVISION**

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
STATE	FISCAL YEAR	OUTLETS AT START OF THE FISCAL YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT END OF THE FISCAL YEAR
AL	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
AZ	2019	4	0	0	0	0	4
	2020	4	0	0	0	0	4
	2021	4	0	0	1	0	3
AR	2019	3	0	0	0	0	3
	2020	3	0	0	0	0	3
	2021	3	1	0	0	0	4
CA	2019	17	0	0	0	0	17
	2020	17	0	0	0	0	17
	2021	17	0	0	3	0	14
CO	2019	4	0	0	0	0	4
	2020	4	0	0	0	0	4
	2021	4	1	0	0	0	5
CT	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
DE	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	1	0	0	0	3
FL	2019	13	0	0	0	0	13
	2020	13	0	0	0	0	13
	2021	13	0	0	2	0	11
ID	2019	3	0	0	0	0	3
	2020	3	0	0	0	0	3
	2021	3	0	0	3	0	0
IL	2019	11	0	0	0	0	11
	2020	11	0	0	0	0	11
	2021	11	1	0	0	0	12

IA	2019	6	0	0	0	0	6
	2020	6	1	0	0	0	7
	2021	7	0	0	1	0	6
IN	2019	7	0	0	0	0	7
	2020	7	0	0	0	0	7
	2021	7	5	0	0	0	12
KS	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	2	0	0	0	4
KY	2019	6	0	0	0	0	6
	2020	6	0	0	0	0	6
	2021	6	0	0	2	0	4
MD	2019	5	0	0	0	0	5
	2020	5	0	0	0	0	5
	2021	5	0	0	1	0	4
MA	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
MI	2019	6	0	0	0	0	6
	2020	6	0	0	0	0	6
	2021	6	0	0	1	0	5
MN	2019	4	0	0	0	0	4
	2020	4	0	0	0	0	4
	2021	4	0	0	1	0	3
MS	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	1	0	0
MO	2019	3	0	0	0	0	3
	2020	3	0	0	0	0	3
	2021	3	0	0	1	0	2
NE	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
NJ	2019	2	0	0	0	0	4
	2020	4	0	0	0	0	4
	2021	4	0	0	2	0	2
NY	2019	12	0	0	0	0	12
	2020	12	0	0	0	0	12
	2021	12	0	0	8	0	4
NC	2019	18	0	0	0	0	18
	2020	18	0	0	0	0	18
	2021	18	0	0	3	0	15

OH	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
OK	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
OR	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	1	0	0	0	3
PA	2019	9	0	0	6	0	9
	2020	9	0	0	0	0	9
	2021	9	0	0	2	0	7
SC	2019	5	0	0	0	0	5
	2020	5	0	0	0	0	5
	2021	5	1	0	0	0	6
TN	2019	3	0	0	0	0	3
	2020	3	0	0	0	0	3
	2021	3	0	0	1	0	2
TX	2019	10	0	0	0	0	10
	2020	10	0	0	0	0	10
	2021	10	3	0	0	0	13
VA	2019	9	0	0	0	0	9
	2020	9	0	0	0	0	9
	2021	9	0	0	0	0	9
WA	2019	3	0	0	0	0	3
	2020	3	0	0	0	0	3
	2021	3	2	0	0	0	5
WI	2019	11	0	0	0	0	11
	2020	11	0	0	0	0	11
	2021	11	0	0	1	0	10
WV	2019	3	0	0	0	0	3
	2020	3	0	0	0	0	3
	2021	3	0	0	2	0	1
TOTAL	2019	191	0	0	0	0	191
	2020	191	1	0	0	0	192
	2021	192	18	0	36	0	174

**TABLE NO. 5  
PROJECTED OPENINGS  
AS OF SEPTEMBER 30, 2021**

**CANTEEN DIVISION**

Column 1	Column 2	Column 3	Column 4
STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLET IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLET IN THE NEXT FISCAL YEAR
ALABAMA	0	0	0
ALASKA	0	0	0
ARKANSAS	0	0	0
CALIFORNIA	0	0	0
COLORADO	0	0	0
CONNECTICUT	0	0	0
HAWAII	0	0	0
IDAHO	0	0	0
ILLINOIS	0	0	0
INDIANA	0	0	0
IOWA	0	0	0
KANSAS	0	0	0
KENTUCKY	0	0	0
LOUISIANA	0	0	0
MAINE	0	0	0
MARYLAND	0	0	0
MASSACHUSETTS	0	0	0
MINNESOTA	0	0	0
MISSOURI	0	0	0
MONTANA	0	0	0
NEW HAMPSHIRE	0	0	0
NEW MEXICO	0	0	0
NORTH CAROLINA	0	0	0
NEW YORK	0	0	0
NORTH DAKOTA	0	0	0
OREGON	0	0	0
PENNSYLVANIA	0	0	0
RHODE ISLAND	0	0	0
SOUTH DAKOTA	0	0	0
TEXAS	0	0	0
WASHINGTON	0	0	0
WISCONSIN	0	0	0
WYOMING	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>

The projected numbers above reflect the States in which we anticipate our franchise prospects will operate because many of our franchisees operate their Canteen franchise in more than one state (i.e., their Territory consists of multiple counties in numerous States).

The name, address and telephone numbers of our franchisees and their franchise businesses as of September 30, 2021 are listed in Exhibit H.

The names, city and state, and current business address and telephone numbers (or last known home telephone numbers) of the three franchisees who have had a franchise terminated, canceled, not renewed by us in the one-year period ended September 30, 2021, or who transferred, or who otherwise voluntarily or involuntarily ceased to do business under their franchise agreement in the one-year period ended September 30, 2021, or who have not communicated with us within 10 weeks before the date of this Disclosure Document, are listed in Exhibit I. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

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

We are unaware of any trademark-specific franchise organization that is associated with the Canteen franchise system.

**(THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY)**



## **ITEM 21**

### **FINANCIAL STATEMENTS**

Included as Exhibit J are:

The audited Financial Statements for Convenience Foods International, Inc. for the years ended September 30, 2021, September 30, 2020 and September 30, 2019.

Convenience Foods International, Inc. absolutely and unconditionally guarantees to assume the duties and obligations of the Franchisor under the Franchise Agreement. A copy of the guarantee is included as Exhibit J. Convenience Foods International, Inc. is a wholly owned subsidiary of Compass Group USA, Inc.

## **ITEM 22**

### **CONTRACTS**

Copies of the following contracts are attached as Exhibits to this Disclosure Document:

Franchise Agreement	(Exhibit A)
Asset Purchase Agreement	(Exhibit B)
Vending Threshold Franchise Agreement	(Exhibit C)
Lease Agreement	(Exhibit D)
Assignment of Lease	(Exhibit E)
Confidentiality Agreement	(Exhibit F)
Master Subcontract Agreement	(Exhibit M)
Form Release	(Exhibit O)
Promissory Note	(Exhibit P)
Security Agreement	(Exhibit Q)

**EXHIBIT A**

**FRANCHISE AGREEMENT**

**CANTEEN  
FRANCHISE AGREEMENT**

\_\_\_\_\_  
FRANCHISEE

\_\_\_\_\_  
TERRITORY

\_\_\_\_\_  
DATE OF AGREEMENT

# CANTEEN FRANCHISE AGREEMENT

## TABLE OF CONTENTS

<b>1. INTRODUCTION</b>	<b>1</b>
1.1 CANTEEN'S BUSINESS	1
1.2 FRANCHISEE'S ACKNOWLEDGEMENTS	1
<b>2. GRANT OF RIGHTS</b>	<b>2</b>
2.1 GRANT OF FRANCHISE	2
2.2 AUTHORIZED SERVICES	2
2.3 TERRITORIAL PROTECTION	3
2.4 CANTEEN'S RESERVED MARKETS AND ACCOUNTS	3
2.5 RESERVATION OF CANTEEN RIGHTS	5
<b>3. FEES AND PAYMENTS</b>	<b>5</b>
3.1 INITIAL FRANCHISE FEE	5
3.2 ROYALTY FEE	5
3.3 REFERRAL FEE	5
3.4 PAYMENTS TO CANTEEN	6
<b>4. MARKS AND PATENTS</b>	<b>7</b>
4.1 OWNERSHIP OF MARKS	7
4.2 USE OF MARKS	7
4.3 DISCONTINUANCE OF USE OF MARKS	8
4.4 NOTIFICATION OF INFRINGEMENTS AND CLAIMS	8
4.5 GRANT OF PATENT LICENSE	8
4.6 VALIDITY AND ENFORCEABILITY OF PATENTS	8
4.7 NO SUBLICENSE AND NOTICE OF INFRINGEMENT	8
<b>5. ASSISTANCE BY CANTEEN</b>	<b>9</b>
5.1 TRAINING	9
5.2 SERVICES AND INFORMATION	9
5.3 PURCHASES AND REBATES	9
5.4 BRANDED PROGRAMS	11
5.5 LIMITATIONS AND LIABILITIES	11
<b>6. OPERATING STANDARDS</b>	<b>11</b>
6.1 FRANCHISE ESTABLISHMENT AND OPERATION	11
6.2 BEST EFFORTS	12
6.3 PRODUCTS AND SERVICES	12
6.4 EQUIPMENT	12
6.5 APPROVAL OF ADVERTISING	13
6.6 WEB SITE/INTERNET SALES	13
6.7 UNIFORM ACCOUNTING SYSTEM	13
6.8 REPORTS AND RECORDS	13
6.9 INSURANCE	13
6.10 COMPLIANCE WITH GOVERNMENTAL REGULATIONS	14
6.11 CANTEEN'S RIGHT TO INSPECT	15
6.12 CANTEEN'S RIGHT TO AUDIT	15
6.13 INDEMNIFICATION	16
6.14 GUARANTEE OF PERFORMANCE	16
<b>7. RESTRICTIVE COVENANTS</b>	<b>16</b>

7.1	CONFIDENTIAL INFORMATION .....	16
7.2	IN-TERM NON-COMPETITION COVENANT .....	17
7.3	INFORMATION EXCHANGE .....	17
7.4	FRANCHISEE ACKNOWLEDGMENTS .....	17
<b>8.</b>	<b>TRANSFERS .....</b>	<b>17</b>
8.1	PROHIBITIONS .....	17
8.2	CONDITIONAL TRANSFER APPROVAL .....	18
8.3	FRANCHISE AND AGREEMENT TRANSFER TO OWNERS .....	19
8.4	DEATH OR DISABILITY OF FRANCHISEE .....	19
8.5	TRANSFERS BY CANTEEN .....	19
8.6	CANTEEN'S RIGHT OF FIRST REFUSAL .....	20
8.7	OBLIGATIONS .....	20
<b>9.</b>	<b>INTENTIONALL OMITTED .....</b>	<b>20</b>
<b>10.</b>	<b>DEFAULT; TERMINATION; REMEDIES; DISPUTE RESOLUTION .....</b>	<b>20</b>
10.1	DEFAULT AND TERMINATION .....	20
10.2	CURES; WAIVERS .....	21
10.3	FEES; COSTS; EXPENSES .....	21
10.4	REMEDIES UPON DEFAULT .....	22
10.5	DISPUTE RESOLUTION .....	22
<b>11.</b>	<b>OBLIGATIONS AND RIGHTS UPON TERMINATION OR EXPIRATION .....</b>	<b>23</b>
11.1	SURVIVAL OF OBLIGATIONS .....	23
11.2	RIGHTS OF CANTEEN UPON TERMINATION OR EXPIRATION .....	23
11.3	MARKS; SYSTEM; STANDARDS; CONFIDENTIAL INFORMATION .....	25
<b>12.</b>	<b>INDEPENDENT CONTRACTORS .....</b>	<b>25</b>
<b>13.</b>	<b>UNCONTROLLABLE DELAY .....</b>	<b>26</b>
<b>14.</b>	<b>WAIVER OF PROVISIONS .....</b>	<b>26</b>
<b>15.</b>	<b>SEVERABILITY AND SUBSTITUTION OF PROVISIONS .....</b>	<b>26</b>
<b>16.</b>	<b>CONSTRUCTION .....</b>	<b>27</b>
<b>17.</b>	<b>HEADINGS .....</b>	<b>27</b>
<b>18.</b>	<b>TERMINATION OF PRIOR AGREEMENT AND RELEASE .....</b>	<b>27</b>
<b>19.</b>	<b>EXERCISE OF RIGHTS .....</b>	<b>27</b>
<b>20.</b>	<b>AMENDMENTS .....</b>	<b>27</b>
<b>21.</b>	<b>DIFFERENT FORMS OF AGREEMENT .....</b>	<b>27</b>
<b>22.</b>	<b>CONSENTS .....</b>	<b>28</b>
<b>23.</b>	<b>NOTICES AND PAYMENTS .....</b>	<b>28</b>
<b>24.</b>	<b>DEFINITIONS .....</b>	<b>28</b>
	<b>SIGNATURES .....</b>	<b>34</b>
	<b>OWNERS' GUARANTY .....</b>	<b>35</b>
	<b>EXHIBIT A - PROTECTED TERRITORY AND THRESHOLDS .....</b>	<b>38</b>

## CANTEEN FRANCHISE AGREEMENT

This CANTEEN FRANCHISE AGREEMENT, as from time to time amended, (“**Agreement**”) is entered into between the undersigned franchisee (“**Franchisee**”) and Compass Group USA, Inc. (“**Compass**”) by and through its Canteen division (“**Canteen**”), who agree as follows.

### 1. INTRODUCTION.

**1.1 Canteen’s Business.** Canteen is engaged in supplying Vending Services principally at business and industry, institutional and recreational locations. “**Vending Services**” collectively means one or more of the following services: (a) installing and servicing vending machines that offer food, beverages, and other consumer products; (b) cooperative vending services whereby vending machines, as well as products, are sold or leased to Accounts who operate the machines; or (c) providing and servicing automated or unattended environments for the purchase of food, beverages and other consumer products as part of a self-checkout vending market, such as those offered under the tradenames Avanti, 365, Company Kitchen, Breakroom Provisions, Avenue C, Verii, Smart Market, etc. “**OCS Services**” means non-coin-operated office coffee and/or refreshment service, including but not limited to “Canteen Refreshment Services.” Other operating divisions affiliated with Canteen provide contract food, executive dining, catering services, cafeteria, food delivery, temporary locations and cart services, concessions, hospital and medical facilities, as well as private, local, state or federal nutrition programs, such as “Head Start,” “Meals on Wheels,” and “Elderly Nutrition Programs,” which may involve home delivery programs or congregate delivery programs whereby food service is prepared at a commissary and served at a private or public hall or dining facility, and other food services (collectively “**Food Services**”) at locations using other tradenames, trademarks, and service marks. In the past, Canteen has permitted certain franchisees to provide Vending Services as well as certain Food Services under the Canteen names and marks. However, Canteen at present offers, under the terms and obligations of this Agreement, franchises for a certain range of Vending Services, OCS Services, and Food Services, principally for business and industrial Accounts.

Franchisee acknowledges that, as a result of spending time, skill, effort and money, Canteen has devised, and may continue to develop, at its discretion, a comprehensive system of business methods, procedures, programs, plans, and processes for establishing, developing, and operating Canteen Authorized Services (collectively the “**System**”), to include, without limitation, certain proprietary rights and Confidential Information, certain tradenames, trademarks, and service marks, as well as certain distinctive policies, directives, procedures and standards related to the operations and administration of the franchise, installation, maintenance, repair, servicing, and operation of vending equipment and other services, and related to marketing, sales techniques and products and suppliers utilized by Franchisee under this Agreement (collectively the “**Standards**”), and Franchisee (a) understands that the foregoing business components are critical to the goodwill and condition of its vending and foodservice business, and (b) agrees that Canteen, in its sole discretion, may from time to time further develop or modify its System, Marks, and Standards.

**1.2 Franchisee’s Acknowledgments.** Franchisee acknowledges having read this Agreement and Canteen’s franchise disclosure document. Franchisee understands the terms and obligations of this Agreement and accepts them as being reasonably necessary to maintain, with uniform processes and consistent results for, a level of high quality Authorized Services among its franchisees to protect the goodwill of the Marks and the integrity of the Standards and System. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and recognizes (a) that an investment in a Franchise involves business risks, (b) that the success of the venture is largely dependent on Franchisee’s own business abilities, efforts and financial resources, and (c) that the nature of the Franchise may change over time. Franchisee has not received or relied on any guaranty or assurance, express or implied, as to the costs, revenues, profits or success of the business venture contemplated by this Agreement, but, rather, Franchisee has relied solely upon its own judgment and/or the professional advice of its consultants in assessing and determining the suitability and prospects of operating the Authorized Services.

**2. GRANT OF RIGHTS.**

**2.1 Grant of Franchise.** Subject to the terms of this Agreement, Canteen grants Franchisee the exclusive right (subject to the Reservation of Markets and Accounts set forth herein), and Franchisee assumes the obligation, to serve as a Franchisee for the Authorized Services (as defined in Section 2.2) and to use the System in connection therewith, within the territory described in Exhibit A attached hereto (the “**Protected Territory**”) for a term of 15 years, commencing \_\_\_\_\_, \_\_\_\_\_ (the “**Term**”). After the initial Term, the Term will automatically renew for successive 10 year periods so long as Franchisee is not in breach of this Agreement or any other agreement with Canteen or its Affiliates; provided, however, that (a) either party may elect not to automatically renew the Term so long as the electing party provides written notice to the other party of its election not to renew, not less than eighteen (18) months prior to the end of the then-current initial or renewal term; (b) if Franchisee provides timely notice to Canteen of its intent not to renew the Term, Canteen and its Affiliates have the right during the final eighteen (18) months prior to expiration, to provide any services, including Authorized Services within the Protected Territory; and (c) if the Term is automatically renewed: (i) Franchisee and its Owners shall execute and deliver to Canteen an amendment to this Agreement incorporating updates to meet Canteen’s current System at the time of such auto renewal, as disclosed in the then-current Franchise Agreement; and (ii) Franchisee, its Owners and Affiliates shall, except to the extent limited or prohibited by applicable law, execute a general release, in a form and substance satisfactory to Canteen, in favor of Canteen and its Affiliates, stockholders, officers, directors, employees, agents, successors and assigns. Franchisee shall not perform any Authorized Services, or conduct any Vending Services, Food Services, or OCS Services at any location outside the Protected Territory.

**2.1.1 Canteen Early Termination Right.** Canteen shall have the right to terminate this Agreement at any time upon 60 days prior written notice to Franchisee and payment of an early termination fee equal to the lesser of (a) the amount of Royalty Fees payable by Franchisee to Canteen for the twelve full calendar months preceding the date of termination (annualized if this Agreement has been in effect less than twelve months at such time) and (b) \$200,000. If Canteen exercises its Early Termination right pursuant to this Section 2.1.1 then Franchisee, prior to or upon consummation of such termination, shall comply with the following conditions:

(a) Franchisee and its Owners provide to Canteen a general release, in form and substance satisfactory to Canteen, releasing Canteen and its Affiliates and their respective officers, directors, employees and agents, of and from any and all claims Franchisee and such Owners have had, may now have, or in the future may have against such entities or persons;

(b) Franchisee and its Owner(s) agree in writing to cease using the Marks and take such other steps as Canteen may reasonably require in order to ensure that Franchisee and its Owner(s) are de-identified from their relationship with Canteen; and

(c) All monetary obligations of Franchisee or any of its Affiliates to Canteen or any of Canteen’s Affiliates and any suppliers or distributors designated or approved by Canteen have been paid in full.

**2.2 Authorized Services.** By and through its Franchise, Franchisee shall have the right to sell food, beverages and other consumer products, and other products and services, authorized by Canteen from time to time only under the Marks and solely through the following channels of distribution, subject to the Reserved Markets and Accounts in Section 2.4 (the “**Authorized Services**”).

**THE APPLICABLE SUBSECTIONS BELOW SHOULD BE CHECKED AND INITIALED BY BOTH PARTIES**

\_\_\_ \_\_\_ [ ] Vending Only Accounts

\_\_\_ \_\_\_ [ ] Food Only Accounts [TO BE GRANTED ON A LIMITED EXCLUSIVE OR NON-EXCLUSIVE BASIS IN CANTEEN’S SOLE DISCRETION, PER ITEMS 12 AND 16 OF CANTEEN’S DISCLOSURE DOCUMENT].

\_\_\_ \_\_\_ [ ] Combined Accounts

\_\_\_ [ ] OCS Accounts – Notwithstanding any rights granted to Franchisee to offer OCS Services, nothing in this Agreement shall prohibit Canteen and its Affiliates from providing OCS Services to Accounts for which Canteen or its Affiliates provide any service or manage within the Protected Territory, and Franchisee shall not have the right to provide OCS Services to such Accounts. In addition, if Franchisee is granted the right to offer OCS Services on a non-exclusive basis, then Canteen may provide or license another to provide OCS Services under Canteen’s Highland Estates system and marks, and Franchisee shall have no rights to use the Highland Estates system and marks, as further described in Section 2.5 below.

\_\_\_ [ ] Correctional Accounts [TO BE GRANTED IN CANTEEN’S SOLE DISCRETION, PER ITEMS 12 AND 16 OF CANTEEN’S DISCLOSURE DOCUMENT]. Franchisee has the right to offer [Food Services] and [Secured Delivery Services] to Correctional Accounts.

**NOTE: ONLY THOSE SUBSECTIONS INITIALED BY BOTH PARTIES WILL BE PART OF THE AUTHORIZED SERVICES. AS PROVIDED HEREIN, FRANCHISEE SHALL HAVE NO RIGHTS TO CORRECTIONAL ACCOUNTS (EXCLUDING VENDING SERVICES AT SUCH CORRECTIONAL ACCOUNTS), ELDERLY NUTRITION PROGRAM SERVICES, AND SECURED DELIVERY SERVICES.**

Notwithstanding the restrictions upon Franchisee’s business as set forth in this Agreement, Franchisee shall have the right to continue to service Accounts, regardless whether such service exceeds the scope of Authorized Services, so long as Franchisee (a) either is presently servicing such Accounts, or intends to begin servicing such Accounts within 60 days after the date hereof, and (b) Franchisee has disclosed the identity and location of such Accounts to Canteen in writing on or before the date hereof (“**Existing Franchisee Accounts**”). To the extent Franchisee now or hereafter provides services to Existing Franchisee Accounts, then such Accounts shall be serviced using the System, Standards, and Marks.

**2.3 Territorial Protection.** Except as otherwise provided in this Agreement, Canteen shall neither operate nor license another Person to operate, within the Protected Territory, a franchise under the Marks that supplies the Authorized Services, so long as (a) Franchisee and its Affiliates are in compliance with this Agreement and all other agreements with Canteen and/or its Affiliates, and, (b) Franchisee develops each and every county within the Protected Territory within a period of twelve (12) months from the date of this Agreement by conducting continuous, uninterrupted operations therein and obtaining annual Gross Sales therein of at least \_\_\_\_\_ (\$ \_\_\_\_\_) during the Term hereof. In the event that Franchisee fails to develop any particular county within the Protected Territory in accordance with subsection (b) above, then Franchisee shall lose the territory protection afforded Franchisee for the specific county or counties undeveloped and therefore, such county or counties shall be removed from Franchisee’s Protected Territory (such that Franchisee shall have no further rights to operate or provide Authorized Services in such county or counties) as contained in Exhibit A hereto effective upon written notice to Franchisee. Within thirty (30) days after each anniversary of the signing date of this Agreement, Franchisee shall provide to Canteen a written report of total Gross Sales Franchisee collected in each county within the Protected Territory for the preceding year.

**2.4 Canteen’s Reserved Markets and Accounts.** Canteen, on its own behalf and on behalf of its Affiliates, reserves the right to provide, and Franchisee is expressly prohibited from providing, services to those Accounts and in those markets as set forth in the following subsections (collectively “**Reserved Markets and Accounts**”).

**2.4.1 Canteen’s Existing, Acquired, Multiple Facilities and National Accounts.** Canteen and its Affiliates shall have the exclusive right (without the payment by Canteen or its Affiliates of any consideration to Franchisee) to install or allow another to install (including any other franchisee) any Authorized Services, including without limitation Vending Services, OCS Services, Food Services, and/or Secured Delivery Services for (a) any Accounts presently serviced by Canteen and/or its Affiliates in the Protected Territory (excluding such Accounts that are concurrently herewith or hereafter sold to Franchisee) (the “**Existing Canteen Accounts**”), and (b) any Accounts that are acquired by Canteen or any of its Affiliates in connection with a purchase, merger, consolidation, or similar transaction (“**Acquired Accounts**”), and (c) **Multiple Facilities Accounts and National Accounts**



whether now or hereafter located in or outside the Protected Territory. Franchisee shall terminate all solicitations, bid procedures, or contract negotiations with any Existing Canteen Accounts, Acquired Accounts, Multiple Facilities Accounts and National Accounts and to refrain from doing so during any renewal, rebid or similar contracting process or period. In the event that Canteen allows, in its sole discretion, Franchisee to service a Multiple Facilities Account or a National Account within Franchisee's Protected Territory, Franchisee agrees that it shall discontinue any such services at any time if Canteen, in its sole discretion, determines that Franchisee (a) has not performed such services satisfactorily, or (b) is unable to comply with all of the operating standards required by Canteen for such Account, or (c) is unable to comply with all of the financial and operating terms and conditions determined by Canteen in its sole discretion and arising in connection with the contract between Canteen and the Multiple Facilities Account or National Account. Canteen reserves the right to determine the commissions and other financial arrangements of all Multiple Facilities Accounts and National Accounts offered to Franchisee, including a commission to Canteen or its Affiliates in connection with its management of such Multiple Facilities Account or National Account, but Franchisee shall not be required to accept Canteen's offer to service the facilities of a Multiple Facilities Account or National Account located in the Protected Territory without Franchisee's consent. If Franchisee declines any opportunity to service a Multiple Facilities Account or National Account, Canteen and its Affiliates reserve the right to service such Account on their own behalf or license a third party to service such Account. If, however, Franchisee consents to provide such services to a Multiple Facilities Account or National Account, it must provide such services on the terms and conditions established by Canteen. For each Multiple Facilities Account or National Account serviced by Franchisee pursuant hereto that, by its contract terms, requires the payment of any commission or other consideration by Canteen to such Account, Franchisee shall, on or before the 10th day of each Canteen Period, furnish Canteen a written report of all Gross Sales made during the preceding Canteen Period and all other required information with respect to such Account and pay to Canteen the full amount of such commission or other consideration. In addition, if Franchisee services a National Account or Multiple Facilities Account, Franchisee agrees to pay Canteen, when applicable, an administrative fee ranging from 2% to 5% of Gross Sales.

**2.4.2 Reserved Accounts.** Canteen and its Affiliates shall have the exclusive right to service, manage, or license another to service (including any other franchisee), and Franchisee shall have no rights to service, certain Accounts whether inside or outside the Protected Territory, as follows:

2.4.2.1 Canteen and its Affiliates shall have the exclusive right to provide, manage, or license another to provide (including any other franchisee) Vending Services to all Reserved Combined Accounts, as well as Food Services and/or Secured Delivery Services for (a) all Correctional Accounts; (b) all Reserved Combined Accounts; and (c) all Reserved Food Only Accounts. Except upon Canteen's prior written approval, which approval may be withheld at Canteen's sole discretion for any or no reason, Franchisee shall not bid or solicit for, or enter into any contract, agreement or other arrangement to service any Reserved Combined Account or Reserved Food Only Account.

2.4.2.2 Canteen and its Affiliates shall have the exclusive right to provide, manage, or license another to provide (including any other franchisee) services to any Account which requires the provision of (a) Secured Delivery Services or (b) Food Services and/or Secured Delivery Services, in conjunction with any services other than Vending Services.

**2.4.3 Third Party Management.** Notwithstanding anything contained herein to the contrary, Canteen's Affiliates shall have the right to manage, install or license another to install Vending Services, food and beverage cart services, and other services that may comprise the Authorized Services to third parties at various accounts located in Franchisee's Protected Territory pursuant to its third party management business whereby such Affiliates may contract with third parties to provide various services for multiple outlet customers and national accounts. Such third parties may be a competitor of Franchisee and the Franchise. During the Term of this Agreement, such Affiliate of Canteen may offer Franchisee the opportunity to service an Account or Accounts located in Franchisee's Protected Territory under the terms and conditions as established by such Affiliate. If Franchisee consents to provide such services to any Account offered or managed by any Affiliate, Franchisee agrees to provide such services on the terms and conditions established by such Affiliate including compliance with all reporting requirements and the payment of all applicable commissions and fees.

**2.4.4 Franchisee Notice of Accounts.** Franchisee shall notify Canteen promptly if Franchisee does not wish, or is unable for any reason, to perform or solicit Authorized Services to any Account within the Protected Territory. Under such circumstances, Canteen and/or its Affiliates may, notwithstanding the grant of rights to

Franchisee herein, (a) bid and solicit for services or perform services to such Accounts (without the payment by Canteen or its Affiliate of any consideration to Franchisee), and (b) reserve the right to continue providing services to such Accounts for any subsequent renewal or re-bid.

**2.5 Reservation of Canteen Rights.** Notwithstanding anything contained in this Agreement to the contrary, Canteen and its Affiliates shall have the right to: (a) operate, and grant others the right to operate, Canteen franchises outside the Protected Territory; (b) provide, and grant others the right to provide, services within the Protected Territory that do not comprise Franchisee's Authorized Services; (c) except as otherwise provided in Section 2.4 above operate within and outside of the Protected Territory, Vending Services, Food Services, OCS Services, Combined Accounts, or any similar or dissimilar service businesses (excluding Vending Services within the Protected Territory) under trademarks or service marks, other than the Marks, as now or hereafter owned by or licensed to Canteen and/or its Affiliates; (d) except as otherwise provided in Section 2.4 above, grant to others the right to operate, within and outside of the Protected Territory, under other franchises or licenses, other than franchises or licenses within the Protected Territory for which the primary purpose is to sell Vending Services; (e) warehouse and conduct within the Protected Territory, international export operations for products and services under the Marks and maintain administration offices therefor; (f) direct-ship to a client located within and outside of the Protected Territory office coffee products and other products standard in the OCS Services industry, and related equipment and supplies; and (g) offer and provide food and beverage equipment, product and related supplies to convenience stores, not for use with vending services. Compass and its Affiliates are under no obligation to permit or license to Franchisee the use of any trademarks, trade dress, or service marks whether or not registered (excluding the Marks), now or hereafter owned by or licensed to Canteen or its Affiliates. For purposes of clarification and without limiting the foregoing paragraph, if Franchisee's Authorized Services includes the right to offer OCS Services on a non-exclusive basis, then Franchisee acknowledges and agrees that Canteen may provide or license another to provide (under a franchise or otherwise), OCS Services within your Protected Territory under any mark owned by Canteen, including under Canteen's Highland Estates system and marks, on an exclusive or non-exclusive basis to such other licensee or franchisee, and Franchisee shall have no rights to use Canteen's marks or the Highland Estates system and marks in connection with OCS Services without the prior written consent of Canteen.

### **3. FEES AND PAYMENTS.**

**3.1 Initial Franchise Fee.** Franchisee shall be liable for and promises to pay to Canteen a non-refundable initial franchise fee of \$25,000, due and payable upon signing this Agreement.

**3.2 Royalty Fee.** Commencing the date hereof, and for each Canteen Period during the Term, Franchisee shall be liable for and promises to pay to Canteen a royalty fee in such amounts and such manner as provided herein (each a "**Royalty Fee**"):

**3.2.1 Annual Gross Sales at or less than \$2,000,000.** Unless and until the aggregate amount of all Gross Sales received during any Canteen fiscal year exceeds \$2,000,000, then Franchisee shall pay to Canteen a Royalty Fee in an amount equal to 5.25% of all Gross Sales; provided, however, that if Franchisee is in Compliance with Canteen's operational and purchasing standards, as defined in Section 6.3 hereof, Franchisee shall pay to Canteen a Royalty Fee equal to 3.25% of all Gross Sales.

**3.2.2 Annual Gross Sales in excess of \$2,000,000.** If the aggregate amount of all Gross Sales received during any Canteen fiscal year exceeds \$2,000,000, then for each Canteen Period occurring subsequent thereto during the remaining term of such fiscal year, Franchisee shall pay to Canteen a Royalty Fee in an amount equal to 5% of all Gross Sales; provided, however, that if Franchisee is in Compliance with Canteen's operational and purchasing standards, as defined in Section 6.3 hereof, Franchisee shall pay to Canteen a Royalty Fee equal to 3% of all Gross Sales.

**3.3 Referral Fee.** Franchisee shall pay to Canteen or its Affiliates a one-time payment of 2.0% of the estimated Gross Sales for each vending Account referred to Franchisee by Canteen or its Affiliates or otherwise obtained by Franchisee through the assistance of Canteen or its Affiliates (the "**Referral Fee**"). The Referral Fee

shall be payable to Canteen or its Affiliates upon Franchisee's installation of such Account. Franchisee shall have the right, in its sole discretion, to accept or reject the referred Account.

### **3.4 Payments to Canteen.**

#### **3.4.1 Royalty Fees.**

3.4.1.1 Franchisee shall accurately account for and report all Gross Sales and shall not engage in any "factoring" practices. Within 10 days following the close of each Canteen Period, Franchisee shall remit to Canteen an accounting for (a) the total amount of Gross Sales for Vending Services, as well as itemized by each product type vended, (b) the total amount of Gross Sales of all Food Services, OCS Services, Secured Delivery Services, and other services, and (c) any applicable sales and excise taxes. Franchisee has the following options to remit Royalty Fees to Canteen:

(A) Within 10 days following the close of each Canteen Period, Franchisee shall remit to Canteen payment for each due and payable Royalty Fee; or

(B) All Royalty Fees shall be due and payable by Franchisee within 30 days after the end of each calendar month. Furthermore, it is anticipated that Franchisee shall be entitled to certain payments as a result of supplier and vendor rebates, as described in Section 5 below. The Royalty Fees shall be payable periodically by Canteen's set off against Net Franchisee Rebates received by Canteen and otherwise payable to Franchisee. At the end of each calendar month, Canteen shall determine the amount of Net Franchisee Rebates to which Franchisee shall be entitled and apply such amounts toward satisfaction of the outstanding unpaid principal balance of Royalty Fees. After such set off has been made, Canteen shall pay to Franchisee any remaining Net Franchisee Rebates for such calendar month to which Franchisee shall be entitled. If the amount of the Net Franchisee Rebates is not sufficient to set off all of the outstanding unpaid balance of the unpaid Royalty Fees as of the end of the last calendar month and other sums owing to Canteen or its Affiliates by Franchisee, Franchisee shall pay to Canteen, within ten days written notice of such deficiency, the amount of such deficiency.

3.4.1.2 If Franchisee reports an understatement of Gross Sales, then Franchisee shall be liable for and promises to pay immediately to Canteen (a) the past due Royalty Fees payable on the amount of such understatement, (b) plus Default Charges, (c) plus the direct and indirect costs of any audit or inspection, including without limitation, the charges of attorneys and any independent accountants and the travel expenses, room and board and compensation of Canteen's employees, if such inspection or audit occurred subsequent to Franchisee's failure to furnish reports, records, or information on a timely basis, or if an understatement of Gross Sales for the period of any audit is determined by Canteen to be greater than 5%.

3.4.2 **Other Fees and Charges.** Except as otherwise specifically provided herein, all fees, charges and payments other than the Royalty Fee due to Canteen or any of its Affiliates under this Agreement shall be paid by Franchisee within 10 days after the invoice date. Franchisee shall be liable for and promises to pay to Canteen applicable fees and charges, plus a charge of \$30.00, for any check or other instrument of payment given by Franchisee that is not paid or is returned as uncollectible. If Franchisee fails to pay when due the full amount of any obligation under this Agreement or any other agreement with Canteen, or any commissions truly and correctly owed to clients of Franchisee as a result of Franchisee's failure to correctly and accurately account for or report Gross Sales (each a "**Payment Default**"), Franchisee shall be liable for and promises to pay to Canteen a Default Charge which shall accrue on the first day following the due date upon the average daily balance of unpaid and past due payments existing as of such accrual date. Canteen's receipt and acceptance of any Default Charges shall not constitute a waiver or cure of the Payment Default.

3.4.3 **Payments.** Payments must be payable in U.S. currency and drawn on a financial institution located in the United States. Canteen can accept partial payments, unsigned payments, late payments, interest payments, and Default Charges without waiving any of its rights under this Agreement. Payments indicated to be "payment in full" and remitted in complete satisfaction of a disputed amount must be made at 2400 Yorkmont Road, Charlotte, North Carolina 28217 to the attention of the Controller, Canteen. Any payment subsequently invalidated, declared to be fraudulent or preferential, set aside, avoided, or otherwise recovered by any other party under any federal or state law, common law, or equitable cause, shall be automatically revived, reinstated, and restored as an unpaid Franchisee obligation regardless of any actions or agreements evidencing accord and satisfaction. Canteen may require that all payments to Canteen or its Affiliates hereunder be effected, at Franchisee's cost, through electronic debit/credit transfer of funds programs that Canteen may establish from time

to time, and Franchisee agrees to sign such documents (including independent transfer authorizations) and do such things as Canteen deems necessary to facilitate electronic transfer of funds.

3.4.4 **Billings.** All billings, statements, and invoices rendered by Canteen or its Affiliates to Franchisee shall be deemed to be correct and binding upon Franchisee, unless within 60 days after Franchisee's receipt thereof, Canteen shall receive from Franchisee a notice specifying all errors allegedly contained therein. Notwithstanding Franchisee's notice to Canteen of billing errors, Franchisee shall perform or pay its obligations hereunder in complete accordance with the applicable billing statement unless and until Canteen otherwise consents in writing.

3.4.5 **Application of Payments.** Notwithstanding any designation by Franchisee, Canteen shall have sole discretion to apply any payments by Franchisee to any of its past due indebtedness for Royalty Fees, purchases from Canteen, interest or any other indebtedness to Canteen or any of its Affiliates. Franchisee acknowledges and agrees that all Royalty Fees, purchases from Canteen, interest or any other indebtedness to Canteen or any of its Affiliates shall be paid when due, without any setoff, deduction, or prior demand therefor.

## 4. MARKS AND PATENTS.

4.1 **Ownership of Marks.** Franchisee acknowledges that Canteen owns the Marks and that Canteen licenses the Marks to its franchisees. Franchisee's right to use the Marks is expressly subject to and conditioned upon Franchisee's compliance with all terms, liabilities, conditions, and obligations arising under and in connection with this Agreement and any other agreement with Canteen or its Affiliates. All provisions of this Agreement applicable to the Marks will apply to any additional or substitute trademarks and service marks Canteen authorizes Franchisee to use. This Agreement does not confer on Franchisee any goodwill or other interests in and to the Marks. During the Term and thereafter, whether singularly or in concert with others, (a) Franchisee shall not assert any entitlements to goodwill or any interests in and to the Marks, (b) Franchisee's use of the Marks and any goodwill established thereby will inure to Canteen's exclusive benefit, (c) Franchisee shall not contest the validity or ownership of any Marks or any names, logos, trademarks, trade dress, service marks, or trade names now or hereafter owned by or licensed to Canteen or its Affiliates, (d) Franchisee shall not perform any action, direct or indirect, which might prejudice or adversely affect the validity or value of the Marks or Canteen's ownership thereof, (e) Franchisee shall not apply for, seek registration of, or take any other action to establish in Franchisee or other(s) any ownership, equitable, or beneficial rights in the Marks, or in any service mark, tradename, trade dress, trademark, word, symbol, letter, or design confusingly similar to the Marks or any other trademarks, tradenames, service marks, logos or names owned by Canteen or its Affiliates or any other person, and (f) Franchisee shall not use any Mark (or any abbreviation, modification or colorable imitation) as part of any corporate or legal business name or in any other manner (including as an electronic media identifier, such as websites, web pages or domain names) not expressly authorized by Canteen in writing.

4.2 **Use of Marks.** Franchisee shall use the Marks as the sole and exclusive identification of its Franchise and its provision of Authorized Services and such other services permitted hereunder, all in accordance with the Standards or such directives or prescriptives as issued from Canteen from time to time, provided Franchisee identifies itself as the independent owner thereof in the manner Canteen prescribes. Notwithstanding the foregoing, if Franchisee is granted the non-exclusive rights to offer Authorized Services in any part of the Protected Territory, Franchisee does not have any right to use the mark CANTEEN or any other Marks (or any abbreviation, modification or colorable imitation) within such non-exclusive territory, including in connection with its corporate name, trade name and/or on its stationery, business cards, sales materials, vending machines, equipment, vehicles or trucks. Franchisee shall continue to operate under its current corporate name in such non-exclusive territory. If Canteen, in its sole and absolute discretion, grants to Franchisee the right to use any of Canteen's Marks in the non-exclusive territory: (a) Franchisee shall use the Marks only in accordance with the Standards or such directives or prescriptives as issued from Canteen from time to time, but Franchisee shall identify itself as the independent owner of the franchise in the manner Canteen prescribes; and (b) Franchisee shall immediately discontinue using the Marks upon the expiration, termination, or Transfer of this Agreement, and upon written notice by Canteen. Franchisee acknowledges that whether or not registered, the Marks are the proprietary property of Canteen and agrees that it shall not employ the Marks (or any abbreviation, modification

or colorable imitation thereof) for any purpose, including but not limited to employing any such Mark as part of any corporate or legal business name or in any other manner, except as expressly authorized in writing by Canteen.

**4.3 Discontinuance of Use of Marks.** If it becomes advisable at any time in Canteen's sole discretion for Canteen and/or Franchisee to modify or discontinue use of any Mark and/or use one or more additional or substitute trademarks or service marks, Franchisee shall comply with, and ensure that all employees, subcontractors, agents or independent contractors of Franchisee comply with, Canteen's directions within a reasonable time after receiving notice thereof. Canteen will have no liability or obligation whatsoever with respect to Franchisee's modification or discontinuance of any Mark or promotion of a substitute trademark or service mark.

**4.4 Notification of Infringements and Claims.** Franchisee shall immediately notify Canteen of any apparent infringement of, or challenge to, Franchisee's use of any Mark, or claim by any Person of any rights in any Mark. Franchisee may not communicate with any Person other than Canteen and Canteen's financial or legal consultants in connection with any such infringement, challenge, or claim. Canteen shall have sole discretion to take such action as Canteen deems appropriate and shall have the right to control exclusively any litigation or U.S. Patent and Trademark Office or other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. Franchisee shall execute any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of Canteen's legal or financial consultants, may be advisable to protect and maintain (a) Canteen's goodwill and interests in and to any Mark, or (b) Canteen's interests in any litigation or U.S. Patent and Trademark Office or other proceeding.

**4.5 Grant of Patent License.** In consideration of Franchisee's obligations set forth in this Agreement, Canteen hereby grants Franchisee a non-exclusive right and license to use within the Protected Territory services or products covered by the Canteen Patents. The license granted in this section shall extend until the expiration of the last to expire patent included within the Canteen Patents, unless terminated earlier in accordance with the terms hereof. Upon the termination or expiration of this Agreement for any reason whatsoever, the license and rights granted to Franchisee under this section shall cease, and Franchisee shall have no right thereafter to use any of the services or products covered by the Canteen Patents, and Franchisee shall immediately return any products covered by the Canteen Patents to Canteen without payment of any additional further consideration. No other rights in or under the Canteen Patents are herein granted, all such rights being expressly reserved to Canteen. Notwithstanding the foregoing, if Franchisee is granted the non-exclusive rights to offer Authorized Services in any part of the Protected Territory, Franchisee may use Canteen Patents within such non-exclusive territory only upon Canteen's prior written consent on a case-by-case basis, subject to Canteen's sole and absolute discretion. Franchisee shall immediately discontinue using the Canteen Patents in the non-exclusive territory upon written notice by Canteen.

**4.6 Validity and Enforceability of Patents.** Except to the extent the following obligation is unenforceable under the law of a particular jurisdiction where a patent application within the Canteen Patents is pending or a patent within the Canteen Patents issued, Franchisee covenants and agrees that it shall not at any time during or after termination of this Agreement directly or indirectly challenge, dispute or question in any manner, or assist another to challenge, dispute or question in any manner, the allowability, patentability, validity or enforceability of any Canteen Patents. Franchisee agrees that, to the extent such obligation is so unenforceable, the sole forum within which it may initiate any challenge to validity of any of the United States patents within the Canteen Patents shall be the United States Patent and Trademark Office and that such challenges shall be limited to proceedings pursuant to 35 U.S.C. § 301 - 307 (1988), as amended.

**4.7 No Sublicense and Notice of Infringement.** Franchisee shall not grant, transfer, convey, sublicense or otherwise assign any of its rights to the Canteen Patents without the prior written consent of Canteen, which consent may be arbitrarily withheld. Franchisee shall promptly notify Canteen in writing of any potential infringement of any of the Canteen Patents by any third party.

## 5. ASSISTANCE BY CANTEEN.

Canteen may, as it deems advisable and in its sole discretion, provide to Franchisee certain services and assistance, as identified below, and such other services and assistance from time to time (collectively “**Canteen Assistance**”).

**5.1 Training.** Canteen may provide training to Franchisee upon such topics and at such places and times as Canteen designates. If Canteen provides such training in conjunction with training of its own employees and does not charge its employees a training fee, then Canteen will not charge Franchisee a training fee; provided, however, that Franchisee shall be responsible for all expenses incurred by Franchisee in connection with and during such training, including, but not limited to, wages and compensation, transportation, meals, lodging, and all other expenses. If Canteen charges its own employees a training fee, or contracts with a third party to provide training, or sponsors training solely for attendance by its franchisees, then Franchisee shall (a) be responsible for all expenses incurred by it and its employees in connection with and during such training, including, but not limited to, wages and compensation, transportation, meals, lodging, and all other expenses, and (b) pay both the training fees assessed by such third party or by Canteen as well as the related cost of training materials, as applicable.

**5.2 Services and Information.** Canteen may, in its sole discretion, from time to time supply certain services and information to franchisees, which may or may not include the assistance described below. Franchisee shall be liable for and promises to pay to Canteen such fees as Canteen may assess for assistance provided. Franchisee covenants that it shall (a) solely rely upon its own business judgment and the advice of its financial and legal advisors to determine the suitability and validity of any assistance rendered by Canteen, and (b) remain exclusively liable for costs or liabilities arising from or in connection with implementation or use of such assistance.

**5.2.1 Materials.** Selected materials may be provided to Franchisee, including confidential operations and purchasing manuals (“**Manuals**”), for which provision Franchisee shall reimburse Canteen’s reasonable costs, including shipping and handling. To the extent such materials are produced by a third party, such materials shall be made available to Franchisee at the same prices available to Canteen so long as permitted and agreed to by such third party. The material and information set forth in the Manuals is confidential and proprietary to Canteen and is to be used by Franchisee only in connection with the operation of the Franchise hereunder.

**5.2.2 Telephone Consultation.** Franchise operating consultation by telephone during normal business hours.

**5.2.3 Information Technology and Systems.** To the extent permitted or prudent, Canteen may provide purchasing offers from Canteen’s suppliers relative to computer hardware and software now or hereafter used by Canteen relative to its Vending Services; provided, however, that nothing in this section shall obligate Canteen to (a) develop any software, (b) modify or improve any software, or (c) supply any improvements or update made to any previously developed software, or (d) make available to (or supply or purchase on behalf of) Franchisee, any hardware or software from Canteen suppliers, or (e) make available to, supply or purchase on behalf of, Franchisee any installation, training, or support of any hardware or software.

## **5.3 Purchases and Rebates.**

**5.3.1 Purchasing Programs and Services.** Canteen from time to time establishes arrangements with its suppliers, including the use of approved distributors, for the purchase of food, beverages and other consumer products, vending and food service equipment, smallwares, and services (“**Purchasing Programs**”). Canteen will make reasonable efforts to facilitate Franchisee’s access and use of such Purchasing Programs to purchase, either directly from suppliers or through Canteen, reasonable quantities of such products, equipment, and services for use in the Franchise at prices and terms established by Canteen from time to time (“**Purchasing Services**”). Franchisee acknowledges that, despite Canteen’s reasonable efforts, the terms of any Purchasing Program, or the exercise of any supplier discretion thereunder, may render Purchasing Services unavailable to Franchisee. Canteen may, in its sole discretion without prior notice, at any time (a) change its suppliers and institute different purchasing procedures and Purchasing Programs, and (b) modify or terminate Purchasing Programs. Franchisee shall not assert against Canteen any claim or defense arising out of or in connection with any purchases whether for breach of warranty, failure to ship, or otherwise. **EXCEPT AS EXCLUSIVELY SET FORTH IN WRITING AND SIGNED BY CANTEEN OR ITS AFFILIATES, CANTEEN AND ITS AFFILIATES MAKE NO EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE PRODUCTS AND**

**GOODS, AND ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT RESTRICTED TO THE IMPLIED WARRANTY OF TITLE, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT, ARE EXPRESSLY DISCLAIMED. UNDER NO CIRCUMSTANCES WILL CANTEEN'S OR ITS AFFILIATES' LIABILITY IN CONNECTION WITH ANY PRODUCTS OR GOODS EXCEED THE DOLLAR AMOUNT OF THE PURCHASE PRICE OR LICENSE FEE PAID BY FRANCHISEE FOR THE PRODUCTS OR GOODS. IN NO EVENT WILL CANTEEN OR ITS AFFILIATES BE LIABLE TO ANY PARTY, INCLUDING BUT NOT LIMITED TO, FRANCHISEE AND FRANCHISEE'S CUSTOMERS, FOR ANY TORT DAMAGES OR INDIRECT, SPECIAL, GENERAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS OR ANTICIPATED PROFITS AND LOSS OF GOODWILL, ARISING IN CONNECTION WITH THE USE OF (OR INABILITY TO USE) THE PRODUCTS OR GOODS FOR ANY PURPOSE WHATSOEVER, EVEN IF CANTEEN OR ITS AFFILIATES ARE AWARE OR HAVE BEEN ADVISED OF THE POSSIBILITY OF POTENTIAL LOSS OR DAMAGES.** Any claims or defenses by Franchisee against a supplier or other Person in connection with any purchases shall neither affect Franchisee's obligation to remit to Canteen the full amount of the purchase order in accordance with this Section 5.3.1 nor affect any other Franchisee obligation of payment and performance arising under this Agreement or any other agreement with Canteen or its Affiliates.

5.3.2 **Products and Services.** To the extent Purchasing Programs are available, Franchisee may on its own behalf effect purchases of food, beverages, other consumer products, and services for inventory in connection with its Authorized Services. All Losses and Expenses arising in connection with such purchases and ordered goods shall be the sole and exclusive obligation of Franchisee.

5.3.3 **Equipment.** At Franchisee's request, Canteen may effect purchase orders, on Franchisee's behalf, under such relevant Purchasing Programs to acquire vending machines and parts, heavy kitchen equipment, and smallwares for exclusive use in the Franchise. Payment for orders effected by Canteen shall be (a) funded to Canteen to an account specified by Canteen or remitted directly to the vendor, (b) for an amount equal to the relevant total invoice charge, including taxes, freight, and delivery charges, and (c) due and payable from Franchisee to Canteen or to the vendor, as the case may be, within 10 days upon delivery of the goods, regardless whether the shipment is rejected. All Losses and Expenses arising in connection with such purchases and ordered goods shall be the sole and exclusive obligation of Franchisee. If any equipment suppliers or vendors pay rebates to Canteen based, in part, upon Franchisee's purchases of equipment, Canteen will pay Franchisee a pro rata share of such rebates less the Administrative Fee.

5.3.4 **Franchisee Rebates.** Unless specified by Canteen in writing, Canteen will remit to Franchisee the Franchisee Rebates, less the Administrative Fee. From time to time, and upon 10 days prior written notice to Franchisee, Canteen shall have the right, in its sole discretion and with respect to certain suppliers and purchasing programs, to remit to Franchisee certain rebates or incentive payments, less the Administrative Fee, based upon Franchisee's individual percentage of purchasing growth of a particular product or products over the past year versus the previous year, regardless of the amount of Rebates or incentive payments Canteen receives from suppliers. Terms for Rebates are subject to change based, in part, on fluctuations in market and credit conditions as well as changes in Canteen's Purchasing Programs. Payment of Net Franchisee Rebates is subject to and conditioned upon Canteen's receipt of due and payable Rebates from suppliers, unless otherwise specified in writing by Canteen. Canteen shall remit due and payable Net Franchisee Rebates on or within 45 days of Canteen's receipt of applicable Rebates or, when a different program is implemented by Canteen, pursuant to the time periods contained in the writing or notice from Canteen. Canteen reserves the right to apply any Franchisee Rebates or other incentives due to Franchisee against any delinquent payments owed to Canteen or any of its Affiliates. In order to facilitate payment of such rebates to Franchisee, at Canteen's request, Franchisee shall submit to Canteen a list of the suppliers from whom Franchisee purchased products during the period requested. Notwithstanding the foregoing, Canteen currently has a program in place where it will pay to franchisees Franchisee Rebates on beverage purchases on the tenth (10<sup>th</sup>) of the month, for beverage purchases made two months prior. To streamline and normalize the beverage Rebate settlement process, Canteen will deduct all Royalty Fees and Administrative Fees owed under this Agreement before paying Franchisee the Franchisee Rebates relating to beverage purchases. If Franchisee has not provided Canteen with its reports identifying Franchisee's Gross Sales by the fifth (5<sup>th</sup>) of a given month, Franchisee agrees that Canteen may estimate the Royalty Fee owed by Franchisee for the applicable month based on the average of the prior three (3) months' report of Gross Sales, and will deduct the estimated

Royalty Fee and Administrative Fees prior to paying to Franchisee Rebates relating to beverage purchases. Any estimate will be trued up against the actual Royalty Fee calculated for the applicable month once Canteen receives Franchisee's report of Gross Sales for the applicable month, and the trued-up adjustment will be made in the next month's payment. Canteen has the right, at any time, to reevaluate and terminate the beverage settlement process for Franchisee Rebates relating to beverage purchases.

**5.4 Branded Programs.** From time to time Canteen may, in its sole discretion, allow Franchisee to sell, in connection with its Authorized Services, certain products or services which bear trademarks, service marks, logos, designs, or symbols owned by or licensed to Canteen or its Affiliates (collectively "**Branded Programs**"). Canteen may from time to time offer to Franchisee the opportunity to participate in any such Branded Programs. If Canteen or any of its Affiliates develops such Branded Program, then Canteen may allow Franchisee to participate so long as such programs are offered to other Franchisees and Franchisee complies with the terms of such Branded Programs, including the payment of applicable royalty fees on sales of products under such program to the respective owner of such Branded Program. If such Branded Program is developed by an entity other than Canteen or its Affiliates (hereinafter "**Licensor**") and is licensed for use by Canteen, then Canteen may allow Franchisee to participate so long as Canteen determines, in its sole discretion, that such participation is permitted by Licensor and under the terms of its license. Franchisee is not required to participate in any such Branded Programs offered to it by Canteen. Franchisee shall discontinue any such services at any time if Canteen, in its sole discretion, decides to cancel the Branded Program or determines that Franchisee (a) has not performed satisfactorily any Branded Program, or (b) is unable to comply with all of the operating standards required by Canteen for any Branded Program, or (c) is unable to comply with all of the financial and operating terms and conditions arising in connection with any Branded Program, or the license thereto. Notwithstanding the foregoing, if Franchisee is granted the non-exclusive rights to offer Authorized Services in any part of the Protected Territory, Franchisee's right to use the Branded Programs within such non-exclusive territory is subject to Canteen's prior written consent on a case-by-case basis subject to Canteen's sole and absolute discretion. Franchisee shall immediately discontinue using the Branded Programs in the non-exclusive territory upon written notice by Canteen. Canteen reserves the right to determine the amount, and provision, if any, of Franchisee Rebates in connection with Branded Programs as well as the royalty fee on any Branded Programs owned or developed by Canteen or its Affiliates. Any Franchisee request for a Branded Program shall constitute Franchisee's consent to the terms and conditions established by Canteen under such program and as provided herein.

**5.5 Limitations and Liabilities.** Franchisee (a) acknowledges that Canteen makes no warranty or representation of any nature, express or implied, regarding the standards of care and practice in the performance of any Canteen Assistance, (b) waives against Canteen and its Affiliates any Losses and Expenses incurred by Franchisee arising out of any Canteen Assistance, and (c) indemnifies and saves Canteen and its Affiliates harmless from any Losses and Expenses incurred by Canteen arising out of any Canteen Assistance.

## **6. OPERATING STANDARDS.**

**6.1 Franchise Establishment and Operation.** Franchisee shall maintain and operate its Franchise in accordance with the System as modified from time to time, shall adhere to all Standards published and other directives issued by Canteen from time to time, and shall attend all training programs as required by Canteen from time to time. Franchisee shall comply with all rules and regulations promulgated by Canteen from time to time relating to the installation, maintenance, repair, servicing, and operation of vending equipment, Vending Services, Food Services, and Secured Delivery Services, and relating to the preparation, handling, and sale of food and other products. Franchisee (if an individual), or a qualified, full-time operations' manager, shall personally and actively supervise the affairs, management, and operation of the Franchise pursuant to the terms of this Agreement. Franchisee may enter into subcontracts with third parties to provide certain products or services to an Account subject to and conditioned upon (a) Canteen's prior written approval, which approval may be withheld for any reason upon Canteen's reasonable discretion, and (b) such terms and conditions as Canteen, in its reasonable discretion, may specify, and (c) its prompt supply to Canteen of all information requested by Canteen regarding a proposed subcontractor, and (d) Franchisee's suspension or termination of subcontractor services immediately



upon written demand from Canteen. Franchisee acknowledges and agrees that Franchisee, not Canteen, is the sole employer of workers for whom the Franchisee provides a benefit plan or pays wages.

**6.2 Best Efforts.** Franchisee shall continuously exert its best efforts to promote, enhance and fully exploit the business potential of the Franchise throughout the Protected Territory by, among other things, expanding and maximizing its (a) market share of Accounts, and (b) sales of Authorized Services.

**6.3 Products and Services.** Franchisee shall cooperate fully in the promotion, protection, and maintenance of Canteen's goodwill and the goodwill attached to the Marks and such other trademarks or service marks licensed by Canteen, which goodwill has been established by selling products and services of uniform high quality and assured consumer acceptance, and to this end Franchisee is privileged to sell at such prices as Franchisee may determine, products and services which comply with the high standards of quality required by Canteen and meet or exceed levels of consumer acceptance; provided that all such products and services shall comply fully with all applicable federal, state, and local requirements. Franchisee acknowledges that Canteen shall have the right to designate (i) sources of supply of goods, equipment, and services ("**Suppliers**") and (ii) distributors of goods and equipment ("**Distributors**"), in either case in order to protect the quality of the System and in some instances to obtain better pricing for its franchisees generally. Franchisee further acknowledges that Canteen has created a quarterly plan (the "**Plan-O-Gram**") designed to optimize consumer satisfaction and off-take, as well as to maximize profitability while allowing local flexibility. The Plan-O-Gram is a mix of required and optional vending products and items that is changed from time to time to reflect consumer preferences and new products being introduced into the market. Franchisee agrees that, to be deemed in "**Compliance**" for purposes of Section 3.2, Franchisee shall: (i) purchase all products and equipment in compliance with the System; (ii) purchase from Suppliers and Distributors designated by Canteen eighty-five percent (85%) or more of all products Franchisee sells; (iii) implement at least eighty-five percent (85%) of Canteen's Plan-O-Gram; and (iv) utilize Canteen's designated purchasing co-op, currently Foodbuy, LLC, to purchase eighty-five percent (85%) or more of all products Franchisee sells and report such sales to the designated purchasing co-op. Notwithstanding the foregoing, to calculate the 85% compliance with Canteen's System and Plan-O-Gram, Canteen will not take into consideration Franchisee's purchases of products and supplies outside of the System and Plan-O-Gram if those non-compliant purchases are due to an express requirement of the vending Account for which Franchisee is purchasing the products or supplies.

**6.3.1 Prices.** Canteen may offer guidance to Franchisee relating to prices for products sold in the Franchise that, in Canteen's judgment constitute good business practice. No such guidance shall be deemed to impose on Franchisee any obligation to charge any fixed, minimum or maximum price. Franchisee will have the sole right to determine the prices to be charged for products and services of the Franchise. Franchisee will not enter into any agreement or arrangement or engage in any concerted practice with other Canteen franchisees or others relating to the prices at which products or services will be sold by Franchisee or by other Canteen franchisees.

**6.3.2 Market Research.** Canteen may conduct market research and tests to determine consumer trends and saleability of new food, beverages, and other consumer products and services. If Franchisee agrees to participate in such market research programs, then Franchisee shall (a) test market new food, beverage and other consumer products and services in accordance with Canteen's instructions, and (b) purchase a reasonable quantity of, and use its best efforts to sell, such test products, and (c) provide Canteen with timely reports and other relevant information regarding such market research.

**6.4 Equipment/Computer Systems.** Franchisee shall purchase or lease only such types, brands, or models of equipment for the Franchise that meet industry standards as approved by NAMA (National Automatic Merchandising Association). Franchisee shall install, inspect, repair, service, and operate, at Franchisee's own expense, all equipment required to operate the Franchise and shall at all times keep and maintain all such equipment in good and proper repair and working condition. Canteen has developed an online information, reporting, document sharing, and royalty calculating system that allows Franchisee to log onto the system and input its sales, calculate fees, and upload any other required information. Franchisee shall purchase or lease at Franchisee's expense, and maintain, a computer, modem, Internet service, and other computer-related accessories

or peripheral equipment and software, which meet Canteen's standards and specifications, and as necessary to use the online system.

**6.5 Approval of Advertising.** Franchisee shall submit to Canteen for its prior written approval all advertising and promotional materials not prepared or previously approved by Canteen if the advertising materials contain Canteen's name, trademarks, servicemarks, or logos. If Canteen does not notify Franchisee of its disapproval of such materials within 30 days after its receipt thereof from Franchisee, then Canteen shall be deemed to have approved the materials. Notwithstanding the foregoing, neither a Canteen failure to notify of disapproval nor an issuance of Canteen's written approval shall constitute a waiver of Canteen's right to thereafter disapprove such materials, and Franchisee shall terminate its use, distribution, or authorization for such materials immediately upon notice by Canteen.

**6.6 Web site/Internet Sales.** Franchisee agrees not to advertise, offer or sell any Authorized Services through the Internet without Canteen's consent. In connection with any such consent, Canteen may establish such requirements as Canteen deems appropriate, including (a) obtaining Canteen's prior written approval of any Internet domain name and home page addresses; (b) submission for Canteen's approval of all Web site pages, advertising materials and content; (c) use of all hyperlinks and other links; (d) restrictions on use of any materials (including text, video clips, photographs, images and sound bites) in which any third party has any ownership interest; (e) obtaining Canteen's prior written approval of any modifications; and (f) requiring Franchisee to consent in advance to Canteen's removal of any Web site pages, materials, advertising and content as Canteen deems desirable, in its sole discretion, to maintain and enhance the goodwill associated with the Marks.

**6.6.1 Canteen's Use of Internet.** Notwithstanding anything to the contrary contained in this Agreement, Canteen may, at its discretion, advertise, offer and sell any products and services (including Authorized Services) within and outside the Protected Territory through the Internet on such terms and conditions as Canteen deems appropriate. In connection therewith, Franchisee agrees to abide by such reasonable requirement and restrictions as Canteen may impose from time to time. Canteen may require Franchisee to participate in any such endeavors, including participation with pages on any of Canteen's Web sites, and to execute such agreements as Canteen deems reasonably appropriate in connection therewith.

**6.7 Uniform Accounting System.** Franchisee shall use and keep up-to-date, at all times, the uniform accounting systems and practices determined by Canteen from time to time. Unless otherwise mutually agreed by Franchisee and Canteen, Franchisee shall operate on the same fiscal year basis as it currently uses as of the date of this Agreement.

**6.8 Reports and Records.** Franchisee shall on or before the 10th day of each Canteen Period furnish to Canteen a written report of the preceding Canteen Period covering sales by product line and all such other information as Canteen may reasonably require from time to time. In addition, Franchisee shall furnish Canteen complete and accurate balance sheets and profit and loss statements within 30 days after the close of each quarter showing the true and actual condition of the Franchise and Franchisee. All such reports and statements (a) shall be prepared consistently and in accordance with accounting practices prescribed by Canteen (copies of which will be provided to Franchisee), and (b) shall, together with the books, records, controls, and condition of the Franchisee and Franchise, be subject to audit by Canteen's internal audit function or by its independent public accountants, and (c) shall be maintained by Franchisee for 3 years, together with a complete and accurate set of books, records and accounts for the Franchise. After the end of each fiscal year, Franchisee shall provide Franchisor with copies of Franchisee's sales tax returns and such portions of Franchisee's state and federal income tax returns as are related to the Franchise. All such books and records shall be kept at Franchisee's principal place of business, unless otherwise approved in writing by Canteen. Franchisee hereby authorizes all of its suppliers and distributors to release to Canteen, upon Canteen's request, any and all of its books, records, accounts or other information relating to goods, products and supplies sold to Franchisee relating to the Franchise.

**6.9 Insurance.** Franchisee shall secure insurance policies covering such liabilities as Canteen specifies including: comprehensive automobile (including hired and non-owned coverage), commercial general liability coverage including contractual liability coverage and, if necessary, umbrella insurance relating to each; general

property and general casualty insurance, including fire and extended coverage, vandalism and malicious mischief insurance, on a replacement cost basis; claims under Worker's Compensation and other similar employee benefit laws as required in Franchisee's territory as well as employers' liability claims which might be outside the scope of workers compensation statutes; and such other insurance policies, such as business interruption insurance, as Canteen may specify from time to time. Franchisee shall furnish Canteen with certificates of insurance evidencing the types and amounts of insurance as Canteen establishes from time to time. All insurance policies shall be issued by carriers approved by Canteen, shall contain such types and minimum amounts of coverage, exclusions and maximum deductibles as Canteen may prescribe from time to time, shall name Canteen and its Affiliates, and their respective directors, officers, employees, agents and shareholders as additional named insureds, must apply as primary and noncontributory insurance with respect to any other insurance or self insurance program afforded to Canteen, shall provide for 30 days' prior notice to Canteen of any material modification, cancellation or expiration of such policy, shall include a waiver of subrogation endorsement wherein Franchisee waives all rights against Canteen, its Affiliates and their agents, officers, directors and employees for recovery of damages to the extent these damages are covered by the insurance policies maintained pursuant to this Section 6.9, and shall include such other provisions as Canteen may require. By requiring insurance herein, Canteen does not represent that coverage and limits will necessarily be adequate to protect Franchisee and such coverage and limits shall not be deemed as a limitation on Franchisee's liability under the indemnities granted Canteen in this contract. Franchisee waives all rights against Canteen and its Affiliates, and their agents, officers, directors and employees for recovery of damages to the extent these damages are covered by the commercial general liability or commercial umbrella liability insurance obtained by Franchisee.

## **6.10 Compliance.**

6.10.1 **Governmental Regulations.** Franchisee shall pay all license fees, assessments and taxes which may be imposed against the business conducted by Franchisee, as well as all license fees, taxes (including, without limitation, any personal property taxes), and charges pertaining to Franchisee's property. Franchisee shall also observe and comply in all respects with all federal and state laws, ordinances, governmental rules, regulations and restrictions applicable to the provision of services by Franchisee and its business and Account facilities. If Canteen is called upon to pay any license fees, assessments, taxes, or other governmental charges as the result of the failure or refusal of Franchisee to do so, then Franchisee shall be obligated to promptly reimburse Canteen for any such payments made by it.

6.10.2 **Compass Code of Business Conduct.** Franchisee undertakes and agrees that in connection with the Franchise, Franchisee will comply with all applicable laws, rules, regulations, decrees and/or official governmental orders of the United States of America and the United Kingdom relating to anti-corruption and anti-money laundering. Franchisee agrees and acknowledges that neither the Franchisee nor any of its Owners, directors, officers, employees, agents or representatives has (and will not in connection with operating the franchise): (i) Made, authorized, offered or promised to make any payment of anything of value for the purpose of inducing or rewarding any favorable action or influencing any act or decision in connection with Franchisee's business to a candidate for public office or to an official or employee of a foreign or domestic government, government-controlled entity, public international organization or political party; or (ii) Made, solicited or received any unlawful bribe, rebate, payoff, influence payment or kickback or has taken any other action that would violate any of the U.S. Foreign Corrupt Practices Act 1977 or the U.K. Bribery Act 2010, as both are amended from time to time, or any other any other applicable anti-bribery or anti-corruption laws (collectively, the "Anti-Bribery Laws"). Franchisee further agrees and acknowledges that neither the Franchisee nor any of its Owners, directors, officers, employees, agents or representatives during the five years prior to the date of this Agreement, (A) has been, or is being, investigated by any governmental, regulatory, administrative or other official body in relation to its business involving allegations of impropriety implicating breach of Anti-Bribery Laws or money laundering, and, so far as the Franchisee is aware, there are no circumstances likely to lead to any such investigation; and (B) no regulatory or disciplinary proceedings or action have been brought and no fine, debarment from bidding for any contract or business or other penalty has been imposed by any governmental or regulatory body, whether against Franchisee or any its employees or former employees. Franchisee shall notify Canteen in writing within 5 days after: (a) the commencement of any legal or administrative action, or the issuance of any order of any court, agency or other governmental instrumentality, which may adversely affect the prospects

or condition, whether financial or otherwise, of the business, properties, or operation of the Franchise or Franchisee; or (b) the delivery of any notice of violation or alleged violation of any law, ordinance or regulation. Franchisee shall adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct in all dealings with Canteen, its Affiliates, and all Accounts, suppliers, lessors and the public. Compass has a Code of Business Conduct (the “Compass CBC”). An electronic copy can be downloaded from the following web site: <http://www.compass-group.com/1124.htm>. Canteen expects that Franchisee will conduct Compass-related business activities in a manner consistent with the principles and standards detailed in the Compass CBC.

**6.10.3 Electronic Payment Standards.** Franchisee also shall comply with all applicable standards, laws, rules, regulations or any equivalent relating to personal information, data privacy, and data protection, and comply with any privacy policies or data protection and breach response policies Canteen periodically may establish, including those set forth in Section 6.10.4 (Data Breach Notification).

**6.10.3.1** Franchisee must abide by: (a) the Payment Card Industry Data Security Standards (“PCI-DSS”) enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); (b) the Fair and Accurate Credit Transactions Act (“FACTA”) as applicable; and (c) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments (“Electronic Payment Requirements”). Canteen requires that Franchisee use professional vendors with relevant industry (and may require Franchisee to use one or more Suppliers that Canteen reasonably approves) to provide security services that are consistent with PCI-DSS, FACTA and applicable Electronic Payment Requirements. Canteen currently requires Franchisee to use a managed firewall, conduct a quarterly network scan, maintain anti-virus/anti-malware software, and use managed Wi-Fi, but Canteen may modify from time to time the specific security measures that Franchisee must maintain. Canteen requires that Franchisee submit an attestation of its PCI-DSS compliance status in compliance with FACTA or applicable Electronic Payment Requirements upon Canteen’s request. Canteen may require Franchisee to use professional vendors with relevant industry experience or Suppliers that Canteen reasonably approves to conduct periodic security audits to ensure that personal data is adequately protected. Canteen may require Franchisee to provide, or make available, to Canteen copies of any audits, scanning results, or related documentation relating to such compliance or audits. If Franchisee suspects or knows of a security breach, Franchisee must immediately give Canteen notice of such security breach and promptly identify and remediate the source of any compromise or security breach at Franchisee’s expense. Franchisee assumes all responsibility for providing all legally required notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Franchised Business as required by applicable law.

**6.10.4 Data Breach Notification.** If Franchisee learns of an incident that may be a “breach of the security of the system” under a state’s or territory’s data breach notification law, Franchisee must immediately notify Canteen of the facts that are known about the incident (a “Data Breach”). Although Franchisee is responsible for complying with all data breach notification laws, regulations, rules, standards or any equivalent thereof applicable to its organization, Canteen expects that Franchisee will coordinate with Canteen regarding such incidents where notification to individuals is required before individuals are notified unless law requires otherwise so that Canteen can be aware of and be prepared to address issues that may affect the System and be in a position to support Franchisee where possible.

**6.11 Canteen’s Right to Inspect.** Canteen and its designated agents shall have the right at any reasonable time and without prior notice to Franchisee to: (a) inspect, observe, photograph, audio tape, and video tape Franchisee’s business, operations, and Account locations; (b) remove samples of any food or beverage products, materials, or supplies for testing and analysis; (c) interview Franchisee personnel and Account principals and consumers; and (d) inspect and copy any books, records, and documents relating to the development, ownership, lease, occupancy, or operation of the Franchise and Franchisee’s business. Franchisee shall do all things necessary to cooperate fully with Canteen in connection with such activities.

**6.12 Canteen’s Right to Audit.** Canteen has the right at any time during business hours, and without prior notice to Franchisee, to inspect and audit, or cause to be inspected and audited, the business records, bookkeeping, controls, accounting records, sales and income tax records and returns and other records of the Franchisee. Franchisee shall fully cooperate with any inspection or audit conducted by Canteen’s or its Affiliate’s

representatives and independent accountants. If any inspection or audit discloses an understatement of Gross Sales, then Franchisee shall pay to Canteen, within seven (7) days after receipt of the audit report, the Royalty Fees due on the amount of such understatement, plus Default Charges, from the date originally due until the date of payment. If Canteen's audit reveals an understatement of Gross Sales by an amount of 5% or more, Franchisee shall reimburse Canteen for the cost of such audit, including charges of attorneys and any independent accountants and travel expenses, room and board and compensation of Canteen's employees. The foregoing remedies shall be in addition to Canteen's other remedies and rights under this Agreement or applicable law.

**6.13 Indemnification.** Franchisee shall indemnify and hold harmless to the fullest extent permitted by law, Canteen, its Affiliates and their respective directors, officers, employees, shareholders, agents, successors and assigns (collectively "**Indemnitees**") from any and all Losses and Expenses incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether it is reduced to judgment) or any settlement thereof which arises directly or indirectly from, as a result of, or in connection with the Franchise or Franchisee's development or operation thereof, including without limitation any acts or omissions of Franchisee's employees, subcontractors, independent contractors or agents (collectively an "**Event**"), and regardless of whether it resulted from any strict or vicarious liability imposed by law on the Indemnitees, provided, however, that this indemnity shall not apply to any liability arising from the gross negligence or willful acts of Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to Franchisee). Franchisee shall give Canteen prompt notice of any Event, and, at Franchisee's expense and risk, Canteen may elect to assume (but under no circumstances is obligated to undertake) the defense and/or settlement thereof. Canteen's assumption of the defense shall not modify Franchisee's indemnification obligation. Canteen may, in its sole judgment, take such action as it deems necessary and appropriate to investigate, defend, or settle any Event or take other remedial or corrective actions with respect thereof as may be, in Canteen's sole judgment, necessary for the protection of the Indemnitees or Canteen franchisees generally. This Section shall continue in full force and effect subsequent to and notwithstanding the expiration, termination or Transfer of this Agreement.

**6.14 Guarantee of Performance.** If Franchisee is an Entity, each present and future **Owner** (as defined in Section 24) shall jointly and severally guarantee Franchisee's performance of each and every provision of this Agreement by executing the Owners' Guaranty, in the form attached to this Agreement. Further, a violation of any of the provisions of this Agreement by an Owner shall also constitute a violation by Franchisee of Franchisee's obligations under this Agreement.

## 7. RESTRICTIVE COVENANTS.

**7.1 Confidential Information.** Canteen will disclose certain parts of its Confidential Information to Franchisee solely for Franchisee's use in connection with the operation of its Franchise. Franchisee and its Owners shall control the Confidential Information disclosed to it and, during the Term and thereafter: (a) shall not apply or use or take any other action, advantage or purpose, whether singularly or in concert with others, to employ any Confidential Information, unless otherwise instructed in writing by Canteen; (b) shall not perform any action, direct or indirect, which might prejudice or adversely affect the value or confidentiality of the Confidential Information; (c) shall not permit access thereto by any Person or employee other than directors, officers, employees, advisors, and consultants who need to know for the purposes of furthering the Franchise and who has executed a confidential and non-disclosure agreement of comparable terms in favor of Canteen; (d) shall not acquire any interest in the Confidential Information; (e) shall not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic or other tangible form; and, (f) shall adopt and implement all reasonable procedures that Canteen prescribes from time to time to prevent unauthorized use or disclosure of the Confidential Information. This Section shall continue in full force and effect subsequent to and notwithstanding the expiration, termination or Transfer of this Agreement.

7.1.1. **Disclosure and Press Releases.** Franchisee shall not disclose the substance of this Franchise Agreement to any third party except as necessary to inform lessors from which it is seeking Leases or Lessors which are parties to Leases in order to obtain renewals of, or avoid terminations of, such Leases or as necessary

to obtain any governmental permits, licenses or other approvals, or to the extent required by the lawful order of any court of competent jurisdiction or federal, state or local agency having jurisdiction over Franchisee, provided that Franchisee shall give Canteen prior notice of such disclosure. Unless disclosure is required by federal, state or local law, rule or regulation, no public communication, press release or announcement regarding this Agreement, the transactions contemplated hereby or the operation of the Franchise hereunder shall be made by Franchisee without the written approval of Canteen in advance of such press release, public disclosure or announcement. The parties agree to cooperate on any such press releases and other public communications and to coordinate any such public announcements.

**7.2 In-Term Non-Competition Covenant.** Franchisee acknowledges that Canteen would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Canteen franchisees if franchisees were permitted to hold interests in or perform services for any Competitive Businesses. During the Term, therefore, except as explicitly authorized by Canteen's prior consent, Franchisee, and its Affiliates and/or Owners, or by and through their respective Immediate Families:

7.2.1 **Ownership or Services.** Shall not directly or indirectly, by any means whatsoever whether singularly or in concert with others, cause or take any action to own any legal, equitable, or beneficial interest in, or render services or give advice to: (a) any Competitive Business located anywhere within the United States; or (b) any entity located anywhere which grants franchises, licenses or other interests to others to operate any Competitive Business within the United States; provided, however, such ownership restrictions do not apply to the ownership of a Competitive Business whose shares of a class of securities are listed on a stock exchange or traded on the over the counter market and such ownership represents less than 5% of that class of securities.

7.2.2 **Divert Business.** Shall not directly or indirectly, by any means whatsoever whether singularly or in concert with others, cause or take any action to divert or attempt to divert any business or Account of any Canteen franchisee or of Canteen or any of its Affiliates to any Competitive Business, or do anything injurious or prejudicial to the goodwill associated with the Franchise or the System.

**7.3 Information Exchange.** Franchisee acknowledges the importance to all Canteen franchisees of exchanging ideas, concepts, methods and techniques for Vending Services, OCS Services and Food Services conceived or developed by Franchisee and/or its officers, directors and employees. Accordingly, Franchisee (a) shall fully and promptly disclose or cause such disclosure to Canteen all such ideas, concepts, methods, and techniques that Franchisee creates or which are created on its behalf, whether singularly or in concert with others, and (b) agrees that such ideas, concepts, methods, and techniques shall be deemed to be Canteen's sole and exclusive property and works made-for-hire for Canteen, and (c) shall upon request by Canteen deliver, or cause the delivery, to Canteen authorized and executed instruments or other documents, in a form and substance satisfactory to Canteen, evidencing Canteen's exclusive ownership of, and exclusive to intellectual property rights in, such ideas, concepts, techniques or materials.

**7.4 Franchisee Acknowledgments.** Franchisee and each of its Owners expressly acknowledge the possession of skills and abilities of a general nature and the opportunity for exploiting such skills in other ways, so that enforcement of the covenants made in this Section will not deprive them of their personal goodwill or ability to earn a living. If Franchisee or any of its Owners fail or refuse to abide by any of the foregoing covenants, and Canteen obtains judicial enforcement thereof, the obligations under any breached covenant shall continue and/or recommence for a period of time not less than 24 months beginning the effective date both Franchisee and Owner comply with such order enforcing the covenant.

## **8. TRANSFERS.**

**8.1 Transfers by Franchisee.** The performance of Franchisee's obligations under this Agreement and the services to be rendered by Franchisee hereunder are of a personal character, and this Agreement is entered into by Canteen in reliance upon the skill, ability, and personal integrity of Franchisee or its Owners if Franchisee is a business corporation, partnership, limited liability company or other legal entity. Subject to Canteen's right to refuse to consent thereto set forth in Section 8.2 below, Franchisee shall not permit or effect any (a) Franchisee

Transfer, Franchisee Transfer, Transfer of Accounts, or Transfer of this Agreement without Canteen's prior written consent and subject to Canteen's right of first refusal hereunder, or (b) transfer of Accounts to any Person who desires to become a Canteen Franchisee unless transferred in conjunction with a Transfer of this Agreement to such Person in accordance with and subject to Canteen's right of first refusal and consent hereunder.

**8.2 Conditional Transfer Approval.** If Canteen has not exercised its right of first refusal under Section 8.6, then Canteen will not unreasonably withhold its approval of any Transfer, provided that Canteen shall have the right to require compliance with any or all of the conditions stated in Section 8.2.1 through 8.2.11 as necessary conditions prior to its consent to or approval of any Transfer, all of which Franchisee acknowledges are reasonably necessary to protect the goodwill and integrity of the System and Marks. Canteen's approval, or disapproval, of any Transfer hereunder does not constitute: (a) a representation as to the fairness of the terms of any agreement or arrangement between Franchisee or its Owners and the transferee or as to the prospects of success of the Franchise by the transferee; or (b) a release of Franchisee's or its Owners' obligations and liabilities arising under this Agreement or any other agreement with Canteen or its Affiliates, a waiver of any claims against Franchisee or its Owners or a waiver of Canteen's right to demand the transferee's exact compliance with this Agreement. Any approval shall apply only to the specific Transfer proposed and shall not constitute an approval of, or have any bearing on, any other Transfer.

**8.2.1 Compliance.**

8.2.1.1 Franchisee, its Owners and Affiliates, are not in default under this Agreement or under any other agreements with Canteen or its Affiliates.

8.2.1.2 Franchisee, its Owners and Affiliates have fully and finally paid and performed their obligations and liabilities under this Agreement or any other agreement with Canteen or its Affiliates, whether or not then payable.

**8.2.2 Due Diligence Review.** Any Transfer shall be subject to a satisfactory completion by Canteen of a due diligence review of the books, records, controls, and condition of the Franchisee and Franchise.

**8.2.3 Proposed Transferee.** The Transferee (or its Owners, if transferee is a legal entity) (a) shall possess sufficient business experience, aptitude and financial resources to operate the Franchise, and to develop Accounts and its market share within the Protected Territory, (b) shall be Persons of good character and reputation, (c) shall provide Canteen on a timely basis all information Canteen requests, and (d) shall not own, directly or indirectly, otherwise be involved with a Competitive Business, other than business located within the Protected Territory, unless Canteen otherwise agrees in writing. Franchisee acknowledges that the exercise of Canteen's discretion in assessing the qualifications hereunder may result in Canteen's determination not to approve a Transfer; however, Franchisee agrees that it is necessary for Canteen to have complete and total discretion over the assessment of such qualifications.

**8.2.4 Release.** Franchisee, its Owners and Affiliates, shall except to the extent limited or prohibited by applicable law, execute a general release, in a form and substance satisfactory to Canteen, in favor of Canteen and its Affiliates, stockholders, officers, directors, employees, agents, successors and assigns.

**8.2.5 Franchise Agreement.** Prior to Canteen's consent to or approval of any Transfer, Transferee and its Owners shall, at Canteen's option (a) agree to be bound by all of the provisions of this Agreement for the remainder of the Term, or, (b) execute and deliver to Canteen, and agree to terms and conditions of, the then current form of the Canteen Franchise Agreement (provided, however, that the term for such agreement shall equal to the remaining Term hereunder) and any exhibits, attachments, guaranties, instruments, or other documents related thereto.

**8.2.6 Financial Burden.** Canteen may require that the terms of the proposed Transfer do not place an unreasonable financial or operational burden on the continued operation of the Franchise.

**8.2.7 Subordinated Obligations.** (a) All claims, obligations, instruments, liens, encumbrances, and security interests from time to time held by Franchisee, or its Owners or Affiliates, upon the assets of the transferee or its Owners shall be made subordinate, junior, and inferior and postponed in priority, operation, and effect to any claim, obligation, liability, lien, encumbrance, or security interest held by Canteen upon the assets of the transferee or its Owners, and (b) upon Canteen's demand, Franchisee, its Owners or Affiliates, shall not demand, take, or receive from transferee or its Owners by any manner of payment of any debt, claim, obligation, or liability from time to time owing from transferee or its Owners to Franchisee, or its Owners or Affiliates unless and until

all of the claims, debts, obligations, and liabilities owing from transferee or its Owners to Canteen have been fully and finally paid and performed.

8.2.8 **Non-competition Covenant.** Franchisee and its Owners shall execute a non-competition covenant, in a form and substance satisfactory to Canteen, in favor of Canteen and the transferee agreeing, for a period of 2 years, commencing on the effective date of the Transfer, that Franchisee, its Owners and Affiliates shall not, directly or indirectly, by any means whatsoever whether singularly or in concert with others, cause or take any action to own any legal, equitable, or beneficial interest in, or render any services or give advice to: (a) any Competitive Business located within the Protected Territory; or (b) any entity which grants franchises, licenses or other interests to others to operate a Competitive Business.

8.2.9 **Necessary Action.** Franchisee, its Owners and Affiliates, shall execute such other documents and instruments, and shall do such other things as Canteen may reasonably require to protect Canteen's rights under this Agreement.

8.2.10 **Transfer Fee.** Transferee shall pay the then current standard Transfer Fee to defray Canteen's expenses incurred in connection with the assignment, including training of the transferee, legal and accounting fees, credit and other charges, direct or indirect, incurred in connection with the due diligence, investigation, and evaluation of the transferee.

8.2.11 **Notice.** Canteen will advise Franchisee, not later than 60 days after receipt of Franchisee's request for Transfer, whether or not the proposed Transfer shall be approved.

**8.3 Franchise and Agreement Transfer to Owners.** Sections 8.2.6, 8.2.10 and 8.6 shall not apply to a Franchise Transfer among any of Franchisee's then-current Owners. On 30 days' prior notice to Canteen, Franchisee (if Franchisee is an individual or partnership) may Transfer this Agreement, together with an assignment of all liabilities and obligations arising in connection therewith, in conjunction with a Transfer of all of the assets of the Franchise, by an agreement in form and substance approved by Canteen, to a corporation or limited liability company which conducts no business other than the Franchise (and such other franchises under franchise agreements granted by Canteen or its Affiliates), and of which Franchisee owns and controls all of the equity and voting power of all issued and outstanding capital stock, subject to and conditioned upon Franchisee's covenant to Canteen that Franchisee actively supervise the affairs of such transferee and personally directs the management of the Franchisee's business. None of the foregoing Transfers shall relieve Franchisee or its Owners of their respective obligations arising under or in connection with this Agreement, and Franchisee and its Owners remain jointly and severally liable for all obligations arising now and hereafter under this Agreement.

**8.4 Death or Disability of Franchisee.**

8.4.1 **Transfer.** If upon the death or Permanent Disability of Franchisee, or any Owner with a controlling interest therein, Canteen does not exercise its right of first refusal granted herein, then the executor, administrator, or personal representative of such Person may complete the sale to such offeror pursuant to and upon the terms of such offer as delivered to Canteen in accordance herein, without any modification or amendment thereto; provided, however, that the consummation of such sale is (a) subject to Canteen's written approval of the Transfer as provided in Sections 8.1 and 8.2, and (b) effected within 9 months from the date of death or permanent disability.

8.4.2 **New Franchise Management.** If, upon the death or Permanent Disability of the Franchisee, or any Owner having a significant management position therewith, the executor, administrator or other personal representative does not have the skill, ability or financial resources, as determined by Canteen, to successfully carry on the Franchise, the executor, administrator or personal representative shall hire a competent manager, subject to Canteen's written approval, within 30 days after the date of death or Permanent Disability, to operate the Franchise until completion of the Transfer. If the executor, administrator or other personal representative fails or is unable to secure a competent manager for the Franchise within such 30-day period, Canteen shall have the right to appoint a manager for the Franchise and to receive reimbursement of all costs and expenses associated therewith from the executor, administrator or personal representative.

**8.5 Transfers by Canteen.** Canteen may, in its sole discretion at any time during the Term, Transfer to any Person (a) all or any part of Canteen's rights or obligations under this Agreement, (b) all or any part of the System,



Marks, Confidential Information, or other assets, or (c) its securities in a public offering, in a private placement, or in connection with a purchase, merger, consolidation, or similar transaction.

## **8.6 Canteen's Right of First Refusal.**

8.6.1 **Offers of Purchase.** If Franchisee, its Owners or Affiliates, or any executor, administrator, or other personal representative of such Person in the event of death or permanent disability, desire to make any Transfer that, if effected, would materially impact the value, prospects, condition, operations, or business of the Franchise, or the Franchisee or any of its Owners, then Franchisee or such Owner shall obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and shall deliver immediately to Canteen a complete and accurate copy of such offer, together with a schedule of the Franchise assets to be Transferred therewith. The price and terms of any purchase hereunder shall reflect the bona fide price offered therefor and may not reflect any value for any other unrelated assets. If any offers of purchase described hereunder include the purchase of assets unrelated to the Franchise, then Franchisee and its Owners shall set forth the proposal for such assets in a separate, contemporaneous offer that is disclosed to Canteen.

8.6.2 **Right of First Refusal.** Canteen has the option, exercisable by notice delivered to Franchisee within 60 days from the date of delivery to Canteen of a complete and accurate copy of offers of purchase described in Section 8.6.1, to purchase such properties or interests for the price and on the terms and conditions contained in such offer, provided, however if Canteen is, despite its reasonable efforts, unable to furnish the same consideration, terms, and/or conditions of the offer, then Canteen may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, Canteen at its own expense may designate an independent appraiser and the appraiser's determination shall be binding upon all relevant parties. Canteen has the right to investigate and analyze the business, assets and liabilities and all other matters Canteen deems necessary or desirable in order to make an informed investment decision with respect to the fairness of the terms of the right of first refusal. Canteen may conduct such investigation and analysis in any manner it deems reasonably appropriate, and Franchisee and its Owners must cooperate fully with Canteen in connection therewith. Canteen shall have not less than 90 days from the option exercise date to consummate the transaction. If Canteen exercises its option to purchase, Canteen is entitled to purchase such interest subject to all representations and warranties, closing documents and indemnities Canteen reasonably requires in a form and substance satisfactory to Canteen.

8.6.3 **Successor Options to Purchase.** If Canteen does not exercise its option to purchase, Franchisee and its Owners may complete the sale to such offeror pursuant to and upon the terms of such offer as delivered to Canteen in accordance herein, without any modification or amendment thereto; provided, however, that the consummation of such sale is subject to Canteen's written approval of the Transfer as provided in Sections 8.1 and 8.2. If such sale to such offeror is not completed within 90 days after delivery of such offer to Canteen, or if there is a material change in the terms of the offer, then Franchisee shall promptly notify Canteen thereof, and Canteen shall have an additional option to purchase (on the terms of the revised offer, if any, and otherwise as set forth herein), which purchase shall be completed within 30 days following Canteen's exercise of such option.

8.7 **Obligations.** Canteen's approval or disapproval of a Transfer hereunder does not constitute: (a) a representation as to the fairness of the terms of any agreement or arrangement between Franchisee or its Owners and the transferee or as to the prospects of success of the Franchise by the transferee; or (b) a release of Franchisee's or its Owners' obligations and liabilities arising under this Agreement or any other agreement with Canteen or its Affiliates, a waiver of any claims against Franchisee or its Owners or a waiver of Canteen's right to demand the transferee's exact compliance with this Agreement.

## **9. INTENTIONALLY OMITTED.**

## **10. DEFAULT; TERMINATION; REMEDIES; DISPUTE RESOLUTION.**

10.1 **Default and Termination.** This Agreement may, at Canteen's sole discretion, be terminated at any time after the occurrence or continuance of one or more of the following events (each a "**Default**"), and such termination shall be effective immediately upon notice delivered to Franchisee, or the expiration of any applicable

cure period. If any applicable law or rule of any jurisdiction requires a greater prior notice of termination than is required hereunder, or the taking of some other action not required hereunder, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof.

10.1.1 **Insolvency; Assignment for Benefit of Creditors; etc.** (a) Franchisee or any Owner shall become insolvent or is unable to pay its debts as they mature, or (b) Franchisee or any Owner (if a business) shall cease to do business as a going concern, or (c) Franchisee or any Owner shall terminate, or attempt to terminate, any guaranty or other obligations to Canteen or its Affiliates, or (d) Franchisee or any Owner shall make an assignment for the benefit of creditors, apply to or petition any tribunal for the appointment of a custodian, receiver, or trustee for itself or any substantial portion of its assets, or commence any proceeding with respect to itself under any bankruptcy, reorganization, readjustment of debt, insolvency, receivership, dissolution or liquidation law or statute of any jurisdiction, or if there shall have been filed any such application or petition, or any such proceeding shall have been commenced, against Franchisee or any Owner, or (e) Franchisee or any Owner shall fail to satisfy and discharge, within 30 days of its entry, any final judgment awarded in the amount of \$25,000 or more, or (f) Franchisee or any Owner shall fail to dismiss with prejudice, any foreclosure, attachment, levy, or other proceedings for the execution of an award, order, or judgment upon the assets of the Franchisee, Franchisee or any Owner within 30 days of the proceeding's commencement.

10.1.2 **Sales Reports or Payments.** Franchisee or any Owner fails to report accurately Gross Sales, or fails to cure any Payment Default, and any such failure shall continue for a period of 30 days subsequent to notice thereof.

10.1.3 **Unauthorized Transfers.** A Transfer is attempted or effected by Franchisee or any Owner that fails to comply, in part or in whole, with Section 8 hereunder.

10.1.4 **Abandonment of Franchise.** Franchisee abandons or fails to actively and continuously operate the Franchise.

10.1.5 **Marks and Patents; Confidential Information.** Franchisee or any Owner fails to comply with Section 4, or any other provision, obligation, or agreement arising in connection with the Marks, Patents or any other name, trademark, trade dress, service mark, logo, design, symbol, or word owned by or licensed to Canteen or its Affiliates, and such failure shall continue for a period of 30 days subsequent to notice thereof, or Franchisee or any Owner makes any unauthorized use or disclosure of Confidential Information.

10.1.6 **Sanitation Standards.** Franchisee fails to comply with any Standard, statute, law, ordinance, or regulation relating to cleanliness, sanitation, health, or safety, and such failure shall continue for a period of 72 hours subsequent to notice thereof.

10.1.7 **Misstatements.** Franchisee or any Owner has made any material misstatement of material fact or omission of a material fact or breaches any representations in this Agreement or in any other instrument, document or certificate furnished pursuant to this Agreement or in connection therewith.

10.1.8 **Crimes or Offenses.** Franchisee or any Owner is or has been convicted of, or pleads no contest to, a felony or other crime or offense that Canteen reasonably believes may adversely affect the goodwill associated with the Marks.

10.1.9 **Supplier Payments.** Franchisee fails to make a timely payment of any amount due a supplier (other than payments which are subject to bona fide dispute), and such failure shall continue for a period of 30 days subsequent to notice thereof.

10.1.10 **Other Defaults.** Franchisee or any Owner fails to comply with any other provision, term, or obligation of this Agreement or any guaranty or other agreement with Canteen or its Affiliates, and such failure shall continue for a period of 30 days subsequent to notice thereof.

10.1.11 **Three Successive Defaults.** Franchisee or any Owner fails, on 3 or more separate occasions within any period of 12 consecutive months, to comply with any one or more provisions of this Agreement, or any guaranty or other agreement with Canteen or its Affiliates, whether or not such failure is corrected.

**10.2 Cures; Waivers.** No cure, waiver, deferral, or compromise of any prior Default shall (a) extend to, or constitute a waiver or deferral of, any subsequent Default, or (b) impair any Canteen right, power, or privilege set forth hereunder, including but not limited to termination of this Agreement, or (c) impair any rights or remedies available to Canteen at law or in equity. No failure or delay on the part of Canteen in exercising such rights, powers, and privileges, including but not limited to its right to terminate, hereunder and no course of dealing between Canteen and Franchisee, shall operate as a waiver of any Default or any such right, power, or privilege,

including but not limited to its right to terminate.

**10.3 Fees; Costs; Expenses.** Franchisee shall pay to Canteen all attorneys' fees, costs, and other direct and indirect expenses, including labor and fringe benefits, incurred by Canteen in connection with (a) enforcing or attempting to enforce any rights or remedies under this Agreement, (b) collecting any obligations or liabilities of Franchisee or its Owners and, (c) any Default, workout or settlement.

**10.4 Remedies Upon Default.** Upon the occurrence of a Default, Canteen shall be entitled to the following rights and remedies, which shall be in addition to rights to terminate set forth herein and any and all rights and remedies available at law or in equity, all of which rights and remedies shall be cumulative and not exclusive to the extent permitted by law.

10.4.1 **Acceleration of Liabilities.** Canteen, without prior notice, may declare immediately due and payable all liabilities owing from Franchisee to Canteen and its Affiliates under this Agreement, or any guaranty or other agreement.

10.4.2 **Suspension of Franchisee Assistance.** Canteen, without prior notice, may immediately suspend any Franchisee assistance or services established in connection with Section 5 or any other provision herein.

### **10.5 Dispute Resolution.**

10.5.1 **Good Faith Negotiation.** In the event of any dispute, controversy, claim, or disagreement arising out of or relating to this Agreement, or the breach, termination, validity, or enforceability of any provision of this Agreement, including any dispute as to whether this arbitration clause applies or whether any particular claim is subject to arbitration (each a "Dispute"), the parties shall use their best efforts to resolve and settle any Dispute by consulting and negotiating with each other in good faith and attempting to reach a just and equitable solution satisfactory to both parties.

10.5.2 **Binding Arbitration.** If the parties fail to reach a solution under this Section within 30 days, then upon notice by either party to the other, all Disputes shall be settled finally by binding arbitration administered by the American Arbitration Association (AAA) in accordance with the provisions of its Commercial Arbitration Rules.

10.5.3 **Arbitrators.** Each party shall select an arbitrator from a panel of arbitrators submitted to the parties by the AAA who have, to the fullest extent possible, experience and knowledge of the contract food and vending service business. The two arbitrators so chosen shall, within 10 days of their appointment, select a third neutral arbitrator with similar experience and knowledge. If they are unable to do so, the AAA shall appoint the third neutral arbitrator. Prior to the commencement of any hearing, each of the arbitrators shall provide an oath or undertaking of impartiality.

10.5.4 **Proceedings.** The first arbitration hearing shall commence within 120 days of a party's notice to require arbitration. The arbitration shall be conducted at the offices of the AAA located closest to Canteen's principal offices at the time of such demand. The arbitration shall be governed by the substantive laws of North Carolina applicable to contracts made and to be performed therein, without regard to conflicts of law rules, and by the arbitration law of the Federal Arbitration Act (Title 9, U.S. Code). Discovery as permitted by the Rules of Civil Procedure for the State of North Carolina will be allowed to the extent consistent with the purpose of arbitration and as allowed by the arbitrators. Franchisee and its Owners shall not consolidate any Dispute(s) in any arbitration or judicial proceeding with a claim or dispute by any other franchisee or its owners. Franchisee and its Owners shall, in connection with any arbitration or judicial proceedings, solely name Canteen from which remedies or damages are sought for any Dispute; Franchisee and its Owners shall not name any Affiliate of Canteen or any shareholders, directors, officers, employees, agents thereof in any such proceeding.

10.5.5 **Termination.** Notwithstanding the provisions of this Section 10, Canteen may in its sole discretion deliver notices of Default and terminate this agreement as provided under Sections 10.1 and 10.4 herein without either (a) prior notice of any Dispute, or (b) pursuing arbitration or resolution of the Dispute hereunder. If Franchisee disputes the validity of any termination, then Franchisee shall file a demand for arbitration hereunder within 30 days of the effective termination date, without first seeking any consultation or negotiation with Canteen. Any resolution or arbitration of a dispute relating to a termination of this Agreement shall be limited in scope to the validity of the termination and any consequent arbitration award shall be limited in scope to either a grant or denial of reinstatement of the Agreement. Franchisee waives the remedy of reinstatement if arbitration is not

timely filed.

10.5.6 **Equitable Relief.** Franchisee admits that a violation of any Agreement obligation relating to Confidential Information, Marks, and non-competition would result in irreparable injury to Canteen, and/or its Affiliates or other franchisees, for which no adequate remedy at law may be available. Franchisee therefore agrees that, notwithstanding the arbitration provisions contained herein, Canteen shall be entitled, in connection with such violations, to seek (a) judicial equitable relief, including preliminary, temporary, and permanent injunctive relief and specific performance, before any court having jurisdiction, and/or (b) Losses and Expenses, and any waiver of, or restrictions upon, monetary damages contained in Section 10.5.7 shall not apply to such violations. Canteen may have such injunctive relief, without bond or other security, but upon due notice, in addition to such further and other relief as may be available at equity or law, and Franchisee's sole remedy in the event of the entry of such injunction, shall be the dissolution of such injunction, if warranted, upon hearing duly had (all claims for damages by reasons of the wrongful issuance of any such injunction being expressly waived hereby). Franchisee and its Owners agree that the existence of any claims Franchisee may have against Canteen or any of its Affiliates whether or not arising herefrom shall not constitute a defense to the enforcement of any of those Sections.

10.5.7 **Awards.** The arbitration award to the prevailing party shall include the cost of the AAA for administering the arbitration and the cost of the arbitrators. The arbitrators are not empowered to award damages in excess of compensatory damages, and each party hereby irrevocably waives any right to recover special, incidental, punitive, or multiple damages with respect to any Dispute. Judgment upon any award rendered in any arbitration may be entered into a court of competent jurisdiction for judicial acceptance of the award and an enforcement as the law of such jurisdiction may require or allow. Except as otherwise permitted under this Agreement, no party shall commence an action in any court or any other judicial forum, and any violation thereof shall render such party liable for abuse of process and related costs and attorneys' fees.

10.5.8 **Confidentiality.** The arbitration proceedings conducted pursuant hereto shall be confidential. Neither party shall disclose or permit the disclosure of any information about the evidence adduced or the documents produced by any party in the arbitration proceedings or about the existence, contents, or results of the arbitration award without the prior written consent of such other party except as required by order during the course of a judicial or regulatory proceeding or as required by a governmental authority, so long as the party intending to make such disclosure shall give the other party prompt notice of the disclosure request to afford the other party opportunity to protect its interests. Notwithstanding the foregoing, nothing in this section shall prevent Canteen from disclosing such arbitration award or settlement in accordance with federal and state franchise disclosure laws and regulations.

## 11. OBLIGATIONS AND RIGHTS UPON TERMINATION OR EXPIRATION

11.1 **Survival of Obligations.** Termination or expiration of this Agreement shall not operate to limit, reduce, cancel, or otherwise modify any of the Franchisee's obligations and liabilities arising prior to the effective date of termination, and all of Canteen's rights, powers of attorney, remedies, arising under or in connection with this Agreement shall continue in full force and effect until all obligations and liabilities of Franchisee under or in connection with this Agreement and any other agreement with Canteen are fully and finally satisfied.

11.2 **Rights of Canteen upon Termination or Expiration.** Upon termination or expiration of this Agreement, Canteen shall have the following rights and remedies, in addition to any other right or remedy provided to it under this Agreement, which shall be in addition to any and all rights and remedies available at law or in equity, all of which rights and remedies shall be cumulative and not exclusive to the extent permitted by law.

11.2.1 **Acceleration of Liabilities.** Canteen, without prior notice, may declare immediately due and payable all liabilities owing from Franchisee to Canteen and its Affiliates under this Agreement, or any guaranty or other agreement.

11.2.2 **Servicing Accounts.** Upon expiration of this Agreement, or if Canteen terminates this Agreement under Section 10 hereof but does not purchase any of Franchisee's Accounts pursuant to Section 11.2.3, then Franchisee may continue to provide services to such Accounts after termination or expiration of this Agreement during the remaining term of such Accounts; provided, however that Franchisee shall: (a) cease to identify itself in any manner as a current or former Franchisee of Canteen and cease to use any Marks; and (b) notify such Accounts that Franchisee is no longer affiliated in any way with Canteen.

11.2.3 **Canteen Option to Purchase.** Upon expiration of this Agreement, Canteen has no option to purchase the assets of the Franchise or of Franchisee. However, upon termination of this Agreement pursuant to Section 10 hereof, but not pursuant to Section 2.1.1 hereof, Canteen shall have the right, exercisable by giving notice thereof (“**Appraisal Notice**”) within 10 days after the date of such termination, to require a determination of the Fair Market Value (as defined below) of all the assets of the Franchise which Franchisee owns, including inventory of nonperishable products, materials, supplies, furniture, equipment, signs, and any and all Accounts for which Franchisee provided Vending Services, Food Services, or Secured Delivery Services or other services pursuant to this Agreement, but excluding any cash and short-term investments and any items not meeting Canteen’s specifications for a Canteen franchise (collectively the “**Purchased Assets**”). Upon such notice, Franchisee may not sell or remove any of the tangible assets from its premises or the premises of any Account and must give Canteen, its designated agents and the Appraiser (as defined below) full access to the Purchased Assets and all of Franchisee’s books and records at any time during customary business hours in order to conduct inventories and determine the purchase price for the Purchased Assets.

11.2.3.1 The “**Fair Market Value**” shall mean the amount, as determined by good faith negotiations between Canteen and Franchisee, which an arm’s length purchaser would be willing to pay for the Purchased Assets. Under no circumstances will any value be attributed to any goodwill associated with any Mark. If Franchisee and Canteen are unable to agree on the Fair Market Value of the Purchased Assets within 15 days after the Appraisal Notice, then Fair Market Value will be determined by a member of a nationally recognized accounting firm (other than a firm which conducts audits of Canteen’s financial statements) selected by Canteen who has experience in the valuation of businesses in the food service industry and, if available, in the vending service industry (the “**Appraiser**”). Canteen will notify Franchisee of the identity of the Appraiser, who will make his or her determination and submit a written report (“**Appraisal Report**”) to Franchisee and Canteen as soon as practicable, but in no event more than 60 days after his or her appointment. Each party may submit in writing to the Appraiser its judgment of Fair Market Value (together with its reasons therefor); however, the Appraiser shall not be limited to these submissions and may make such independent investigations as the Appraiser reasonably determines to be necessary. The Appraiser’s fees and costs shall be borne equally by the parties hereto.

11.2.3.2 Canteen shall have the option, exercisable by delivering notice thereof within 30 days after submission of the Appraisal Report (or the date that an agreement is reached, if the parties agree to the Fair Market Value), to purchase the Purchased Assets at the Fair Market Value. Canteen shall have the unrestricted right to assign this option to purchase separate and apart from the remainder of this Agreement.

11.2.3.3 If Canteen exercises its option to purchase, the purchase price for the Purchased Assets will be paid in cash at the closing, which will occur at the place, time and date Canteen designates, but not later than 60 days after the exercise of its option to purchase the Purchased Assets. At the closing, Canteen will be entitled to all warranties, title insurance policies and other closing documents and post-closing indemnifications as it reasonably requires, including: (a) instruments transferring good and merchantable title to the Purchased Assets, free and clear of all liens, encumbrances, and liabilities, to Canteen or its designee, with all sales and other transfer taxes paid by Franchisee; and (b) an assignment of all leases of tangible assets used in the operation of the Franchise, including land, building and/or equipment (or if an assignment is prohibited, a sublease to Canteen or its designee for the full remaining term and on the same terms and conditions as Franchisee’s lease, including renewal and/or purchase options), provided, however, that if any of Franchisee’s Owners or Affiliates directly or indirectly owns the land, building and/or equipment of the Franchise, Franchisee will, at Canteen’s option, cause such Owner or Affiliate to grant to Canteen a lease at reasonable and customary rental rates and other terms prevailing in the community where the Franchise is located. The Appraiser shall resolve any dispute concerning the rental rates and terms of such lease.

11.2.3.4 If Franchisee cannot deliver clear title to all of the Purchased Assets, or if there are other unresolved issues, the closing of the sale may, at Canteen’s option, be accomplished through an escrow on such terms and conditions as Canteen deems appropriate, including the making of payments, to be deducted from the purchase price, directly to third parties in order to obtain clear title to any of the Purchased Assets. Further, Canteen and Franchisee shall comply with any applicable Bulk Sales provisions of the Uniform Commercial Code as enacted in the state where the Purchased Assets are located and all applicable state and local sales and income tax notification and/or escrow procedures. Canteen has the right to set off against and reduce the purchase price by any and all amounts owed by Franchisee or any of its Owners or Affiliates to Canteen or any of its Affiliates.

11.2.3.5 Upon delivery of the Appraisal Notice and pending (a) determination of Fair Market Value, (b) Canteen's option period, and (c) the closing of the purchase, Canteen may authorize continued temporary operations of the Franchise pursuant to the terms of this Agreement subject to the supervision and control of one or more of its appointed managers.

**11.3 Marks; System; Standards; Confidential Information.** Upon termination or expiration of this Agreement, Franchisee and any Owner:

11.3.1 Shall not directly or indirectly at any time or in any manner identify itself or any business as a current or former Franchisee of Canteen or use any Mark, any colorable imitation thereof or other indication of a Franchise in any manner or for any purpose.

11.3.2 Shall immediately and permanently discontinue the use of all Marks and forms of advertising, signage, graphics, structures, and traddress depicting the Marks or a Canteen franchise.

11.3.3 Shall make, or cause to be made, sufficient de-imaging changes to the satisfaction of Canteen so as to eliminate the Marks from the Accounts and Franchisee's business and operation facilities, equipment, and properties and to effectively distinguish Franchisee's business and operation facilities, equipment, and properties from its former appearance as a Canteen franchisee.

11.3.4 Shall take such action as may be required to cancel all corporate, trade name, fictitious or assumed name or equivalent registrations relating to Franchisee's use of any Mark.

11.3.5 Shall, at the option Canteen, destroy or deliver to Canteen at Franchisee's expense all or any part of the paper products, signage, graphics, advertising, or traddress bearing any of the Marks.

11.3.6 Shall cease utilization of the System, Standards, and Confidential Information, and shall immediately return to Canteen all Confidential Information.

11.3.7 Shall notify the telephone company and all telephone directory publishers of the termination or expiration of Franchisee's right to use any telephone number and any regular, classified or other telephone directory listings associated with any Mark and to authorize transfer thereof to Canteen or at its direction.

11.3.8 Shall furnish Canteen, within 30 days after the effective date of termination or expiration, evidence satisfactory to Canteen of Franchisee's compliance with the foregoing obligations. If Franchisee or any Owner shall fail to timely furnish such evidence, then Canteen and its agents and representatives shall have the right to enter, without judicial process and without prejudice to Canteen's other rights and remedies, the premises of the Franchisee's business and operation facilities for the purpose of making or causing to be made such de-imaging changes and removal of Confidential Information, all at Franchisee's expense.

11.3.9 Shall immediately discontinue any mode of communication on the Internet directly or indirectly relating to its Canteen business conducted under this Agreement, including any Web sites or pages associated therewith, and immediately take all steps required by Canteen to discontinue to associate itself with Canteen. Franchisee irrevocably appoints the person who is then Canteen's president as Franchisee's duly authorized agent and attorney-in-fact to execute any instruments and take all steps to effectuate the terms of this Section.

11.3.10 If Canteen terminates this Agreement due to Franchisee's Default under Section 10, Franchisee and its Owners shall not for a period of two (2) years commencing on the effective date of such termination, directly or indirectly, by any means whatsoever whether singularly or in concert with others, cause or take any action to own any legal, equitable, or beneficial interest in, or render any services or give advice to: (a) any Competitive Business located within the Protected Territory; or (b) any entity which grants franchises, licenses or other interests to others to operate a Competitive Business. The restrictions do not apply to the ownership of a Competitive Business whose shares of a class of securities are listed on a stock exchange or traded on the over the counter market and such ownership represents less than 5% of that class of securities.

## **12. INDEPENDENT CONTRACTORS.**

Canteen and Franchisee, as between themselves, are and shall be independent contractors. Neither this Agreement nor the dealings of the parties pursuant to this Agreement shall create any fiduciary relationship or any other relationship of trust or confidence. Nothing contained in this Agreement, or arising from the conduct of the parties hereunder, is intended to make either party a general or special agent, joint venturer, partner or employee of the other for any purpose whatsoever. Canteen shall not have any right to control the day-to-day managerial operations of the Franchisee or its business, including without limitation the hiring and firing of Franchisee's

employees. Franchisee is exclusively responsible for the compensation and training of all employees, except for the training provided by Canteen or its affiliates, which training shall not create any employment relationship between Canteen and Franchisee's employees. Franchisee shall have sole responsibility to collect and promptly pay when due, as applicable, all federal, state, provincial, FICA, FUTA, withholding, and other applicable payroll taxes, workers' compensation contributions, employment insurance premiums, and all similar taxes, fees, and charges arising out of the employment relationship between Franchisee and its employees. Franchisee shall conspicuously identify itself in all dealings with Accounts, lessors, contractors, suppliers, public officials, employees and others as the owner of the Franchise. Franchisee shall place such other notices of independent ownership on purchase orders, business cards, stationery, marketing and advertising materials and other materials as Canteen may require from time to time. Franchisee may not make any express or implied agreements, warranties, guarantees or representations or incur any debt in Canteen's name or on Canteen's behalf or represent that the relationship of the parties hereto is anything other than that of independent contractors. Canteen will not be obligated by or have any liability under any agreements made by Franchisee with any third party, including without limitation any employees, subcontractors, agents or independent contractors of Franchisee, or for any representations made by Franchisee to any third party. Canteen will not be obligated for any damages to any Person or property arising directly or indirectly out of the operation of Franchisee's business hereunder.

### **13. UNCONTROLLABLE DELAY.**

Neither Canteen, nor Franchisee, shall be held responsible or liable for any delay in performing any of its obligations (other than the payment of moneys) hereunder which are the direct or indirect result of strikes, lockouts, fires, labor disputes, floods, accidents, war, delays in transportation, orders, or decrees of any court or governmental agency, or any other causes whatsoever beyond the reasonable control of Canteen or Franchisee.

### **14. WAIVER OF PROVISIONS.**

Canteen and Franchisee may by written instrument unilaterally waive or reduce any obligation of the other party under this Agreement. Any waiver granted by Canteen shall be without prejudice to any other rights Canteen may have, will be subject to continuing review by Canteen and may be revoked, in its sole discretion, at any time and for any reason, effective upon delivery to Franchisee of 10 day's prior notice. No course of conduct or dealings between the parties shall be deemed a waiver of any rights or obligations arising under this Agreement. Unless contained in a writing signed by the party against whom a waiver shall be enforced, no waiver shall arise or shall be deemed effective (a) by virtue of any custom or practice of the parties at variance with it, (b) from any failure, refusal or neglect by Franchisee or Canteen to exercise any right under this Agreement (except as otherwise explicitly provided herein) or to insist upon exact compliance by the other with its obligations hereunder, (c) from any prior waiver or any forbearance, delay, failure or omission, or any course of conduct or dealings by Canteen to exercise any right, whether of the same, similar or different nature, with respect to other franchisees, or (d) from the acceptance by Canteen of any payments or performance due from Franchisee after any Default.

### **15. SEVERABILITY AND SUBSTITUTION OF PROVISIONS.**

Every part of this Agreement shall be considered severable. If for any reason any part of this Agreement is held to be invalid, that determination shall not impair the other parts of this Agreement. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of geographical area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part or all of it, the parties agree that it will be enforced to the fullest extent permissible under applicable law and public policy. If any applicable law requires a greater prior notice of the termination of or refusal to enter into a successor franchise than is required hereunder, a different standard of "good cause", or the taking of some other action not required hereunder, then the prior notice, "good cause" standard and/or other action required by such law shall be substituted for the comparable provisions hereof. If any provision of this Agreement or any specification, standard or operating procedure prescribed by Canteen is invalid or unenforceable under applicable law, Canteen has the right, in its sole discretion, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to make it valid and enforceable.

## **16. CONSTRUCTION.**

The language of this Agreement shall be construed according to its fair meaning and not strictly against any party. The personal guarantees, exhibits and riders (if any) to this Agreement, are hereby incorporated hereto and made a part of this Agreement as though fully stated herein. This Agreement shall constitute the entire agreement between the parties as to the subject matters contained herein. Except as otherwise expressly provided herein, there are no other oral or written agreements, understandings, representations or statements relating to the subject matter of this Agreement, that either party may or does rely on or that will have any force or effect. However, nothing in this Agreement or in any related agreement is intended to disclaim the representations Canteen made in the franchise disclosure document. Nothing in this Agreement shall be deemed to confer any rights or remedies on any Person not a party hereto. This Agreement shall not be modified except by written agreement signed by both parties. This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. This Agreement may be executed in multiple copies, each of which shall be deemed an original. Time is of the essence in this Agreement.

## **17. HEADINGS.**

The headings of sections are for convenience only and do not limit or construe their contents. The word “including” (or any variation thereof) shall be construed to include the words “without limitation.” If Franchisee is comprised of two or more Persons, whether partners, joint venturers or otherwise, their obligations and liabilities to Canteen shall be joint and several.

## **18. TERMINATION OF PRIOR AGREEMENT AND RELEASE.**

This Agreement supersedes, cancels, and terminates any and all prior agreements, including any amendments thereto or modifications thereof, now in existence between Canteen and Franchisee relating to the subject matter of this Agreement. Canteen and Franchisee hereby release each other and their respective affiliates, officers, directors, employees and agents from any and all claims, demands, causes of action, obligations, whether at law or in equity, which any of them ever had, or have, or have had assigned to them, or, but for this release, hereafter would or could have, whether known or not known, whether asserted or not, as a result of, arising from or relating to such agreements (except liabilities for rentals, fees, and other debts owed by Franchisee to Canteen or any of its Affiliates).

## **19. EXERCISE OF RIGHTS.**

The rights of Canteen and Franchisee hereunder are cumulative and no exercise or enforcement by Canteen or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by Canteen or Franchisee of any other right or remedy hereunder which Canteen or Franchisee is entitled to enforce by law. If Franchisee commits any act of default under this Agreement for which Canteen exercises its right to terminate this Agreement, Franchisee shall pay to Canteen the actual and consequential damages Canteen incurs as a result of the premature termination of this Agreement. Franchisee acknowledges and agrees that the proximate cause of such damages sustained by Canteen is Franchisee’s act of default and not Canteen’s exercise of its right to terminate.

## **20. AMENDMENTS.**

This Agreement or any part thereof may be amended, altered, or changed only by written agreement signed by both parties hereto.



## 21. DIFFERENT FORMS OF AGREEMENT.

Franchisee acknowledges that Franchisee is aware of the fact that some franchisees of Canteen operate and will operate under different forms of agreements and, consequently, that Canteen's obligations and rights in respect to its various franchisees may differ materially in certain respects.

## 22. CONSENTS.

Except where this Agreement expressly obligates Canteen to reasonably approve or consent (or not to unreasonably withhold its approval of or consent) to any action or request by Franchisee, Canteen has the absolute right for any reason to refuse any request by Franchisee or to withhold Canteen's approval of or consent to any action by Franchisee.

## 23. NOTICES AND PAYMENTS.

All notices, requests and reports permitted or required to be delivered by the provisions of this Agreement shall be written, and shall be deemed delivered: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the same date of the transmission by facsimile, telegraph or other reasonably reliable electronic communication system; (c) 1 business day after being placed in the hands of a commercial courier service for guaranteed overnight delivery; or (d) 4 business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. All payments and reports required by this Agreement shall be sent to Canteen at the address identified in this Agreement unless and until a different address has been designated by appropriate notice to the other part.

## 24. DEFINITIONS.

The terms listed below have the meanings that follow them and include the plural as well as the singular.

“**AAA**” shall have the meaning assigned to it in Section 10.5.2.

“**Account**” means a Person for which Authorized Services, including without limitation Vending Services, Food Services, or OCS Services are supplied for which such supplier has a legal or equitable right to receive Gross Sales or other payments, remuneration, and consideration.

“**Acquired Accounts**” shall have the meaning assigned to it in Section 2.4.1.

“**Administrative Fee**” means that fee payable to Canteen from Franchisee (a) to defray administrative costs by Canteen associated with Franchisee Rebates and Franchisee's use of Purchasing Services (b) in such amounts determined by Canteen from time to time, according to the applicable service. The terms of any Administrative Fee program are subject to change in Canteen's sole discretion. Franchisee may access information and current fee programs by telephoning Canteen at its Charlotte, North Carolina offices. Each purchase made constitutes Franchisee's acceptance of, and agreement to, the applicable Administrative Fee program then in effect.

“**Affiliate**” means any Person that directly or indirectly owns or controls the referenced party, that is directly or indirectly owned or controlled by the referenced party, that is directly or indirectly owned by the parent of the referenced party, or that is under common control with the referenced party. The term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise. In reference to Canteen, “Affiliate” also shall mean (a) Compass Group Plc, (b) and all entities and operating divisions directly or indirectly owned or operated by Compass Group Plc.

“**Agreement**” shall have the meaning assigned to it in the preamble.

**“Annual Revenues”** means the actual or projected gross annual revenues from an Account or component of an Account as reasonably determined by Canteen from time to time. Calculations of Annual Revenues may include one or more of the following formulae, as applicable for the type of financial arrangement proposed for the Account. Each of the following formulae may be calculated upon actual or projected revenues: (a) the Gross Sales arising in connection with a Profit/Loss Account; (b) the product of 12 multiplied by the effective monthly fee(s) for a Fee Account (for purposes of calculation, annual fees will be the aggregate sum of the management fee and any administrative fees, plus overhead expenses incurred in connection with such Account); (c) the aggregate amount payable by the Account to manage and /or operate a facility for the Account, including labor costs, equipment or capital costs, product costs, other direct costs or indirect costs such as subsidies, managed dollars fee, free issues and similar costs; and (d) the Subcontractor Commission Amounts.

**“Appraisal Notice”** shall have the meaning assigned to it in Section 11.2.3.

**“Appraisal Report”** shall have the meaning assigned to it in Section 11.2.3.1.

**“Appraiser”** shall have the meaning assigned to it in Section 11.2.3.1.

**“Authorized Services”** shall have the meaning assigned to it in Section 2.2.

**“Branded Programs”** shall have the meaning assigned to it in Section 5.4.

**“Canteen”** shall have the meaning assigned to it in the preamble.

**“Canteen Assistance”** shall have the meaning assigned to it in Section 5.

**“Canteen Patents”** shall mean any patents or patent applications directed to Vending Services which Canteen may own in the future and expressly designate in writing as being included as part of the System.

**“Canteen Period”** means each of the 12 four-week or five-week accounting periods of Canteen.

**“Combined Account”** means an Account (a) for which both Vending Services and Food Services are supplied, and (b) with Annual Revenues for Food Services that are, or are projected to be, less than the Revenue Threshold.

**“Competitive Business”** means any business that offers, sells or manages the offer or sale of Vending Services, Food Services, OCS Services or SDS Services, or any other business that offers or manages services the same as or similar to the services provided now or hereafter by Canteen or any of its Affiliates, including but not limited to the Reserved Markets and Accounts.

**“Compliance”** shall have the meaning assigned to it in Section 6.3.

**“Confidential Information”** collectively means and consists of (a) proprietary or secret information of Canteen and its Affiliates, including but not limited to procedures, policies, processes, purchasing programs, materials, presentations, systems, plans, methods, Manuals, and financial or other data and information relating to (i) the financial and material terms of the franchise relationship; (ii) all operating and business standards relating to the Franchise System including but not limited to brands, products, product placements and displays, purchasing specifications and programs, quality, menus, food production, training, and human resources, (iii) merchandising, brand or product development, trade dress, trade concepts or inventions (whether or not subject to patent, trademark, service mark or copyright rights), (iv) marketing, communication, sales, and operations, (v) services, proformas, contracts and any profit and loss statement or other client profitability documentation related to or arising in connection with any Accounts, (vi) vendors, suppliers, or other third-party services and contracts, (vii) Canteen and/or Affiliate Accounts and consumers, and (viii) strategy and business planning, and other business activities of Canteen and its Affiliates whether made in written or oral form and inclusive of all notes, analyses,

compilations, studies, records, drawings, blueprints, memoranda, analyses, summaries or other documents; and (b) all work-product, work papers, analyses, memoranda, compilations, summaries and other material generated or derived by Franchisee from the foregoing. Confidential Information as defined above shall not include information made generally available through a deliberate public disclosure from Canteen or its Affiliates, or made available to Franchisee on a non-confidential basis from a source that is entitled to disclose such information on a non-confidential basis.

“**Correctional Account**” means an Account in the penal services market including, without limitation, all correctional and prison facilities whether county, state or federal.

“**Default**” shall have the meaning assigned it in Section 10.1.

“**Default Charge**” means a charge calculated at a rate at the greater of either (a) 13% simple interest per annum, or, (b) simple interest per annum equal to the then current prime interest rate published in *The Wall Street Journal* in its “Money Rates Section.”

“**Disputes**” shall have the meaning assigned to it in Section 10.5.1.

“**Distributors**” shall have the meaning assigned it in Section 6.3.

“**Event**” shall have the meaning assigned to it in Section 6.13.

“**Existing Canteen Accounts**” shall have the meaning assigned to it in Section 2.4.1.

“**Existing Franchisee Accounts**” shall have the meaning assigned to it in Section 2.1.

“**Fair Market Value**” shall have the meaning assigned to it in Section 11.2.3.1.

“**Fee Account**” means an Account or Existing Franchisee Account whereby (a) Franchisee receives, or is entitled thereto, a fee or other payment in connection with the management, consulting, or provision of Authorized Services, or other products and services, and (b) the Account, or its designee, retains the receipts, or sums charged, for sales of Authorized Services, or other products and services.

“**Food Only Account**” means an Account that is not a convenience store (a) for which only Food Services are supplied, and (b) with Annual Revenues that are, or are projected to be, less than the Revenue Threshold.

“**Food Services**” shall have the meaning assigned to it in Section 1.1.

“**Franchise**” means the entirety of the Franchisee’s business, including but not limited to its operations, properties, management, and administration, now and hereafter deployed by Franchisee to perform the Authorized Services, and such other services permitted by Canteen, within the Protected Territory.

“**Franchise Transfer**” means the Transfer of any legal, equitable, or beneficial ownership interest, whether in part or in whole, in the Franchise, excluding any dispositions in the ordinary course of business without material effect upon the operations, properties, facilities, condition, business, value, or prospects (whether financial or otherwise).

“**Franchisee**” means the Person(s) signatory to this Agreement.

“**Franchisee Rebates**” means that portion of Rebates received by Canteen respective to Franchisee purchases made pursuant to Section 5.

**“Franchisee Transfer”** means the Transfer of any legal, equitable, or beneficial ownership interest, whether in part or in whole, in either the Franchisee or assets owned by the Franchisee, its Owners or Affiliates, that are deployed or held in connection with the Franchise, excluding any dispositions in the ordinary course of business without material effect upon the operations, properties, facilities, condition, business, value, or prospects (whether financial or otherwise) of the Franchise and/or Franchisee.

**“Gross Sales”** means:

(a) for Profit/Loss Accounts, (i) the total receipts and sums charged, of every kind and nature, for sales of Authorized Services, including without limitation Vending Services, Food Services, OCS Services, Commissary Services, and any other products and services sold by Franchisee, (ii) plus the Subcontractor Commission Amount, (iii) plus proceeds from any business interruption insurance received by Franchisee, (iv) excluding any sums collected and paid to appropriate taxing authorities for any sales tax, retail excise tax, vending machine stamp tax, or bottle deposits. Subject to Canteen’s prior written approval, Gross Sales of items sold through vending machines may be calculated by Franchisee using a merchandise disappearance system (with proper adjustments) in a form and manner satisfactory to Canteen.

(b) for Fee Accounts, (i) the total “managed dollars” consisting of the aggregate amount of Franchisee’s accrual of charges and expenses incurred or allocated for operation, management, and administration of services provided to the Account (collectively “Costs”), including but not limited to (A) purchase or rental, storage, and maintenance of inventory, equipment, and systems, (B) provision of training, relief staff, wage and salary, payroll tax, FICA, FUI, SUI, employee benefits such as medical, dental, life, workers’ compensation, and state disability insurance, payroll and benefit plan preparation, processing, and administration; (C) payment of sales or property taxes, licenses, permits, rent, special security costs, cash or property losses unrelated to Canteen employees; and, (D) deployment or investment of capital in connection with such services, (ii) plus the sum of (A) any fees or payments received or charged the Account, (B) minus relevant Costs for services supplied in exchange for such fees or payments, (iii) plus proceeds from any business interruption insurance received by Franchisee; and (iv) plus the Subcontractor Commission Amount

**“Immediate Family”** means spouse, parents, brothers, sisters and children, whether biological or adopted.

**“Indemnitees”** shall have the meaning assigned to it in Section 6.12.

**“Internet”** means all communications between computers and between computers and television, telephone, facsimile and similar communication devices, including the World Wide Web, proprietary online services, E-mail, news groups and electronic bulletin boards.

**“Licensor”** shall have the meaning assigned to it in Section 5.4.

**“Losses and Expenses”** collectively means, of any kind or nature and however arising, any claims, liabilities, damages (including actual and direct, compensatory, exemplary, special, incidental, and punitive damages), and expenses (including, but not limited to: attorneys’ fees; experts’ fees; court, mediation or arbitration costs; costs associated with investigating and defending against any claims; and all other costs associated with any of the foregoing claims, liabilities, and damages).

**“Manuals”** shall have the meaning assigned to it in Section 5.2.1.

**“Marks”** collectively means the names, logos, service marks, trademarks, tradenames and any derivatives thereof now and hereafter existing, whether or not registered, that Canteen, in its sole discretion, may from time to time authorize Franchisee to employ in accordance with this Agreement. Except as otherwise expressly authorized in writing, the “Marks” as defined herein do not include any names, logos, service marks, trademarks, tradenames, and tradenames, whether or not registered, now or hereafter owned by or licensed to Canteen or its Affiliates (except as otherwise explicitly authorized in writing by Canteen to Franchisee identifying (a) the permitted name, logo, service mark, trademark, trade dress, or trade name, and (b) the scope of use authorized).

**“Multiple Facilities Account”** means an Account (or group of related Accounts with centralized purchasing functions) for which Canteen or its Affiliates (a) has agreed to supply Vending Services, OCS Services and/or Food Services on behalf of at least two facilities operated by such Account in the United States, and (b) one or more, but not all, of such facilities are located or operated within the Protected Territory.

**“National Account”** means a Multiple Facilities Account for which Canteen or its Affiliates has agreed to supply a majority of the Account’s requirements for Vending Services, OCS Services and/or Food Services throughout the United States, which services may now or hereafter include Account facilities located or operated within the Protected Territory.

**“Net Franchisee Rebates”** means Franchisee Rebates less any applicable Administrative Fee.

**“OCS Account”** means an Account for which OCS Services are provided to the client, but does not include convenience stores.

**“OCS Services”** shall have the meaning assigned to it in Section 1.1.

**“Owner”** means each Person that has a direct or indirect legal equitable, or beneficial ownership interest in Franchisee or its transferee, as may be proposed under Section 8, if Franchisee or such proposed transferee is a business corporation, partnership, limited liability company or other legal entity.

**“Payment Default”** shall have the meaning assigned to it in Section 3.4.2.

**“Person”** means any individual, partnership, corporation, trust, or other entity.

**“Permanent Disability”** means a mental or physical impairment rendering the individual incapable of managing his or her affairs or the affairs of the Franchise, from which, in the opinion of a qualified physician based upon a reasonable degree of medical certainty, the individual is not expected to recover.

**“Plan-O-Gram”** shall have the meaning assigned to it in Section 6.3.

**“Profit/Loss Account”** means an Account or Existing Franchisee Account from which Franchisee receives and retains, or is entitled thereto, the receipts, or sums charged for Franchisee’s sales of Authorized Services, or other products and services.

**“Protected Territory”** shall have the meaning assigned to it in Section 2.1.

**“Purchased Assets”** shall have the meaning assigned to it in Section 11.2.3.

**“Purchasing Programs”** shall have the meaning assigned to it in Section 5.3.1.

**“Purchasing Services”** shall have the meaning assigned to it in Section 5.3.1.

**“Rebates”** collectively means incentives (excluding signing / sign-on bonuses, allowances, national third-party management payments, and early payment discounts) fully and finally paid to Canteen by its suppliers in connection with the purchase of (a) vending machines and parts, heavy kitchen equipment and smallwares for use in the Franchise, and (b) food, beverages, and other consumable products vended under the Marks, exclusive of branded products described in Section 5.4. As used herein and for purposes of clarification, the term “Rebates” specifically does not include any rebates, incentives or supplier growth funds received by any Canteen Affiliate (including Canteen One) under or in connection with its third party management business.

“**Referral Fee**” shall have the meaning assigned to it in Section 3.3.

“**Reserved Combined Account**” means an Account (a) for which both Food Services and Vending Services are supplied, and (b) with Annual Food Service Revenues that are, or are projected to be, equal to or greater than the Revenue Threshold.

“**Reserved Food Only Account**” means an Account (a) for which only Food Services are supplied, and (b) with Annual Revenues that are, or are projected to be, equal to or greater than the Revenue Threshold.

“**Reserved Markets and Accounts**” shall have the meaning assigned to it in Section 2.4.

“**Royalty Fee**” shall have the meaning assigned to it in Section 3.2.

“**Revenue Threshold**” means the dollar amount of Annual Revenues, as set forth in Exhibit A.

“**Secured Delivery Account**” means an Account (a) exclusive of bids, solicitations, or contracts with government or private agencies that operate Multiple Facility Accounts, (b) for which Secured Delivery Services are supplied.

“**Secured Delivery Services**” means, on behalf of an Account, the supply of consumer products for inmate use at correctional institutions.

“**Standards**” shall have the meaning assigned to it in Section 1.1.

“**Suppliers**” shall have the meaning assigned to it in Section 6.3.

“**System**” shall have the meaning assigned to it in Section 1.1.

“**Subcontractor Commission Amount**” means the quotient of (a) the aggregate commission amount, projected or actual, payable to Franchisee from a third party rendering Food or Vending Services or any other Authorized Service on behalf or at the instruction of Franchisee in the Protected Territory, (b) divided by the applicable commission percentage pursuant to which factor the commission amount is calculated. For example, if a subcontractor pays Franchisee 25% commission on sales, and sales were \$100, the full \$100 will be used in the calculating of Gross Sales.

“**Term**” shall have the meaning assigned to it in Section 2.1.

“**Transfer**” means the voluntary or involuntary, direct or indirect, sale, assignment, pledge, hypothecation, transfer, or other disposition (whether or not such event arises or results from: any merger or consolidation, regardless whether the transferor is the surviving corporation; any death, divorce, insolvency, dissolution proceeding or otherwise by operation of law; or, any foreclosure or surrender or loss by transferor of its possession, control or management of the transferred property).

“**Vending Only Account**” means an Account for which only Vending Services are supplied.

“**Vending Services**” shall have the meaning assigned to it in Section 1.1.

“**Web site**” means an interactive electronic document, contained in a network of computers linked by communications software that Franchisee operates or authorizes others to operate and that refers to the franchised business, proprietary marks, Canteen and/or the System. The term Website includes, but is not limited to, Internet and World Wide Web home pages.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

**COMPASS GROUP USA, INC.**  
**by and through its CANTEEN**  
**DIVISION**

**FRANCHISEE**

If a corporation, limited liability company  
or partnership:

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

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

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

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

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

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

If Individual(s):

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

## OWNERS' GUARANTY

The undersigned (or “**Guarantor**”) has requested that Compass Group USA, Inc. by and through its Canteen division (“**Canteen**”) grant a Canteen franchise to the business or individual defined herein below as “**Franchisee**” under the terms and conditions in that certain Franchise Agreement dated a date even herewith and as amended from time to time (“**Agreement**”). Canteen is unwilling to grant a Franchise to Franchisee unless Guarantor guaranties the obligations of such Franchisee under such terms and obligations as follows, to which Guarantor hereby agrees:

**OBLIGATIONS GUARANTEED.** In consideration of Canteen extending to Franchisee a Canteen franchise and accepting a Franchise Agreement signed and delivered by Franchisee, the undersigned hereby guaranties absolutely and unconditionally at all times to Canteen, its successors and assigns, the full and prompt payment and performance, at maturity (including accelerated or extended maturity), of all obligations and liabilities arising out of the Agreement in favor of Canteen now existing or hereafter created or arising, whether direct, indirect, absolute, contingent, joint or several, howsoever owned, held or acquired by Canteen, whether or not barred by any statute of limitations (all such obligations and liabilities are collectively called “**Obligations**”); and the undersigned further agree, jointly and severally, to pay or reimburse Canteen for all reasonable expenses, court costs and attorneys’ fees, paid or incurred by Canteen in endeavoring to collect such Obligations or any part thereof or in enforcing this Guaranty.

**WAIVER and SUBORDINATION.** The undersigned hereby waives notice of acceptance of this Guaranty, all notice of the creation or existence of any of the Obligations, and of the amounts and terms thereof, and of all defaults by or disputes with Franchisee, and all other notice to which the undersigned may be entitled or which may be required by law. It is understood that the undersigned will keep itself informed of Franchisee’s financial condition, the status of other guarantors, if any, and of all other circumstances which bear upon the risk of nonpayment; it is further understood by the undersigned that it is not a defense to the Guaranty that the undersigned did not receive notice of advances or extensions of credit made in reliance upon this Guaranty. The undersigned hereby waives all present and future defenses as to the validity, regularity, and enforceability of the Obligations and this Guaranty, as to any notices pertaining to the Obligations, and all present and future claims arising out of Canteen’s breach of the Agreement. The undersigned hereby waives all rights and defenses arising out of an election of remedies by Canteen. The undersigned hereby waives any right to interpose any counterclaims, actions, or setoffs of any kind in any litigation arising under this Guaranty or in connection with the Obligations. All claims, indebtedness, liabilities, obligations now or hereafter owing from Franchisee to the undersigned, and any liens, encumbrances, and security interests held from time to time by the undersigned shall be made subordinate, junior, and inferior and postponed in priority, operation, and effect to any claim, obligation, liability, lien, encumbrance, or security interest held by Canteen upon the assets of the Franchisee or its Owners, and upon Canteen’s demand, Franchisee, its Owners or Affiliates, shall not demand, take, or receive from Franchisee or its Owners by any manner of payment of any debt, claim, obligation, or liability from time to time owing from Franchisee or its Owners to Franchisee, or its Owners or Affiliates unless and until all of the claims, debts, obligations, and liabilities owing from Franchisee or its Owners to Canteen have been fully and finally paid and performed.

**AUTHORIZATION TO CANTEEN.** Without limitation of the foregoing waivers, the undersigned hereby authorizes Canteen, without notice or demand and without affecting its liability hereunder, from time to time to renew, compromise, extend, accelerate, or otherwise change the time for performance or payment or the terms of the Obligations, or any part thereof, including, without limitation: take and hold security for the payment of the Obligations guaranteed hereby; settle or compromise any disputes, assert any right Canteen may have against Franchisee for any of the Obligations, and anything whatsoever, whether or not herein specified which may be done or waived by or between Canteen and Franchisee; and, relieve Franchisee from the Obligations or any portion thereof by operation of law or otherwise. The undersigned agrees that Canteen may do any or all of the foregoing in such manner, upon such terms, and at such times as Canteen, in its discretion, deems advisable, without, in any way or respect, impairing, affecting, reducing or releasing the undersigned from liability hereunder and the undersigned hereby consents to each and all of the foregoing acts, events and/or occurrences.

**ENFORCEMENT.** This is a continuing Guaranty and the obligation of the undersigned is a primary, absolute, and unconditional obligation of payment and not of collection or collectibility. Should any Obligations not be paid or performed at maturity (including accelerated or extended maturity) Canteen shall have the right to enforce this Guaranty at any time without any notice whatsoever and without any proceeding or action against Franchisee, the undersigned hereby waiving presentment, demand, protest, notice of dishonor and any right to require Canteen to prosecute or seek to enforce any remedies against Franchisee or guarantor or any other party liable to Canteen on account of the Obligations. If Franchisee is a partnership or limited liability company, the obligation of the undersigned hereunder shall continue in force notwithstanding any change in the membership of such business, whether arising from the death or retirement of one or more partners, members, or managers, or the addition of one or more new partners, members, or managers.



**JOINT AND SEVERAL LIABILITY.** In the event there are more than one of the undersigned, all shall be jointly and severally liable to Canteen hereunder, and it is understood that each of the undersigned shall be bound to Canteen under this Guaranty whether signed by any others or not. The liability of the undersigned under this Guaranty shall be unconditional irrespective of the acceptance of additional guarantor(s) or the release of anyone primarily or secondarily liable to punctually and fully perform and pay the Obligations regardless of the acceptance of additional guarantor(s) or the release of anyone primarily or secondarily liable on the Obligations. This Guaranty and the Obligations may be assigned by Canteen without notice to the undersigned; the undersigned may not assign the guarantees and obligations contained herein. This Guaranty shall be binding upon the heirs, administrators, executors, legatees, devisees, successors and assigns of the undersigned and shall inure to and may be enforced by Canteen, its successors and assigns, and also by any person to whom all or any part of said Agreement or Obligations may be sold or transferred; PROVIDED, HOWEVER, that, in the event such sale or transfer covers only a part of the Obligations hereby guaranteed, Canteen shall have the right to enforce this Guaranty as to the remainder of the Obligations retained and owned by it.

**GOVERNING LAW AND JURY WAIVER.** The laws of the State of North Carolina shall govern the enforceability and interpretation of this Guaranty. Wherever possible, each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, and if any provision of this Guaranty shall be prohibited or be invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Guaranty. The undersigned agrees that all disputes between the parties with respect to this Guaranty, except for those matters specified in Section 10.5.6 of the Agreement, shall be settled finally by binding arbitration administered by the American Arbitration Association (AAA) in accordance with the provisions of its Commercial Arbitration Rules and in accordance with Section 10.5 of the Agreement, which is hereby incorporated by reference herein. TO THE EXTENT PERMITTED BY LAW, GUARANTOR HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN CONNECTION WITH ANY LITIGATION OR PROCEEDINGS ARISING UNDER OR IN ANY MANNER RELATED TO THIS GUARANTY OR THE UNDERTAKINGS GUARANTIED HEREUNDER.

**READ AND UNDERSTOOD.** The undersigned, by its/their duly authorized agent(s), has read and understand the terms and conditions of this Guaranty and has had opportunity to consult with and obtain the advice of independent legal counsel of its/their own choice.

**GUARANTOR AUTHORITY AND POWER.** The undersigned represents and warrants that the execution, delivery, and performance of Guarantor of this Guaranty are within the undersigned’s powers, have been duly authorized by all necessary action, and do not and will not contravene the undersigned’s charter, agreement of partnership, or by-laws. This Guaranty constitutes the valid and legally binding obligations of the Guarantor, enforceable in accordance with its terms. The signatory hereto represents and warrants that he or she is fully authorized to execute and deliver this Guaranty on behalf of the Guarantor.

**FRANCHISEE.** “Franchisee” means \_\_\_\_\_  
 Business or Individual Name

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

**This Owners’ Guaranty shall be effective as of the date of the Agreement.**

**GUARANTOR:** \_\_\_\_\_  
 Name

**GUARANTOR:** \_\_\_\_\_  
 Name

\_\_\_\_\_  
 Signature

\_\_\_\_\_  
 Signature

\_\_\_\_\_  
 Address City State Zip

\_\_\_\_\_  
 Address City State Zip

\_\_\_\_\_  
 Percentage of Ownership

\_\_\_\_\_  
 Percentage of Ownership

**GUARANTOR:** \_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Address            City    State            Zip

\_\_\_\_\_  
Percentage of Ownership

**GUARANTOR:** \_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Address            City    State            Zip

\_\_\_\_\_  
Percentage of Ownership

**State of** \_\_\_\_\_  
**County of** \_\_\_\_\_

**Each of the foregoing Guarantors, personally known to me, subscribed and sworn before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.**

\_\_\_\_\_  
**Notary Public**  
**My commission expires:** \_\_\_\_\_

**EXHIBIT A  
TO THE FRANCHISE AGREEMENT BETWEEN  
COMPASS GROUP U.S.A., INC. BY AND THROUGH  
ITS CANTEEN DIVISION and FRANCHISEE**

1. The Protected Territory is:

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Territorial boundaries described above shall be fixed as of the date of this Agreement and shall not change for the purpose hereof, notwithstanding any change to such boundaries or regions. All street boundaries shall be deemed to end at the street centerline unless otherwise specified above.

2. The Revenue Threshold for Food Service is \$250,000.

**3. If Franchisee has accounts within a geographic territory where Franchisee has non-exclusive rights, or has acknowledged accounts outside of Franchisee’s territory, Franchisee understands and agrees that those accounts are not protected for Franchisee, and others may solicit and operate such acknowledged accounts or accounts within the non-exclusive territory. Canteen does not make any representations about protecting Franchisee’s acknowledged accounts or accounts in non-exclusive territory, and Canteen does not authorize its employees or representatives to make any such representations either orally or in writing.**

**EXHIBIT B**

**ASSET PURCHASE AGREEMENT**

## ASSET PURCHASE AGREEMENT

**THIS ASSET PURCHASE AGREEMENT** (the “Agreement”) is made and executed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between **COMPASS GROUP USA, INC.**, by and through its Canteen Division, a Delaware corporation having its principal office at 2400 Yorkmont Road, Charlotte, North Carolina 28217 (“Seller”), and \_\_\_\_\_ (“\_\_\_\_\_”), [an] individual[s] residing in \_\_\_\_\_ (“Owner[s]”) and \_\_\_\_\_, a \_\_\_\_\_ corporation, having its principal office at \_\_\_\_\_ (“Purchaser”).

### RECITALS

- A. Purchaser desires that Seller sell to Purchaser certain of the assets owned by Seller and used in the vending only operations [and certain food, catering and concession operations] which Seller services in \_\_\_\_\_ Counties in the State of \_\_\_\_\_ (the “Purchased Business”) and further that Seller assign to Purchaser its rights, title and interest in the vending only contracts [and certain other contracts] of Seller relating to those assets.
- B. Seller desires to so sell such assets to Purchaser and to so assign such contracts to Purchaser.
- C. In conjunction with such purchase and sale of assets and assignment and acceptance of accounts, Purchaser desires to become a franchise distributor of Seller (with Owner[s] guaranteeing Purchaser’s obligations as a franchise distributor) and to operate as a franchisee of Seller in \_\_\_\_\_ Counties in the State of \_\_\_\_\_ (the “Territory”). Seller desires to enter into such a franchise arrangement with Purchaser and Owner[s] (through [their] personal guarantee[s]) in conjunction with this Agreement.

### PROVISIONS

NOW THEREFORE, for and in consideration of the mutual covenants and agreements of the parties and the faithful performance thereof, the parties agree as follows:

1. Sale of Assets and Business of Seller. Subject to the terms and conditions of this Agreement, at the Closing (as defined below), Seller will sell, convey, transfer, assign and deliver to Purchaser and Purchaser will purchase and assume from Seller all of the following assets, properties and rights of Seller, which (except as otherwise explicitly provided for in this Section 1 and in Section 2) constitute all of the assets, properties and rights of Seller of the classes described all used in the Purchased Business (collectively, the “Purchased Assets”):
- a. Fixed Assets. All vending equipment, including vending machines and parts, and other vehicles, furnishings and other fixed assets of Seller, all as used in the Purchased Business at the location of the Accounts (as defined below) as well as the equipment and fixed assets being repaired or warehoused at the building located at [\_\_\_\_\_], that are listed on the attached Schedule 1(a) (the “Fixed Assets”); and
  - b. Accounts and Client Agreements. Subject to the terms contained in Section 4(e) relating to Subcontracted Accounts, all of Seller’s rights in and to the “Accounts”, which shall mean the accounts, contracts, arrangements, understandings and privileges with customers listed on the attached Schedule 1(b) relating to the rendering of the vending [and other] services solely with respect to the locations associated with the Accounts listed on the attached Schedule 1(b), and the written and oral agreements to provide vending and/or micro market services to such accounts (the “Assumed Contracts”); and
  - c. Inventories. All inventories of Seller as of the Closing Date (as defined below), including food items, relating only to the Purchased Business, whether in the vending machines or micro market shelves located at the Account sites or in the vehicles being transferred (“Product Inventory”) and petty cash, imprest

funds and changer funds relating only to the Purchased Business (“Machine Cash Inventory”) (collectively, the “Inventories”); and

d. Personal Property Leases. All rights in, to and under all leases of furniture, supplies, vehicles, equipment and other items of personal property, and service agreements entered into prior to the Closing Date relating only to the Purchased Business and listed on attached Schedule 1(d), and any other operating or capital leases identified on the Seller’s profit and loss statements for the Purchased Business (“Personal Property Leases”); and

e. [Use if applicable:] Real Property Leases. All rights, title and interests to and under the real property leases described on attached Schedule 1(e) (the “Real Property Leases”).

f. Goodwill. All goodwill relating to the Purchased Business and any going concern value except the goodwill associated with the use of the Intellectual Property described in Section 2(g) below.

g. Vehicles. All right in, to and under the vehicles listed on attached Schedule 1(g), with the understanding that Purchaser will buy out the leases associated with such vehicles; provided that Seller and Purchaser shall use their commercially reasonable efforts to promptly transfer title to Purchaser after the Closing Date.

2. Excluded Assets. Notwithstanding any provisions of this Agreement to the contrary, all assets not specifically identified in Section 1 above as being sold to Purchaser are specifically **excluded** from the Purchased Assets (the “Excluded Assets”). Without limiting the generality of the foregoing exclusion, the following shall also be Excluded Assets:

a. Non-Purchased Business. Any and all assets and account contracts relating to the operation of any and all services, other than the Purchased Business, which Seller operates in or outside of the Territory, including but not limited to assets and accounts relating to the contract food services, combined food and vending services, executive dining, catering, office coffee, concessions, and other services to facilities other than vending or micro market services offered to Accounts under the Assumed Contracts, which include, but are not limited to, such assets and accounts described on Schedule 2(a) (collectively, the “Non-Purchased Assets”); and

b. Non-Canteen Assets. Any business or assets serviced by any division, affiliate or sector of Compass Group USA, Inc. other than the Canteen Division; and

c. Computer Hardware and Software. All computers, computer systems and servers, and all licenses and permits for any computer systems and software, including without limitation the I-Vend equipment, handhelds, I-Vend software and Cantaloupe system; and

d. Cash. Any cash (whether on hand or in banks) except the petty cash, imprest funds and changer funds relating to the Purchased Business counted as part of the Inventories in Section 1(c); and

e. Accounts Receivable. Any and all of Seller’s trade receivables and other accounts and notes receivable as of the Closing Date, including any and all trade and supplier rebates (the “Retained Receivables”); and

f. Stocks. Any and all stocks, bonds or other securities of Seller; and

g. Permits and Records. All permits and licenses maintained and used in the operation of the business other than the Purchased Business, including business licenses and occupancy permits; unemployment reserves and accounts; security deposits, bid bonds and performance bonds and deposits; advertising materials; and phone and facsimile numbers; and

- h. Employee Benefit Plans. Any and all employee benefit plans of any kind and nature whatsoever; and
- i. Business Records. Any and all business records, including employee personnel files; provided, however, that access to general business records will be provided pursuant to the terms of Section 10(e) below; and
- j. Intellectual Property. All rights, title and interest to Seller's tradenames, trademarks and service marks, as well the rights, title and interest to Seller's inventions, trade secrets, know-how, recipes, proprietary processes and formulae and similar information relating to the Purchased Business (the "Intellectual Property"); provided, however, that Purchaser will be licensed the right to use certain of such Intellectual Property pursuant to the terms and conditions of the Franchise Agreement (as defined in Section 12(f) below).

3. Purchase of Purchased Assets and Purchased Business by Purchaser. If Purchaser is a prospective franchisee, all initial fees and payments shall be deferred until such time as the Seller completes its initial obligations as a franchisor under the Franchise Agreement.

a. Purchase Price. In consideration for the sale of the Purchased Assets as described in this Agreement, at Closing, Purchaser will pay to Seller the aggregate purchase price (the "Purchase Price") of: (a) \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) (the "Base Purchase Price"); plus (b) the value of the Inventories (including but not limited to the changer funds) as determined and payable in the manner set forth in Section 3(c) below.

b. Payment of Base Purchase Price. Upon the execution of this Agreement, Purchaser will pay Seller a deposit of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) as an advance on the Base Purchase Price (the "Advance Payment"). The balance of the Base Purchase Price to be paid by Purchaser will be payable on the Closing Date by wire transfer according to the instructions provided by Seller to Purchaser prior to the Closing.

c. Advanced Payment and Adjustments for the Inventories. On the Closing Date, Purchaser will pay Seller an estimated payment for the Inventories equal to \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) (the "Estimated Inventory Payment"), which Estimated Inventory Payment will be payable by wire transfer according to the instructions provided by Seller to Purchaser prior to the Closing.

The actual value of the Inventories (including but not limited to the changer funds) included in the Purchased Assets will be based on a physical inventory taken as soon as possible on or after the Closing Date (as defined below) and counted mutually by a representative of Purchaser and of Seller. The basis for valuation of the inventory merchandise included in the Inventories will be the actual delivered cost to Seller to the Purchased Business location by suppliers or vendors (whether retail or wholesale). Value will only be assigned to such Inventories which are saleable or usable in the ordinary course of business within ninety (90) days of Closing. Inventories to which no value is so assigned will remain the property of Seller. The parties will use their good faith efforts to mutually agree on the value of the Inventories as provide in this section and it is the intention of the parties to come to such a mutual agreement. However, if the parties cannot mutually agree to the value of the Inventories, the parties will appoint an independent third party Certified Public Accounting firm to review the information provided by the parties and to make a binding determination on the value of the Inventories. The parties will each bear one half of the costs associated with such an independent determination.

Promptly following the determination of the actual value of the Inventories (which determination will be made not more than Forty Five (45) days following the Closing), Seller and Purchaser will compare the total value of the Estimated Inventory Payment and the actual value of the Inventories. If the Estimated Inventory Payment is less than the actual value, Purchaser will promptly (but not less than ten (10) business days following the mutual determination of the value thereof) pay Seller the difference between the actual value and the Estimated Inventory Payment so as to pay Seller in full for the Inventories. If the

Estimated Inventory Payment is greater than the actual value, Seller will promptly (but not less than ten (10) business days following the mutual determination of the value) reimburse Purchaser for any difference between the Estimated Inventory Payment and the actual value.

4. Assumption of Obligations and Liabilities.

(a) Purchaser will, as of the Closing, assume the performance, when due, of all obligations relating to the operation of the Purchased Business incurred in the ordinary course of business and accruing after the Closing, including but not limited to, any and all such obligations under all of the Assumed Contracts and Personal Property Leases, which include commissions accruing and payable subsequent to the Closing. Purchaser will further assume and agrees to pay any and all liabilities relating to the ownership of the Purchased Assets. Seller will be responsible for all vacation pay, sick pay and other employee benefits which have accrued prior to Closing. [If there is a union agreement, add the following:] [The parties acknowledge that on \_\_\_\_\_, 20\_\_, Seller entered into an Agreement (the “Union Agreement”) with the \_\_\_\_\_ Union No. \_\_\_\_ (“Union”). Seller’s obligations under the Union Agreement shall cease as of the Closing Date. Seller makes no further representations concerning the effects of the sale on this Agreement or the Purchaser.]

(b) Purchaser agrees to pay any software license transfer fees imposed by third parties vendors such as Retail 365, Cantaloupe, USAT, and Crane. To the extent there are any deposits, prepaids, signing bonuses, or placement fees associated with the Purchased Assets, Purchaser will reimburse Seller for such fees, and any others that are subsequently identified as legitimately associated with the Purchased Assets, with an offset at Closing or later, utilizing an “intercompany” account credit to Seller (due to Purchaser being a franchisee of Seller). For example, Seller may have prepaid the maintenance agreement for coin counters located in Seller’s warehouse, and prepaid to Retail 365 certain software fees associated with micro market assets that are part of the Purchased Business. Purchaser shall be responsible to pay the unamortized balance of any maintenance agreement and the software fees. In turn, Seller may have on its balance sheet debit balances of customers associated with the micro markets that are part of the Purchased Business, as well as a debit balance for “Avenue C Bucks” for those micro markets. Seller agrees to provide a credit to Purchaser’s “intercompany” account the micro market balance and Avenue C Bucks balance, if any, and Purchaser agrees to honor the Avenue C Bucks if presented by customers.

(c) [Use if applicable] Purchaser understands that Seller or its affiliates, including Canteen One, LLC (“Canteen One”), or an unaffiliated third party holds the master contract rights to certain accounts identified on Schedule 1(b) (the “Subcontracted Accounts”), and Purchaser covenants to pay to the holder of the master contract all fees associated with the Subcontracted Accounts, including without limitation the fee to Canteen One per Section 10(h). Purchaser understands that, under this Agreement, Seller is assigning to Purchaser only the subcontract rights to provide vending and/or micro market services to those Subcontracted Accounts (as applicable), and the transfer is subject to the Subcontracted Account’s consent if required in the written agreement. Seller will have no liability whatsoever to Purchaser if Seller fails to so obtain the consents to subcontract, or further if Seller does not rebid the Subcontracted Accounts contracts at any time or Seller terminates the Subcontracted Account contracts at any time.

5. Allocation of Purchase Price. Purchaser and Seller will mutually agree to the final allocation of the Purchase Price after the Closing based on the estimated allocation described on attached Schedule 5. All tax returns and reports filed by Purchaser and Seller relating to the purchase and sale of the Purchased Assets will be prepared on a basis consistent with the final allocation, including but not limited to, the preparation and submission to the Internal Revenue Service of Form 8594 in accordance with Section 1060 of the Internal Revenue Code of 1986, as amended.

6. Sales Tax; Prorations. Any sales, transfer or other similar tax imposed on the conveyance of the Purchased Assets by Seller to Purchaser pursuant to this Agreement will be paid by Purchaser. If applicable, any and all license fees, permit fees, lease deposits, prepaid items, and other similar items pertaining to the Purchased Assets



and the ongoing Purchased Business will be adjusted ratably as of the Closing Date. The net amount of the prorations will be paid by Seller and Purchaser, as appropriate, on the Closing Date or as soon as practicable following the Closing Date, as the parties mutually agree. [Add if applicable: If required by applicable state law, the parties will create an escrow for the payment of any state sales and use tax pursuant to the requirements of such state law.]

7. Closing. The consummation of the sale and transfer and conveyance of title to and possession of the Purchased Assets pursuant to this Agreement (the “Closing”) will take place at \_\_\_\_\_ a.m. local time, on \_\_\_\_\_, 20\_\_ at a mutually agreeable location, or at such date and time as mutually agreed by the parties (the “Closing Date”).

8. Representations and Warranties of Seller. Seller warrants and represents to Purchaser as follows:

a. Organization and Standing. Seller is a corporation organized, validly existing and in good standing under the laws of the State of Delaware and it has corporate power and authority to enter into this Agreement and perform its obligations under this Agreement.

b. Legal and Binding Agreement. When executed and delivered by the parties, this Agreement and the instruments of sale, conveyance, transfer and assignment delivered to Purchaser at the Closing will constitute legal, valid and binding obligations of Seller.

c. Assumed Contracts. Seller is not in default under any Assumed Contract, and no act or event has occurred which with notice or lapse of time, or both, would constitute a default under any Assumed Contract. To Seller’s knowledge, as of the date hereof, no client has provided notice to Seller that it intends to terminate its Assumed Contract with Seller, except for those clients specified in writing by Seller to Purchaser.

d. Compliance with Laws. To Seller’s best knowledge, Seller’s provision of services under the Assumed Contracts to the Accounts has not been and is not in violation of the laws or regulations of any governmental agency, Federal, state or local entity and Seller knows of no proceeding or investigation threatened against Seller alleging that Seller’s provision of services under the Assumed Contracts is in violation of any such governmental statutes or regulations.

e. No Suits or Actions. There are no suits, actions, claims or investigations by any governmental body, or legal, administrative or arbitration proceedings of whatever nature pending or threatened against or affecting the Purchased Assets and there is no outstanding order, writ, injunction or decree of any court, governmental agency or arbitration tribunal against or affecting the Purchased Assets.

f. Title and Condition of Purchased Assets. Purchaser acknowledges that the Fixed Assets do not include Coke, Pepsi, or other bottler vending machines stocked but not owned by Seller, but Purchaser is permitted to use those machines unless such permission is revoked by the bottler. In addition, although the leases associated with the vehicles identified in Section 1(g) will be paid by Purchaser, the title transfers may not be completed by the Closing Date. All of the Purchased Assets are free and clear of all liens, pledges, security interests or encumbrances of any kind. The Purchased Assets will be transferred on the Closing Date in an “as-is, where-is” condition.

g. Broker; Finder. Seller has not [or has] engaged the services of a finder, broker or other person, corporation or firm acting or who has acted in connection with the transaction contemplated by this Agreement who is entitled to receive any brokerage commission or finder’s fee in connection with such transaction [and Seller agrees to pay such finder, broker or other person for any and all commissions, fees and expenses as the result of that arrangement].

h. Truth of Representations and Warranties. All of the representations and warranties set forth in this Section 8 will be true and correct in all material respects on the date of this Agreement and as of the Closing Date.

9. Representations and Warranties of Purchaser and Owner[s]. Purchaser and Owner[s] represent and warrant to Seller as follows:

a. Organization and Standing. Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of \_\_\_\_\_ and has full corporate power and authority to enter into this Agreement and perform its obligations under this Agreement. All of Purchaser's shareholders are identified on Schedule 9(a) (the "Shareholders").

b. Corporate Actions. Purchaser has taken, or will have taken by the Closing Date, all corporate action necessary to enable it to acquire the Purchased Assets and otherwise carry out its obligations under this Agreement.

c. Legal and Binding Agreement. When executed and delivered by the parties, this Agreement and the instruments of sale, conveyance, transfer and assignment delivered by Purchaser to Seller at the Closing will constitute legal, valid and binding obligations of Purchaser and Owner[s] enforceable in accordance with its terms.

d. Franchise Information. On \_\_\_\_\_, 20\_\_, Purchaser executed a Receipt for the Franchise Disclosure Document issued by Seller, and in doing so Purchaser acknowledges and represents that it received those documents and all exhibits and attachments thereto and it read them carefully on its behalf.

e. Conflicts of Interest. As of the Closing, except as disclosed to Seller and as authorized under the Franchise Agreement, Purchaser and [each of] the Owner[s] individually do not directly or indirectly hold any ownership interest in any vending, micro market, office coffee services, contract food, catering or executive dining business or in any direct or indirect supplier to such business, and further Purchaser and [each of] the Owner[s] individually do not now or intend in the future to engage in, own, manage, operate, join, control, lend money to, arrange credit for or provide any services to any business or other organization which is engaged in the business of selling food, canned or bottled beverages, cigarettes or other related items by means of a direct manufacturer or distributorship of such product lines or by means of vending equipment, contract food facilities, catering or executive dining facilities (the "Competitive Businesses").

e. Broker; Finder. Purchaser and Owner[s] have not [or have] engaged the services of a broker or other person, corporation or firm acting or who has acted in connection with the transaction contemplated by this Agreement who is entitled to receive any brokerage commission or finder's fee in connection with such transaction [and Purchaser and Owner[s] agree to pay such finder, broker or other person for any and all commissions, fees and expenses as the result of that arrangement].

f. Truth of Representations and Warranties. All of the representations and warranties set forth in this Section 9 will be true and correct in all material respects on the date of this Agreement and as of the Closing Date.

10. Covenants.

a. Third Party Cooperation. Prior to the Closing Date, Seller and Purchaser will use their reasonable efforts to take or cause to be taken, and to assist and cooperate with the other party in doing, all actions necessary, proper or advisable under applicable laws and regulations to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement and cause the conditions in Sections 11 and 12 to be satisfied. Notwithstanding any provision of this Agreement to

the contrary, this Agreement will not constitute an assignment of or an agreement to assign any contract or benefit under any contract if any attempted assignment without consent required or necessary for assignment would constitute a breach of that agreement. If any attempted assignment would be ineffective or would constitute a breach or would adversely affect the Purchaser's rights, Seller will cooperate with the Purchaser so that Purchaser may obtain the benefits with respect to the particular contracts, and the parties will enter into such mutual agreements as they mutually deem necessary to do so; provided that Seller will have no liability whatsoever to Purchaser or Owner[s] in the event a contract is not assignable. Further, Seller will have no liability whatsoever to Purchaser or Owner[s] if the Accounts terminate, for whatever reason, the Assumed Contracts after the Closing. This covenant will survive the expiration of the indemnities in Section 14(d) below.

b. Bulk Sales Laws. Each of the Seller and Purchaser agrees to waive compliance with the provisions of any and all "bulk sale" and similar laws applicable to this Agreement and the transactions contemplated by this Agreement.

c. Operation of Business Prior to Closing. Seller covenants and agrees that, except as otherwise provided in this Agreement or consented to in writing by Purchaser, pending the Closing (i) the Purchased Business will be conducted only in the ordinary course of business and (ii) Seller will use its reasonable efforts to preserve the vending business of Seller and will use its reasonable efforts to preserve the goodwill of suppliers, customers and others having business relations with Seller.

d. Confidential Material. Each party hereto agrees to keep confidential all information that is not generally known to the public and which has been made available to it by the other party and, in the event the transaction contemplated in this Agreement is not consummated, Purchaser will return to Seller documents, records and copies of any information provided prior to the date thereof and will destroy any and all summaries, extracts, notes or other documents taken from or prepared by using such information or records. Purchaser acknowledges that Seller may be irreparably harmed by a violation of this covenant and shall be entitled to seek and be granted judicial equitable relief, including injunctions and specific performance if such covenant is violated.

e. Business Records. Seller shall remove any and all business records relating to the operation of the Purchased Business on or prior to the Closing. Seller will use its reasonable efforts to retain such records for a reasonable period of time and, in the event Purchaser reasonably requires such, provide Purchaser with access during normal business hours to such records in connection with matters related to the operation of the Purchased Business after the Closing. If, for business reasons, any records relating to the Purchased Business remain with Purchaser, Purchaser will retain such records for a reasonable period of time after the Closing Date and Seller will have access to all such records as may be reasonably required. Before Purchaser disposes of any such records following that period, Purchaser will give Seller the right and opportunity to remove such records.

f. Retained Receivables. To the extent Purchaser receives any of the Retained Receivables after the Closing Date, Purchaser will transmit such sums to Seller, and to the extent Seller receives any payments on Purchaser's account receivables for the operation of the Purchased Business after the Closing Date, Seller will transmit such sums to Purchaser. Further, Purchaser agrees to facilitate and assist in the collection of any Retained Receivables on its routine collections in the event Seller does not receive payment on the Retained Receivables at any time after the Closing; provided, however, that Purchaser will not have any liability to Seller for any uncollected Retained Receivables. These covenants will survive the Closing for a period of 12 months.

g. [Use if applicable] Subcontracted Accounts. Purchaser will enter into an agreement with, or amend its existing agreement with, Canteen One for the servicing of Subcontracted Accounts owned by Canteen One, and will pay the required fee to Canteen One. After Closing, Purchaser will be responsible for any fees associated with the Subcontracted Accounts, including without limitation, unamortized bonuses,

commissions and/or sector transfer fees.

11. Conditions Precedent to Purchaser's Obligations. All obligations of Purchaser under this Agreement are subject to the fulfillment prior to or at Closing of each of the following conditions:

a. Representations and Warranties. Each representation and warranty by Seller contained in this Agreement is and will be true and accurate in all material respects as of the date when made and will be deemed to be made at the time of the Closing and will be true and accurate in all material respects. Since the date of this Agreement, there will have been no material changes in the condition (financial or otherwise) of the Purchased Assets or the Purchased Business, except for changes in the ordinary course of business and those expressly permitted by this Agreement.

b. Compliance. Seller will have performed and complied with all covenants, agreements and conditions required by this Agreement to be performed or complied with by Seller prior to or at the Closing.

c. No Actions or Suits. No suit, action, investigation, inquiry or proceeding by any person or by any governmental body, or other legal or administrative proceeding will have been instituted or threatened which questions the validity or the legality of the transaction contemplated by this Agreement.

12. Conditions Precedent to Seller's Obligations. All obligations of Seller under this Agreement are subject, at Seller's option, to the fulfillment, prior to or at the Closing of each of the following conditions:

a. Representations and Warranties. Each representation and warranty by Purchaser and Owner[s] contained in this Agreement will be true and accurate in all material respects as of the date when made and will be deemed to be made again at the time of the Closing and will then be true and accurate in all material respects.

b. Compliance. Purchaser and Owner[s] will have performed and complied with all covenants, agreements and conditions required by this Agreement to be performed or complied with by Purchaser and Owner[s] prior to or at the Closing.

c. No actions or suits. No suit, action, investigation, inquiry or proceeding by any person or by any governmental body or other legal or administrative proceeding will have been instituted or threatened which questions the validity or the legality of the transaction contemplated by this Agreement.

d. Ownership of Purchaser. Owner[s] will hold all of the issued and outstanding shares of Purchaser at the time of the execution of this Agreement and at the time of the Closing, and Purchaser will be in good standing under the laws of the State of \_\_\_\_\_.

e. [Use if applicable] Labor Matters. Seller will have received final approval, if required, by the National Labor Relations Board of the sale of the Purchased Assets under the terms and conditions of this Agreement and will have satisfied all of Seller's obligations with respect to such sale under the National Labor Relations Act. Further, the Union will not have contested, disputed or otherwise protested, directly or indirectly, the acquisition or purchase of all or any substantial portion of the Purchased Assets or matters incident thereto.]

f. [Use if applicable] Real Estate Purchase Agreement. Purchaser will enter into a Real Estate Purchase Agreement, whereby Purchaser will purchase all rights, title and interests in that certain piece of real property used in the Purchased Business and commonly known by the street address of \_\_\_\_\_, including all buildings and improvements permanently installed on that real property, and any and all trade fixtures and equipment used in the Purchased Business.]

g. Franchise Agreement. Purchaser will enter into a certain Franchise Agreement with Seller, whereby Purchaser will become the franchise distributor of Seller which agreement will be in the form previously provided to Purchaser (the “Franchise Agreement”). Owner[s] will execute the Owner’s[s’] Guaranty and Assumption of Franchisee’s Obligations in the form previously presented to Owner[s].

13. Deliveries at Closing.

a. Seller’s Deliveries. At the Closing, Seller will deliver to Purchaser a Bill of Sale and Assignment and Assumption Agreement substantially in the form attached as Exhibit A (the “Bill of Sale and Assignment and Assumption Agreement”) transferring, conveying and assigning the Purchased Assets, the Assumed Contracts, the Inventories and the Personal Property Leases to Purchaser. Further, Seller will deliver the vehicle titles and certificates of registration for all of the vehicles included in the Purchased Assets.

b. Purchaser’s Deliveries. At the Closing, in addition to the documents described in Section 12 above, Purchaser will deliver or cause to be delivered the following:

i. The Bill of Sale and Assignment and Assumption Agreement.

ii. A Certificate of Good Standing from the State of \_\_\_\_\_.

iii. A copy of the board actions taken by the Board of Directors of Purchaser authorizing the purchase described in this Agreement which copy is certified by the President of Purchaser and such other certifications by Purchaser and Owner[s] as Seller may require.

iv. Payments of the balance of the Base Purchase Price, the Estimated Inventory Payment and any other prorations described in Section 6 above.

14. Indemnities of Seller and Purchaser.

a. Indemnification by Seller. Seller agrees to indemnify and save and hold Purchaser harmless from and against any damage, liability, loss or deficiency (including, without limitation, reasonable attorneys’ fees and other costs and expenses incident to any suit, action or proceeding both at trial and on appeal) suffered or incurred by Purchaser which arises out of, results from or constitutes any claim arising out of the breach of any representation, warranty or covenant of Seller contained in this Agreement or Seller’s operation of its food and vending business on or before the Closing Date.

b. Notices; Proceedings. Should any claim be made, or suit or proceeding be instituted, against Purchaser, which if valid or prosecuted successfully, would be a matter for which Purchaser is entitled to indemnification under this Section 14, then Purchaser will notify Seller of such claim, suit or proceeding, and Seller may, at its own cost and expense, assume the defense thereof. Except as provided herein, no agreement or settlement with respect to any such claim, suit or proceeding will be made without the written consent of Seller, which consent will not be unreasonably withheld, unless incident thereto Purchaser waives its right to indemnification with respect to such claim, suit or proceeding.

c. Indemnification by Purchaser. Purchaser agrees to indemnify and save and hold Seller harmless from any damage, liability, loss or deficiency (including, without limitation, reasonable attorneys’ fees and other costs and expenses incident to any suit, action or proceeding both at trial and on appeal) suffered or incurred by Seller which arises out of, results from or constitutes any claim arising out of the operation of Purchaser’s, Owner’s[s’], or any of their affiliates’ pre-existing vending and micro market business or which arises out of, results from or constitutes any claim arising out of the breach of any representation, warranty or covenant of Purchaser contained in this Agreement or the operation after the Closing by Purchaser’s and/or Owner’s[s’] of the Purchased Business, in the same manner, with the same rights and pursuant to the same procedure as applicable to Seller’s indemnification under this Agreement.

d. Survival of Indemnification. The representations, warranties and covenants of Seller and Purchaser will survive the Closing for a period of twelve (12) months. Any claim for indemnification under this Agreement by Purchaser or by Seller will be delivered by written notice to the other party prior to the expiration of such twelve (12) month period.

15. Defaults. The parties will proceed diligently and in good faith to satisfy the conditions of this Agreement. If one party does not satisfy the conditions in this Agreement and refuses to perform as required under this Agreement, the other party may either waive any of its conditions to close in writing and proceed with Closing or terminate this Agreement in writing, in which event, Seller will return the Advance Payment and thereafter neither party will have any further obligation to the other under this Agreement. If Purchaser does not satisfy its obligations under this Agreement and Purchaser refuses to perform as required under this Agreement, Seller will retain the full amount of the Advance Payment and thereafter neither party will have any further obligation to the other under this Agreement, thereafter, except as set forth in Section 10(d).

16. Expenses. [Except as described in Sections 8(g) and 9(f) above,] Each party will pay their own expenses incurred by or on behalf of them in connection with the authorization, preparation, execution and performance of this Agreement, including without limitation, all fees and expenses of agents, representatives, counsel and accountants.

17. Notices. All notices, requests, demands and other communications required or permitted to be given hereunder will be in writing and will be deemed to have been duly given if delivered personally or mailed first class, postage prepaid, registered or certified mail, as follows (or to such other address and to the attention of such other person as a party may designate by written notice to the other parties:

If to Owner[s] or Purchaser:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Copy to:

If to Seller:

Compass Group USA, Inc.  
2400 Yorkmont Road  
Charlotte, NC 28217  
Attn: President-Franchise  
Copy to: General Counsel

18. Section Headings. The section headings contained herein are for reference purposes only and will not in any way affect the meaning or interpretation of this Agreement.

19. Governing Law. This Agreement will be governed by and construed and enforced in accordance with the laws of the State of North Carolina.

20. Dispute Resolution.

a. Arbitration. Subject to subsection (c) below, all controversies, disputes or claims arising between the parties and their respective owners, officers, directors, agents, employees and attorneys arising out of or related this Agreement will on demand of either party be submitted for arbitration to the offices of the American Arbitration Association (“AAA”) located closest to Seller’s principal offices at the time of such demand and conducted by one (1) arbitrator in accordance with the then current commercial arbitration rules of the AAA. All procedural matters relating to the arbitration will be governed by the Federal Arbitration Act of the United States of America (9 U.S.C. Section 1 et seq.). Except as otherwise provided herein, the arbitrator will have the right to award or include in an award any relief which the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and legal fees and costs. The award and decision of the arbitrator will be conclusive and binding on all parties and judgment on the award may be entered in any court of competent jurisdiction, and each party waives any right to contest the validity of enforceability

of such award. This provision will continue in full force and effect subsequent to and notwithstanding expiration or termination of this Agreement.

b. Costs and Attorneys Fees. The party prevailing in any court or arbitration proceeding will recover from the other party its costs and expenses, including, but not limited to, reasonable attorneys' fees.

c. Injunctive Relief. As an alternative or supplement to arbitration, as set forth in subsection (a) above, the parties may obtain in any court of competent jurisdiction any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause such party irreparable harm. Seller may have such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and Purchaser's sole remedy in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). Purchaser acknowledges that violations of certain provisions of this Agreement would result in irreparable injury to Seller for which no adequate remedy at law may be available.

e. Limitation on Damages. Except with respect to Purchaser's obligations regarding the use of any Intellectual Property and confidentiality of information set forth in this Agreement and the Confidentiality Agreement signed between the parties, each party waives to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agrees that, in the event of a dispute between them, the party making any claim directly or indirectly arising from or relating to this Agreement will be limited to recovery of actual and consequential damages sustained.

21. Entire Agreement. This Agreement and the ancillary agreements referenced herein set forth the entire agreement and understanding of the parties with respect to the transaction contemplated hereby and supersedes all prior agreements, arrangements and understandings related to the subject matter hereof. This Agreement may be amended, modified, superseded or canceled, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, only by a written instrument executed by Purchaser and Seller.

22. Binding Effect. All the terms, covenants, representations, warranties and conditions of this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

23. Assignment. This Agreement and the rights and obligations under this Agreement will not be assignable by either party, except that Seller may assign its rights and obligations to an affiliate, subsidiary or legal successor by purchase, merger or otherwise.

24. No Waiver. The failure of either party at any time or times to require performance of any provision hereof will in no manner affect the right at a later time to enforce the same. No waiver by either party hereto of any condition, or of the breach of any term, covenant, representation or warranty contained in this Agreement, whether by conduct or otherwise, in any one or more instances will be deemed to be construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition or of the breach of any other term, covenant, representation or warranty of this Agreement.

25. Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. The parties agree that digital or facsimile signatures shall have the same effect as original signatures.

**[SIGNATURE PAGE TO FOLLOW]**

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

**SELLER:**  
COMPASS GROUP USA, INC.

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

**PURCHASER:**  
\_\_\_\_\_

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

**OWNER[S]:**  
\_\_\_\_\_  
NAME  
\_\_\_\_\_  
[NAME]  
\_\_\_\_\_  
[NAME]



**Schedules to be Attached**

**EXHIBIT A**

**FORM OF  
BILL OF SALE AND ASSIGNMENT AND ASSUMPTION AGREEMENT**

Pursuant to the Asset Purchase Agreement by and among COMPASS GROUP USA, INC., a Delaware corporation (“Seller”), and \_\_\_\_\_, [an] \_\_\_\_\_ individual[s] (“Owner[s]”) and \_\_\_\_\_, a \_\_\_\_\_ corporation (“Purchaser”) dated as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Agreement”), for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller does hereby grant, bargain, sell, transfer and set over unto Purchaser, its successors and assigns, all of the Purchased Assets (as that term is defined in the Agreement), including its rights, title and interest in the Assumed Contracts more particularly described on Schedule 1(b) attached to the Agreement.

TO HAVE AND TO HOLD the Purchased Assets unto Purchaser, its Successors and assigns, for its own use forever.

IN WITNESS WHEREOF, Seller, Purchaser and Owner[s] have caused this Bill of Sale and Assignment and Assumption Agreement to be duly executed on their own behalf or by their officers, as appropriate, as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

COMPASS GROUP USA, INC.

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

[NAME OF PURCHASER]

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

\_\_\_\_\_  
NAME

\_\_\_\_\_  
[NAME]

\_\_\_\_\_  
[NAME]

**EXHIBIT C**

**VENDING THRESHOLD FRANCHISE AGREEMENT**

**CANTEEN THRESHOLD FRANCHISE AGREEMENT**

\_\_\_\_\_  
FRANCHISEE

\_\_\_\_\_  
TERRITORY

\_\_\_\_\_  
DATE OF AGREEMENT

# CANTEEN FRANCHISE AGREEMENT

## TABLE OF CONTENTS

<b>1. INTRODUCTION .....</b>	<b>1</b>
1.1 CANTEEN'S BUSINESS.....	1
1.2 FRANCHISEE'S ACKNOWLEDGEMENTS.....	1
<b>2. GRANT OF RIGHTS.....</b>	<b>1</b>
2.1 GRANT OF FRANCHISE .....	1
2.2 CANTEEN'S RESERVED MARKETS AND ACCOUNTS .....	5
<b>3. FEES, PAYMENTS AND REPORTS .....</b>	<b>7</b>
3.1 INTIAL FRANCHISE FEE.....	7
3.2 ROYALTY FEE .....	7
3.3 REFERRAL FEE .....	7
3.4 SALES REPORTS .....	8
3.5 OTHER FEES AND CHARGES.....	8
<b>4. MARKS .....</b>	<b>8</b>
4.1 NO LICENSE RIGHTS .....	8
4.2 ACKNOWLEDGEMENT OF OWNERSHIP; VALIDITY.....	9
4.3 NOTIFICATION OF INFRINGEMENTS AND CLAIMS .....	9
<b>5. ASSISTANCE BY CANTEEN.....</b>	<b>9</b>
5.1 ASSISTANCE BY CANTEEN .....	9
5.2 PURCHASES AND REBATES .....	9
5.3 ADVANCE ON NET FRANCHISEE REBATES .....	11
5.4 BRANDED PROGRAMS.....	11
5.5 LIMITATIONS AND LIABILITIES .....	11
<b>6. OPERATING STANDARDS .....</b>	<b>12</b>
6.1 FRANCHISE ESTABLISHMENT AND OPERATION.....	12
6.2 PRODUCTS AND SERVICES .....	12
6.3 EQUIPMENT .....	12
6.4 APPROVAL OF ADVERTISING .....	13
6.5 WEB SITE/INTERNET SALES .....	13
6.6 INSURANCE .....	13
6.7 COMPLIANCE WITH GOVERNMENTAL REGULATIONS.....	13
6.8 CANTEEN'S RIGHT TO INSPECT AND AUDIT .....	15
6.9 INDEMNIFICATION.....	15
6.10 GUARANTEE OF PERFORMANCE.....	15
<b>7. RESTRICTIVE COVENANTS .....</b>	<b>15</b>
7.1 CONFIDENTIAL INFORMATION.....	15
7.2 IN-TERM NON-COMPETITION COVENANT.....	16
7.3 FRANCHISEE ACKNOWLEDGMENTS.....	16
<b>8. TRANSFERS .....</b>	<b>17</b>
8.1 TRANSFER OF FRANCCHISE BY FRANCHISEE.....	17
8.2 TRANSFER OF FRANCHISE AGREEMENT AND FRANCHISE .....	17
8.3 FRANCHISE AND AGREEMENT TRANSFER TO OWNERS .....	18

8.4	DEATH OR DISABILITY OF FRANCHISEE .....	18
8.5	TRANSFERS BY CANTEEN .....	19
8.6	CANTEEN’S RIGHT OF FIRST REFUSAL .....	19
8.7	OBLIGATIONS.....	19
<b>9.</b>	<b>INTENTIONALLY OMITTED.....</b>	<b>20</b>
<b>10.</b>	<b>DEFAULT; TERMINATION; REMEDIES; DISPUTE RESOLUTION .....</b>	<b>20</b>
10.1	DEFAULT AND TERMINATION .....	20
10.2	CURES; WAIVERS.....	21
10.3	FEES; COSTS; EXPENSES .....	21
10.4	REMEDIES UPON DEFAULT .....	21
10.5	DISPUTE RESOLUTION.....	21
<b>11.</b>	<b>OBLIGATIONS AND RIGHTS UPON TERMINATION OR EXPIRATION .....</b>	<b>22</b>
11.1	SURVIVAL OF OBLIGATIONS .....	22
11.2	RIGHTS OF CANTEEN UPON TERMINATION OR EXPIRATION.....	22
11.3	MARKS; SYSTEM; STANDARDS; CONFIDENTIAL INFORMATION.....	22
<b>12.</b>	<b>INDEPENDENT CONTRACTORS.....</b>	<b>25</b>
<b>13.</b>	<b>UNCONTROLLABLE DELAY .....</b>	<b>25</b>
<b>14.</b>	<b>WAIVER OF PROVISIONS .....</b>	<b>25</b>
<b>15.</b>	<b>SEVERABILITY AND SUBSTITUTION OF PROVISIONS.....</b>	<b>25</b>
<b>16.</b>	<b>CONSTRUCTION .....</b>	<b>26</b>
<b>17.</b>	<b>HEADINGS .....</b>	<b>2618.</b>
	<b>TERMINATION OF PRIOR AGREEMENT AND RELEASE .....</b>	<b>26</b>
<b>19.</b>	<b>EXERCISE OF RIGHTS .....</b>	<b>26</b>
<b>20.</b>	<b>AMENDMENTS .....</b>	<b>27</b>
<b>21.</b>	<b>DIFFERENT FORMS OF AGREEMENT.....</b>	<b>27</b>
<b>22.</b>	<b>CONSENTS .....</b>	<b>27</b>
<b>23.</b>	<b>NOTICES AND PAYMENTS.....</b>	<b>27</b>
<b>24.</b>	<b>DEFINITIONS .....</b>	<b>27</b>
	<b>SIGNATURES.....</b>	<b>33</b>
	<b>COVENANTS AND GUARANTY OF OWNERS.....</b>	<b>34</b>
	<b>EXHIBIT A - ASSIGNED TERRITORY .....</b>	<b>36</b>

## CANTEEN FRANCHISE AGREEMENT

This CANTEEN FRANCHISE AGREEMENT, as from time to time amended, (“**Agreement**”) is entered into between the undersigned franchisee (“**Franchisee**”) and Compass Group USA, Inc. (“**Compass**”) by and through its Canteen division (“**Canteen**”), who agree as follows.

### 1. INTRODUCTION.

**1.1 Canteen’s Business.** Canteen has, itself and through its affiliates, and through the expenditure of time, skill, effort and money, developed and continues to develop a system for providing Vending Services, OCS Services, and Food Services principally at business and industry, institutional and recreational locations (the “**System**”). “**Vending Services**” collectively means one or more of the following services: (a) installing and servicing vending machines that offer food, beverages, and other consumer products; (b) cooperative vending services whereby vending machines, as well as products, are sold or leased to Accounts who operate the machines; or (c) providing and servicing automated or unattended environments for the purchase of food, beverages and other consumer products as part of a self-checkout vending market, such as those offered under the tradenames Avanti, 365, Company Kitchen, Breakroom Provisions, Avenue C, Verii, Smart Market, etc. “**OCS Services**” means the provision of non-vended coffee, tea, cocoa and beverage refreshment services, including water filtration systems and bulk water services, and related break room supplies, paper goods and accessories, delivered to an Account for the benefit of the Account’s employees and business guests at low or no cost to such employees or guests. “**Food Services**” means dining and food court, cafeteria, food delivery, and concession services, for the personal dining convenience of the Account’s guests, employees, occupants or invitees, provided on an on-going basis pursuant to an agreement between the provider and the Account.

The System includes, but is not limited to, a comprehensive system of business methods, procedures, programs, plans, and processes for establishing, developing, and operating Canteen Authorized Services, and also includes certain proprietary rights and Confidential Information, as well as certain distinctive policies, directives, and standards related to operations, administration, and business, marketing, and sales techniques (collectively the “**Standards**”). Franchisee (a) understands that the foregoing business components are critical to the goodwill and condition of its vending and foodservice business, and (b) agrees that Canteen, in its sole discretion, may from time to time further develop or modify its System and Standards.

**1.2 Franchisee’s Acknowledgments.** Franchisee acknowledges having read this Agreement and Canteen’s franchise disclosure document. Franchisee understands the terms and obligations of this Agreement and accepts them as being reasonably necessary to maintain, with uniform processes and consistent results for, a level of high quality Authorized Services among its franchisees to protect the integrity of the Standards and System. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and recognizes (a) that an investment in a franchise involves business risks, (b) that the success of the venture is largely dependent on Franchisee’s own business abilities, efforts and financial resources, and (c) that the nature of the Franchise may change over time. Franchisee has not received or relied on any guaranty or assurance, express or implied, as to the costs, revenues, profits or success of the business venture contemplated by this Agreement, but, rather, Franchisee has relied solely upon its own judgment and/or the professional advice of its consultants in assessing and determining the suitability and prospects of operating the Authorized Services.

### 2. GRANT OF RIGHTS.

**2.1 Grant of Franchise.** Subject to the terms of this Agreement and Section 2.2 below, Canteen grants Franchisee the right, and Franchisee assumes the obligation, to offer and provide only those services designated below, and other products and services authorized by Canteen in writing from time to time (the selected

subsections below shall collectively be deemed the “**Authorized Services**”), and to use the System in connection therewith, within the territory described in Exhibit A attached hereto (the “**Assigned Territory**”) for a term of five (5) years, commencing \_\_\_\_\_, \_\_\_\_\_ (the “**Term**”). After the initial Term, the Term will automatically renew for successive 10 year periods so long as Franchisee is not in breach of this Agreement or any other agreement with Canteen or its Affiliates; provided, however, that (a) either party may elect not to automatically renew the Term so long as the electing party provides written notice to the other party of its election not to renew, not less than eighteen (18) months prior to the end of the then-current initial or renewal term; (b) if Franchisee provides timely notice to Canteen of its intent not to renew the Term, Canteen and its Affiliates have the right during the final eighteen (18) months prior to expiration, to provide any services, including Authorized Services within the Assigned Territory; and (c) if the Term is automatically renewed: (i) Franchisee and its Owners shall execute and deliver to Canteen an amendment to this Agreement incorporating updates to meet Canteen’s current System at the time of such auto renewal, as disclosed in the then-current Franchise Agreement; and (ii) Franchisee, its Owners and Affiliates shall, except to the extent limited or prohibited by applicable law, execute a general release, in a form and substance satisfactory to Canteen, in favor of Canteen and its Affiliates, stockholders, officers, directors, employees, agents, successors and assigns. Franchisee shall not perform any Authorized Services, or conduct any Vending Services, Food Services or OCS Services, at any location outside the Assigned Territory.

**THE APPLICABLE SUBSECTIONS BELOW SHOULD BE CHECKED AND INITIALED BY BOTH PARTIES**

\_\_\_ \_\_\_ [ ] Vending Services

\_\_\_ \_\_\_ [ ] OCS Services. [TO BE GRANTED IN CANTEEN’S SOLE DISCRETION, PER ITEMS 12 AND 16 OF CANTEEN’S DISCLOSURE DOCUMENT] Notwithstanding any rights granted to Franchisee to offer OCS Services, nothing in this Agreement shall prohibit Canteen and its Affiliates to provide OCS Services to Accounts for which Canteen or its Affiliates provide any service or manage within the Assigned Territory, and Franchisee shall not have the right to provide OCS Services to such Accounts.

\_\_\_ \_\_\_ [ ] Food Services to Accounts with annual gross revenues for Food Services that are, or are projected to be, less than \$250,000 (the “**Food Revenue Threshold**”).[TO BE GRANTED ON A LIMITED EXCLUSIVE OR NON-EXCLUSIVE BASIS IN CANTEEN’S SOLE DISCRETION, PER ITEMS 12 AND 16 OF CANTEEN’S DISCLOSURE DOCUMENT]

\_\_\_ \_\_\_ [ ] Commissary Services. [TO BE GRANTED IN CANTEEN’S SOLE DISCRETION, PER ITEMS 12 AND 16 OF CANTEEN’S DISCLOSURE DOCUMENT] “**Commissary Services**” means the preparation of fresh food products that are packaged in a wrapping, bag, box, or other container that can be picked up quickly and eaten “on the go,” and the sale of such products to vendors in bulk for sale in vending machines, “grab and go” display cases, or convenience stores.

**FOR PURPOSES OF CLARIFICATION, THIS FRANCHISE AGREEMENT DOES NOT GRANT FRANCHISEE AND FRANCHISEE EXPRESSLY AGREES NOT TO PROVIDE OR OFFER ANY SERVICES OTHER THAN THE AUTHORIZED SERVICES TO ACCOUNTS WITHIN THE ASSIGNED TERRITORY, INCLUDING WITHOUT LIMITATION, [MANUAL FOOD AND CATERING SERVICES, OCS SERVICES,] CORRECTIONAL SERVICES, SECURED DELIVERY SERVICES, ELDERLY NUTRITIONAL SERVICES, AND THE SET UP AND SALE OF PRODUCTS AND EQUIPMENT TO CONVENIENCE STORES.**

Subject to Section 2.2 hereof, and so long as Franchisee and its Affiliates are in compliance with this Agreement and all other agreements with Canteen and/or its Affiliates, Canteen and its Affiliates will not provide or manage, nor license another to provide, (a) Vending Services to accounts located within the Assigned Territory



which have annual gross revenues of \$25,000 or less (the “**Exclusive Vending Accounts**”), [or (b) OCS Services to Accounts for which Franchisee is providing Vending Services, which are Exclusive Vending Accounts, and for which Canteen or its Affiliates do not provide or manage the provision of Vending Services, Food Services, or any other service (the “**Exclusive OCS Accounts**”)]. Franchisee may provide any other Authorized Service on a non-exclusive basis, such that Canteen and its Affiliates may provide or manage, or license another to provide, such other Authorized Services to Accounts within Franchisee’s Assigned Territory, including Vending Services to Accounts with annual gross revenues above \$25,000. Except for the foregoing limitation relating to Exclusive Vending Accounts [and Exclusive OCS Accounts], nothing contained in this Agreement shall limit or otherwise restrict Canteen and its Affiliates’ right to operate on their own account, manage others to operate, or license another to operate Vending Services, Food Services, OCS Services, Commissary Services, or any other services within the Assigned Territory and outside such territory. In addition, if an Account requires the provision of both Vending Services and Food Services, Franchisee does not have the right to service such Account unless Franchisee’s Authorized Services includes Food Services, and the annual gross revenues for Food Services for such combined account is less than the Food Revenue Threshold. For purposes of clarification and without limiting the foregoing sentence, if Franchisee’s Authorized Services includes the right to offer OCS Services on a non-exclusive basis, then Franchisee acknowledges and agrees that Canteen may provide or license another to provide (under a franchise or otherwise), OCS Services under Canteen’s Highland Estates system and marks within the Assigned Territory, on an exclusive or non-exclusive basis to such other licensee or franchisee, and Franchisee shall have no rights to use the Highland Estates system and marks. All rights not expressly granted herein are expressly reserved by Canteen, including, but not by way of limitation, the rights reserved by Canteen as described in Section 2.2. Compass and its Affiliates are under no obligation to permit or license to Franchisee the use of any trademarks, trade dress, or service marks whether or not registered (including the mark CANTEEN), now or hereafter owned by or licensed to Canteen or its Affiliates.

**2.1.1 Canteen Early Termination Right.** Canteen shall have the right to terminate this Agreement at any time upon 60 days prior written notice to Franchisee and payment of an early termination fee equal to the lesser of (a) the amount of Royalty Fees payable by Franchisee to Canteen for the twelve full calendar months preceding the date of termination (annualized if this Agreement has been in effect less than twelve months at such time) and (b) \$200,000. If Canteen exercises its Early Termination right pursuant to this Section 2.1.1 then Franchisee, prior to or upon consummation of such termination, shall comply with the following conditions:

(a) Franchisee and its Owners provide to Canteen a general release, in form and substance satisfactory to Canteen, releasing Canteen and its Affiliates and their respective officers, directors, employees and agents, of and from any and all claims Franchisee and such Owners have had, may now have, or in the future may have against such entities or persons;

(b) Franchisee and its Owner(s) agree in writing to cease using the System and Standards and take such other steps as Canteen may reasonably require in order to ensure that Franchisee and its Owner(s) are de-identified from their relationship with Canteen; and

(c) All monetary obligations of Franchisee or any of its Affiliates to Canteen or any of Canteen’s Affiliates and any suppliers or distributors designated or approved by Canteen have been paid in full.

**2.2 Canteen’s Reserved Markets and Accounts.** Without limiting any of Canteen’s other rights under this Agreement, Canteen, on its own behalf and on behalf of its Affiliates, reserves the right to provide, or license others to provide, and Franchisee is expressly prohibited from providing, services to those Accounts and in those markets as set forth in the following subsections (collectively “**Reserved Markets and Accounts**”).

**2.2.1 Canteen’s Existing, Acquired and National Accounts.** Canteen and its Affiliates shall have the exclusive right (without the payment by Canteen or its Affiliates of any consideration to Franchisee) to install or allow another to install (including any other franchisee) any Authorized Services, including without limitation (a) Vending Services for any Accounts presently serviced by Canteen and/or its Affiliates in the Assigned Territory (excluding such Accounts that are concurrently herewith or hereafter sold to Franchisee) (the “**Existing Canteen Accounts**”), (b) Vending Services for any Accounts that are acquired by Canteen or any of its Affiliates in connection with a purchase, merger, consolidation, or similar transaction (“**Acquired Accounts**”), and (c) **National Accounts** whether now or hereafter located in or outside the Assigned Territory. In addition, Canteen

and its Affiliates and their franchisees reserve the right to provide Vending Services and any other services to any accounts located outside the Assigned Territory. Franchisee shall terminate all solicitations, bid procedures, or contract negotiations with any Existing Canteen Accounts, Acquired Accounts, and National Accounts and to refrain from soliciting, bidding or contract negotiating with respect to any such account(s) during any renewal, rebid or similar contracting process or period. In the event that Canteen allows, in its sole discretion, Franchisee to service a National Account within Franchisee's Assigned Territory, Franchisee agrees that it shall discontinue any such services at any time if Canteen, in its sole discretion, determines that Franchisee (a) has not performed such services satisfactorily, or (b) is unable to comply with all of the operating standards required by Canteen for such Account, or (c) is unable to comply with all of the financial and operating terms and conditions determined by Canteen in its sole discretion and arising in connection with the contract between Canteen and the National Account. Canteen reserves the right to determine the commissions and other financial arrangements of all National Accounts offered to Franchisee, including a commission to Canteen or its Affiliates in connection with its management of such National Account, but Franchisee shall not be required to accept Canteen's offer to service the facilities of a National Account located in the Assigned Territory without Franchisee's consent. If Franchisee declines any opportunity to service a National Account, Canteen and its Affiliates reserve the right to service such Account on their own behalf or license a third party to service such Account. If, however, Franchisee consents to provide such services to a National Account, it must provide such services on the terms and conditions established by Canteen. For each National Account serviced by Franchisee pursuant hereto that, by its contract terms, requires the payment of any commission or other consideration by Canteen to such Account, Franchisee shall, on or before the 10th day of each monthly period (unless otherwise directed by Canteen), furnish Canteen a written report of all Gross Sales made during the preceding monthly period and all other required information with respect to such Account and pay to Canteen the full amount of such commission or other consideration. In addition, if Franchisee services a National Account, Franchisee agrees to pay Canteen, when applicable, an administrative fee ranging from 2.0% to 5.0% of Gross Sales, as determined by Canteen in its sole discretion.

**2.2.2 Third Party Management.** Notwithstanding anything contained herein to the contrary, Canteen's Affiliates shall have the right to manage, install or license another to manage or install Vending Services, food and beverage services, cart services and any other services to third parties at various accounts located in Franchisee's Assigned Territory pursuant to its third party management business whereby such Affiliates may contract with third parties to provide various services for multiple outlet customers and National Accounts. Such third parties may be a competitor of Franchisee and the Franchise. During the Term of this Agreement, such Affiliate of Canteen may offer Franchisee the opportunity to provide Vending Services to an Account or Accounts located in Franchisee's Assigned Territory under the terms and conditions as established by such Affiliate. If Franchisee consents to provide such services to any Account offered or managed by any Affiliate, Franchisee agrees to provide such services on the terms and conditions established by such Affiliate, including compliance with all reporting requirements and the payment of all applicable commissions and fees.

**2.2.3 Existing Franchisee Accounts.** The parties hereby acknowledge that as of the date of this Agreement, Franchisee has certain Accounts which it is already servicing ("**Existing Franchisee Accounts**"). Canteen agrees that so long as the Existing Franchisee Accounts (including any mandatory or automatic renewals thereof) are in effect, Canteen shall not solicit business from any Existing Franchisee Accounts the parties mutually agree to in writing. However, except for Existing Franchisee Accounts within the Assigned Territory with annual gross revenues at or below the Revenue Threshold, should the existing contract for any Existing Franchisee Accounts terminate or expire, Canteen, its Affiliates, or any other licensee or franchisee who is authorized to do business within the Assigned Territory shall have the right to bid upon or otherwise solicit such Accounts, whether such expiration or termination occurs during of after the expiration of termination of this Agreement, without incurring any liability whatsoever to Franchisee. Nothing in this paragraph shall prevent Canteen from licensing other third parties in Franchisee's Assigned Territory or otherwise to compete against Franchisee, as described in Section 2.1 above.

**2.2.4 Franchisee Notice of Accounts.** Franchisee shall notify Canteen promptly if Franchisee does not wish, or is unable for any reason, to perform or solicit Authorized Services to any Account within the Assigned Territory. Under such circumstances, Canteen and/or its Affiliates may, notwithstanding the grant of rights to Franchisee herein, (a) bid and solicit for services to or perform services for such Accounts (without the payment

by Canteen or its Affiliate of any consideration to Franchisee), and (b) reserve the right to continue providing services to such Accounts for any subsequent renewal or re-bid.

**2.2.5 Reservation of Canteen Rights.** Notwithstanding anything contained in this Agreement to the contrary, Canteen and its Affiliates shall have the right to: (a) operate, and grant others the right to operate, Canteen franchises outside the Assigned Territory; (b) provide, and grant others the right to provide, Vending Services or Food Services for all Reserved Combined Accounts and/or Reserved Food Only Accounts; (c) provide, and grant others the right to provide, services within the Assigned Territory that do not comprise Franchisee's Authorized Services; (d) except as otherwise provided in Section 2.1 above operate within and outside of the Assigned Territory, Vending Services, Food Services, OCS Services, Combined Accounts, or any similar or dissimilar service businesses under trademarks or service marks, other than the Marks, as now or hereafter owned by or licensed to Canteen and/or its Affiliates; (e) except as otherwise provided in Section 2.1 above, grant to others the right to operate, within and outside of the Assigned Territory, under other franchises or licenses, other than franchises or licenses within the Assigned Territory for which the primary purpose is to sell Vending Services; (f) warehouse and conduct within the Assigned Territory, international export operations for products and services under the Marks and maintain administration offices therefor; (g) direct-ship to a client located within and outside of the Assigned Territory office coffee products and other products standard in the OCS Services industry, and related equipment and supplies; and (h) offer and provide food and beverage equipment, product and related supplies to convenience stores, not for use with vending services.

### **3. FEES, PAYMENTS AND REPORTS.**

**3.1 Initial Franchise Fee.** Franchisee shall pay to Canteen, as hereinafter provided in Section 3.2.4, a non-refundable initial franchise fee of \$3,000.00, which shall be fully earned by Canteen upon the execution and delivery of this Agreement.

**3.2 Royalty Fees.** Commencing the date hereof, and for the remainder of the Term, Franchisee shall pay to Canteen a royalty fee in such amounts as provided herein: ("**Royalty Fees**"):

**3.2.1 Vending Accounts under \$25,000 in annual revenues and Existing Franchisee Accounts.** Franchisee shall pay to Canteen a Royalty Fee equal to 5.0% of Gross Sales for Vending Services for all Accounts having annual gross revenues equal to or less than \$25,000 (the "**Revenue Threshold**") and all Accounts in excess of the Revenue Threshold which are currently operated by Franchisee at the signing of this Agreement as identified on Exhibit A hereto; provided, however, that if Franchisee is in Compliance with Canteen's operational and purchasing standards, as defined in Section 6.2 hereof, Franchisee shall pay to Canteen a Royalty Fee equal to 3.0% of Gross Sales for Vending Services on such Accounts.

**3.2.2 Vending Accounts in excess of \$25,000 in annual revenues.** Franchisee shall pay to Canteen a Royalty Fee equal to 5.0% of Gross Sales for Vending Services for all Accounts having annual gross revenues in excess of the Revenue Threshold.

**3.2.3 Royalties for Food Services, OCS Services and Commissary Services.** If Franchisee is granted the right to offer Food Services, OCS Services and/or Commissary Services, Franchisee shall pay to Canteen a Royalty Fee equal to 3.0% of Gross Sales for such services.

**3.2.4 Payment of Initial Franchise Fee and Royalty Fees.** All Royalty Fees shall be due and payable by Franchisee within 30 days after the end of each calendar month. Furthermore, it is anticipated that Franchisee shall be entitled to certain payments as a result of supplier and vendor rebates, as described in Section 5 below. The Initial Franchise Fee and Royalty Fees shall be payable periodically by Canteen's set off against Net Franchisee Rebates received by Canteen and otherwise payable to Franchisee. At the end of each calendar month, Canteen shall determine the amount of Net Franchisee Rebates to which Franchisee shall be entitled and apply such amounts first toward satisfaction of the Advance, as described in Section 5.3 below, next to the outstanding unpaid balance of the Initial Franchise Fee and thereafter to the outstanding unpaid principal balance of Royalty Fees. After such set off has been made, Canteen shall pay to Franchisee any remaining Net Franchisee Rebates for such calendar month to which Franchisee shall be entitled. If the amount of the Net Franchisee Rebates is not sufficient to set off all of the outstanding unpaid balance of the Advance and the Initial Franchise Fee and any

unpaid Royalty Fees as of the end of the last calendar month and other sums owing to Canteen or its Affiliates by Franchisee, Franchisee shall pay to Canteen, within ten days written notice of such deficiency, the amount of such deficiency.

**3.3 Referral Fee.** Franchisee shall pay to Canteen or its Affiliates a one-time payment of 2.0% of the estimated annual Gross Sales for each vending Account referred to Franchisee by Canteen or its Affiliates or otherwise obtained by Franchisee through the assistance of Canteen or its Affiliates (the “**Referral Fee**”). The Referral Fee shall be payable to Canteen or its Affiliates upon Franchisee’s installation of such Account. Franchisee shall have the right, in its sole discretion, to accept or reject the referred Account.

**3.4 Sales Reports.** Franchisee shall accurately account for and report all Gross Sales and shall not engage in any “factoring” practices. Within 10 days following the close of each calendar month, Franchisee shall remit to Canteen an accounting for the total amount of Gross Sales for Vending Services for such month, including a written report of the preceding month covering sales by product line and all such other information as Canteen may reasonably require from time to time. If Franchisee reports an understatement of Gross Sales, then Franchisee shall be liable for and promises to pay immediately to Canteen (a) the past due Royalty Fees payable on the amount of such understatement, (b) plus Default Charges, (c) plus the direct and indirect costs of any audit or inspection, including without limitation, the charges of attorneys and any independent accountants and the travel expenses, room and board and compensation of Canteen’s employees, if such inspection or audit occurred as a result of Franchisee’s failure to furnish reports, records, or information on a timely basis, or if an understatement of Gross Sales for the period of any audit is determined by Canteen to be greater than 3.0%. In addition, Franchisee shall furnish Canteen complete and accurate balance sheets and profit and loss statements within 30 days after the close of each quarter showing the true and actual condition of the Franchise and Franchisee. All such reports and statements (a) shall be prepared consistently and in accordance with accounting practices prescribed by Canteen (copies of which will be provided to Franchisee), and (b) shall, together with the books, records, controls, and condition of the Franchisee and Franchise, be subject to audit by Canteen’s internal audit function or by independent public accountants, and (c) shall be maintained for 3 years, together with a complete and accurate set of books, records and accounts for the Franchise. After the end of each fiscal year, Franchisee shall provide Franchisor with copies of Franchisee’s sales tax returns and such portions of Franchisee’s state and federal income tax returns as are related to the Franchise. All such books and records shall be kept at Franchisee’s principal place of business, unless otherwise approved in writing by Canteen. Franchisee hereby authorizes all of its suppliers and distributors to release to Canteen, upon Canteen’s request, any and all of its books, records, accounts or other information relating to goods, products and supplies sold to Franchisee, for Canteen’s records and inspection purposes.

**3.5 Other Fees and Charges.** Except as otherwise specifically provided herein, all fees, charges and payments other than the Royalty Fees due to Canteen or any of its Affiliates under this Agreement shall be paid by Franchisee within 10 days after the invoice date. Franchisee shall be liable for and promises to pay to Canteen applicable fees and charges, plus a charge of \$30.00, for any check or other instrument of payment given by Franchisee that is not paid or is returned as uncollectible. If Franchisee fails to pay when due the full amount of any obligation under this Agreement or any other agreement with Canteen, or any commissions truly and correctly owed to clients of Franchisee as a result of Franchisee’s failure to correctly and accurately account for or report Gross Sales (each a “**Payment Default**”), Franchisee shall be liable for and promises to pay to Canteen a Default Charge which shall accrue on the first day following the due date upon the average daily balance of unpaid and past due payments existing as of such accrual date. Canteen’s receipt and acceptance of any Default Charges shall not constitute a waiver or cure of the Payment Default. Franchisee shall perform or pay its obligations hereunder in complete accordance with the applicable billing statement unless and until Canteen otherwise consents in writing. Franchisee acknowledges and agrees that all Royalty Fees, purchases from Canteen, interest or any other indebtedness to Canteen or any of its Affiliates shall be paid when due, without any setoff, deduction, or prior demand therefor.

#### 4. MARKS.

**4.1 No License Rights.** Franchisee acknowledges that Canteen owns the mark CANTEEN and other Marks, and that Canteen uses the Marks and licenses the Marks to its franchisees under franchise systems different than the System that is the subject of this Agreement. This Agreement does not confer on Franchisee any right to use the mark CANTEEN or any other Marks (or any abbreviation, modification or colorable imitation), including in connection with its corporate name, trade name and/or on its stationery, business cards, sales materials, vending machines, equipment, vehicles or trucks. Franchisee shall continue to operate under its current corporate name, as of the signing of this Agreement. If Canteen, in its sole and absolute discretion, grants to Franchisee the right to use any of Canteen's Marks: (a) Franchisee shall use the Marks only in accordance with the Standards or such directives or prescriptives as issued from Canteen from time to time, but Franchisee shall identify itself as the independent owner of the franchise in the manner Canteen prescribes; and (b) Franchisee shall immediately discontinue using the Marks upon the expiration, termination, or Transfer of this Agreement, and upon written notice by Canteen. Canteen will have no liability or obligation whatsoever with respect to Franchisee's discontinuance of any Mark.

**4.2 Acknowledgement of Ownership; Validity.** Franchisee acknowledges that whether or not registered, the Marks are the proprietary property of Canteen. This Agreement does not confer on Franchisee any goodwill or other interests in and to the Marks. During the Term and thereafter, whether singularly or in concert with others, (a) Franchisee shall not assert any entitlements to goodwill or any interests in and to the Marks, (b) any authorized use of the Marks by Franchisee and the goodwill established thereby will inure to Canteen's and/or its Affiliates' exclusive benefit, (c) Franchisee shall not contest the validity or ownership of any Marks or any names, logos, trademarks, trade dress, service marks, or trade names now or hereafter owned by or licensed to Canteen or its Affiliates, (d) Franchisee shall not perform any action, direct or indirect, which might prejudice or adversely affect the validity or value of the Marks or Canteen's ownership thereof, and (e) Franchisee shall not apply for, seek registration of, or take any other action to establish in Franchisee or other(s) any ownership, equitable, or beneficial rights in the Marks, or in any service mark, trade name, trade dress, trademark, word, symbol, letter, or design confusingly similar to the Marks or any other trademarks, tradenames, service marks, logos or names owned by Canteen or its Affiliates or any other person.

**4.3 Notification of Infringements and Claims.** Franchisee shall immediately notify Canteen of any apparent infringement of, or challenge to, Franchisee's use of any Mark, or claim by any Person of any rights in any Mark. Franchisee may not communicate with any Person other than Canteen and Canteen's financial or legal consultants in connection with any such infringement, challenge, or claim. Canteen shall have sole discretion to take such action as Canteen deems appropriate and shall have the right to control exclusively any litigation or U.S. Patent and Trademark Office or other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. Franchisee shall execute any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of Canteen's legal or financial consultants, may be advisable to protect and maintain (a) Canteen's goodwill and interests in and to any Mark, or (b) Canteen's interests in any litigation or U.S. Patent and Trademark Office or other proceeding.

#### 5. ASSISTANCE BY CANTEEN.

**5.1 Assistance by Canteen.** Canteen may, as it deems advisable and in its sole discretion, provide to Franchisee certain services and assistance, including without limitation, training, confidential operations and purchasing manuals, telephone consultations, marketing materials, various technology including hardware and software, purchasing programs and plan-o-grams, and such other services and assistance from time to time (collectively "**Canteen Assistance**"). If Franchisee elects to receive such Canteen Assistance, then Franchisee shall be responsible for all expenses incurred by it and its employees in connection with and during the provision of such Canteen Assistance, including, but not limited to, (a) wages and compensation, transportation, meals,

lodging, and all other expenses, and (b) pay both the training fees assessed by such third party or by Canteen as well as the related cost of training materials, as applicable.

## **5.2 Purchases and Rebates.**

**5.2.1. Purchasing Programs and Services.** Canteen from time to time establishes arrangements with its suppliers, including the use of approved distributors, for the purchase of food, beverages and other consumer products, vending and food service equipment, smallwares, and services (“**Purchasing Programs**”). Canteen will make reasonable efforts to facilitate Franchisee’s access to and use of such Purchasing Programs to purchase, either directly from suppliers or through Canteen, reasonable quantities of such products, equipment, and services for use in the Franchise at prices and terms established by Canteen from time to time (“**Purchasing Services**”). Franchisee acknowledges that, despite Canteen’s reasonable efforts, the terms of any Purchasing Program, or the exercise of any supplier discretion thereunder, may render Purchasing Services unavailable to Franchisee. Canteen may, in its sole discretion without prior notice, at any time (x) change its suppliers and institute different purchasing procedures and Purchasing Programs, and (y) modify or terminate Purchasing Programs. Franchisee shall not assert against Canteen or its Affiliates any claim or defense arising out of or in connection with any purchases whether for breach of warranty, failure to ship, or otherwise. **EXCEPT AS EXCLUSIVELY SET FORTH IN WRITING AND SIGNED BY CANTEEN OR ITS AFFILIATES, CANTEEN AND ITS AFFILIATES MAKE NO EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE PRODUCTS AND GOODS, AND ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT RESTRICTED TO THE IMPLIED WARRANTY OF TITLE, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT, ARE EXPRESSLY DISCLAIMED. UNDER NO CIRCUMSTANCES WILL CANTEEN’S OR ITS AFFILIATES’ LIABILITY IN CONNECTION WITH ANY PRODUCTS OR GOODS EXCEED THE DOLLAR AMOUNT OF THE PURCHASE PRICE OR LICENSE FEE PAID BY FRANCHISEE FOR THE PRODUCTS OR GOODS. IN NO EVENT WILL CANTEEN OR ITS AFFILIATES BE LIABLE TO ANY PARTY, INCLUDING BUT NOT LIMITED TO, FRANCHISEE AND FRANCHISEE’S CUSTOMERS, FOR ANY TORT DAMAGES OR INDIRECT, SPECIAL, GENERAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS OR ANTICIPATED PROFITS AND LOSS OF GOODWILL, ARISING IN CONNECTION WITH THE USE OF (OR INABILITY TO USE) THE PRODUCTS OR GOODS FOR ANY PURPOSE WHATSOEVER, EVEN IF CANTEEN OR ITS AFFILIATES ARE AWARE OR HAVE BEEN ADVISED OF THE POSSIBILITY OF POTENTIAL LOSS OR DAMAGES.** Any claims or defenses by Franchisee against a supplier or other Person in connection with any purchases shall neither affect Franchisee’s obligation to remit to Canteen the full amount of the purchase order in accordance with this Section 5.2.1 nor affect any other Franchisee obligation of payment and performance arising under this Agreement or any other agreement with Canteen or its Affiliates.

**5.2.2 Products and Services.** To the extent Purchasing Programs are available, Franchisee may on its own behalf effect purchases of food, beverages, other consumer products, and services for inventory in connection with its Authorized Services. All Losses and Expenses arising in connection with such purchases and ordered goods shall be the sole and exclusive obligation of Franchisee.

**5.2.3 Equipment.** At Franchisee’s request, Canteen may effect purchase orders, on Franchisee’s behalf, under such relevant Purchasing Programs to acquire vending machines and parts, heavy kitchen equipment, and smallwares for exclusive use in the Franchise. Payment for orders effected by Canteen shall be (a) funded to Canteen to an account specified by Canteen or remitted directly to the vendor, (b) for an amount equal to the relevant total invoice charge, including taxes, freight, and delivery charges, and (c) due and payable from Franchisee to Canteen or to the vendor, as the case may be, within 10 days upon delivery of the goods, regardless whether the shipment is rejected. All Losses and Expenses arising in connection with such purchases and ordered goods shall be the sole and exclusive obligation of Franchisee. If any equipment suppliers or vendors pay rebates

to Canteen based, in part, upon indirect purchases of equipment, Canteen will pay Franchisee a pro rata share of such rebates less the Administrative Fee.

**5.2.4 Franchisee Rebates.** Unless specified to Franchisee in writing, Canteen will remit to Franchisee the Franchisee Rebates, less the Administrative Fee (“**Net Franchisee Rebates**”). From time to time, and upon 10 days prior written notice to Franchisee, Canteen shall have the right, in its discretion and with respect to certain suppliers and purchasing programs, to remit to Franchisee certain Rebates or incentive payments, less the Administrative Fee, based upon Franchisee’s individual percentage of purchasing growth of a particular product or products over the past year versus the previous year. The “**Administrative Fee**” means that fee payable to Canteen from Franchisee (a) to defray administrative costs by Canteen associated with Franchisee Rebates and Franchisee’s use of Purchasing Services (b) in an amount equal to (i) 25% of Franchisee’s gross rebate or volume discounts from purchases by Franchisees from all suppliers provided Franchisee is in Compliance with the operational and purchasing standards, as defined in Section 6.2 hereof; or (ii) 40% of Franchisee’s gross rebate or volume discounts from purchases by Franchisees from all suppliers if Franchisee is not in Compliance with such standards. Each purchase made constitutes Franchisee’s acceptance of, and agreement to, the applicable Administrative Fee program then in effect. Furthermore, the terms for Rebates are subject to change based, in part, on fluctuations in market and credit conditions as well as changes in Canteen’s Purchasing Programs. Payment of Net Franchisee Rebates is subject to and conditioned upon Canteen’s receipt of due and payable Rebates from suppliers, unless otherwise specified in writing to Franchisee by Canteen. Canteen shall remit due and payable Net Franchisee Rebates on a monthly basis after Canteen’s receipt of applicable Rebates or, when a different program is implemented, pursuant to the time periods contained in the writing or notice from Canteen. Canteen shall have the right to (x) offset the Advance, the Initial Franchise Fee, the Royalty Fees, and all other amounts owed by Franchisee to Canteen or any of its Affiliates against any Franchisee Rebates or other incentives due to Franchisee and (y) offset any Franchisee Rebates or other incentives against any delinquent payments owed to Canteen or its Affiliates. In order to facilitate payment of such rebates to Franchisee, at Canteen’s request, Franchisee shall submit to Canteen a list of the suppliers from whom Franchisee purchased products during the period requested. Notwithstanding the foregoing, Canteen currently has a program in place where it will pay to franchisees Franchisee Rebates on beverage purchases on the tenth (10<sup>th</sup>) of the month, for beverage purchases made two months prior. To streamline and normalize the beverage Rebate settlement process, Canteen will deduct all Royalty Fees and Administrative Fees owed under this Agreement before paying Franchisee the Franchisee Rebates relating to beverage purchases. If Franchisee has not provided Canteen with its reports identifying Franchisee’s Gross Sales by the fifth (5<sup>th</sup>) of a given month, Franchisee agrees that Canteen may estimate the Royalty Fee owed by Franchisee for the applicable month based on the average of the prior three (3) months’ report of Gross Sales, and will deduct the estimated Royalty Fee and Administrative Fees prior to paying to Franchisee Rebates relating to beverage purchases. Any estimate will be trued up against the actual Royalty Fee calculated for the applicable month once Canteen receives Franchisee’s report of Gross Sales for the applicable month, and the trued-up adjustment will be made in the next month’s payment. Canteen has the right, at any time, to reevaluate and terminate the beverage settlement process for Franchisee Rebates relating to beverage purchases.

**5.3 Advance on Net Franchisee Rebates.** Contemporaneously with the execution and delivery of this Agreement, Canteen has paid to Franchisee the sum of \$ \_\_\_\_\_ as an advance (the “**Advance**”) of the amount of Net Franchisee Rebates to which Franchisee may become entitled pursuant to Section 5 of this Agreement. Receipt of such sum is hereby acknowledged by Franchisee. Franchisee agrees that the Advance shall be set-off against the amount of Net Franchisee Rebates due and owing to Franchisee. Such set off shall be made prior to or contemporaneously with any set off of the Initial Franchise Fee and Royalty Fees permitted pursuant to Section 3.2.4 of this Agreement. If this Agreement shall terminate and expire and any portion of the Advance has not been repaid, then Franchisee shall pay the amount of such deficiency within ten days after written demand therefor is made by Canteen.

**5.4 Branded Programs.** From time to time Canteen may, in its sole and unfettered discretion, allow Franchisee to sell, in connection with its Authorized Services, certain products or services which bear trademarks, service marks, logos, designs, or symbols owned by or licensed to Canteen or its Affiliates (collectively “**Branded**

**Programs**”). Franchisee shall maintain the terms of such Branded Programs confidential. Certain Branded Programs may be offered to some franchisees and not to others, including Franchisee. If Canteen offers Franchisee the opportunity to participate in one or more Branded Programs, Franchisee must comply with the terms of such Branded Programs, including the payment of applicable royalty fees on sales of products under such program to the respective owner of such Branded Program. If such Branded Program is developed by an entity other than Canteen or its Affiliates (hereinafter “**Licensor**”) and is licensed for use by Canteen, then Canteen may allow Franchisee to participate so long as Canteen determines, in its sole discretion, that such participation is permitted by Licensor and under the terms of its license. Franchisee shall discontinue any such services at any time if Canteen, in its sole discretion, decides to cancel the Branded Program or Canteen determines that Franchisee (a) has not performed satisfactorily any Branded Program, or (b) is unable to comply with all of the operating standards required by Canteen for any Branded Program, or (c) is unable to comply with all of the financial and operating terms and conditions arising in connection with any Branded Program, or the license thereto. Canteen reserves the right to determine the amount, and provision, if any, of Franchisee Rebates in connection with Branded Programs as well as the royalty fee on any Branded Programs owned or developed by Canteen or its Affiliates. Any Franchisee request for or to participate in a Branded Program shall constitute Franchisee’s consent to the terms and conditions established by Canteen under such program and as provided herein. Franchisee shall have no rights to any “Market Central” or similar programs owned by or licensed to Canteen or any of its Affiliates.

**5.5 Limitations and Liabilities.** Franchisee (a) acknowledges that Canteen makes no warranty or representation of any nature, express or implied, regarding the standards of care and practice in the performance of any Canteen Assistance, (b) waives against Canteen and its Affiliates any Losses and Expenses incurred by Franchisee arising out of any Canteen Assistance, and (c) indemnifies and saves Canteen and its Affiliates harmless from any Losses and Expenses incurred by Canteen arising out of any Canteen Assistance.

## **6. OPERATING STANDARDS.**

**6.1 Franchise Establishment and Operation.** Franchisee shall maintain and operate its Franchise in accordance with the System as modified from time to time and shall adhere to any confidential manuals provided to Franchisee (“**Manuals**”) and all Standards published and other directives issued by Canteen from time to time, including without limitation any requirements as to how to stock vending equipment. Franchisee acknowledges and agrees that the Standards set forth in the Manuals or otherwise issued by Canteen are reasonably necessary and essential to the image and success of Franchisee’s Franchise and the System. Franchisee shall maintain the Manuals at its principal place of business at all times and all changes or additions made by Canteen shall be inserted upon request. In the event of any conflict between the Manuals kept at Franchisee’s place of business and the master copy maintained by Canteen at its principal place of business (or such other place as may be designated by Canteen), the master copy shall control. Franchisee agrees that changes in the Standards, Specifications and Canteen’s procedures may become necessary and desirable from time to time and agrees to comply with such modifications and additions to the Manuals which Canteen, in its reasonable judgment, believes to be necessary. The material and information set forth in the Manuals is confidential and proprietary to Canteen and is to be used by Franchisee only in connection with the operation of the Franchise hereunder. At Canteen’s option, the Manuals may be provided in electronic form. Franchisee shall continuously exert its best efforts to promote, enhance and fully exploit the business potential of the Franchise throughout the Assigned Territory by, among other things, expanding and maximizing its (a) market share of Accounts, and (b) sales of Authorized Services. Franchisee acknowledges and agrees that Franchisee, and not Canteen, is the sole employer of workers for whom the Franchisee provides a benefit plan or pays wages.

**6.2 Products and Services.** Franchisee shall cooperate fully in the promotion, protection, and maintenance of Canteen’s goodwill. All products and services shall comply fully with all applicable federal, state, and local requirements. Franchisee will not enter into any agreement or arrangement or engage in any concerted practice with other Canteen franchisees or others relating to the prices at which products or services will be sold by Franchisee or by other Canteen franchises. Franchisee further acknowledges that Canteen shall have the right to



designate (i) sources of supply of goods, equipment, and services (“**Suppliers**”) and (ii) distributors of goods and equipment (“**Distributors**”), in either case in order to protect the quality of the System and in some instances to obtain better pricing for its franchisees generally. Franchisee further acknowledges that Canteen has created a quarterly plan (the “**Plan-O-Gram**”) designed to optimize consumer satisfaction and off-take, as well as to maximize profitability while allowing local flexibility. The Plan-O-Gram is a mix of required and optional vending products and items that is changed from time to time to reflect consumer preferences and new products being introduced into the market. Franchisee agrees that, to be deemed in “**Compliance**” for purposes of Sections 3.2 and 5.2.4, Franchisee shall: (i) purchase all products and equipment in compliance with the System; (ii) purchase from Suppliers and Distributors designated by Canteen eighty-five percent (85%) or more of all products Franchisee sells; (iii) implement at least eighty-five percent (85%) of Canteen’s Plan-O-Gram; and (iv) utilize Canteen’s designated purchasing co-op, currently Foodbuy, LLC, to purchase eighty-five percent (85%) or more of all products Franchisee sells and report such sales to the designated purchasing co-op. Franchisee further acknowledges that Canteen shall have the right, but not the obligation, to designate only one supplier for goods or equipment, and only one distributor for the entire System. Notwithstanding the foregoing, to calculate the 85% compliance with Canteen’s System and Plan-O-Gram, Canteen will not take into consideration Franchisee’s purchases of products and supplies outside of the System and Plan-O-Gram if those non-compliant purchases are due to an express requirement of the vending Account for which Franchisee is purchasing the products or supplies.

**6.3 Equipment/Computer.** Franchisee shall purchase or lease only such types, brands, or models of equipment for the Franchise that meet industry standards as approved by NAMA (National Automatic Merchandising Association). Canteen has developed an online information, reporting, document sharing, and royalty reporting system that allows Franchisee to log onto the system and input its sales, calculate fees, and upload any other required information. Franchisee shall purchase or lease at Franchisee’s expense, and maintain, a computer, modem, Internet service, and other computer-related accessories or peripheral equipment and software, which meet Canteen’s standards and specifications, and as necessary to use the online system.

**6.4 Approval of Advertising.** Franchisee shall submit to Canteen for its prior written approval all advertising and promotional materials which has not been prepared or previously approved by Canteen.

**6.5 Web site/Internet Sales.** Franchisee agrees not to advertise, offer or sell any Authorized Services through the Internet without Canteen’s prior written consent if the advertisement contains Canteen’s name, trademarks, servicemarks, or logos. Notwithstanding anything to the contrary contained in this Agreement, Canteen may, at its discretion, advertise, offer and sell any products and services (including Authorized Services) within and outside the Assigned Territory through the Internet on such terms and conditions as Canteen deems appropriate. In connection therewith, Franchisee agrees to abide by such reasonable requirement and restrictions as Canteen may impose from time to time. Canteen may require Franchisee to participate in any such endeavors, including participation with pages on any of Canteen’s Web sites, and to execute such agreements as Canteen deems reasonably appropriate in connection therewith.

**6.6 Insurance.** Franchisee shall secure insurance policies covering such liabilities as Canteen specifies including: comprehensive automobile (including hired and non-owned coverage), commercial general liability coverage including contractual liability coverage and, if necessary, umbrella insurance relating to each; general property and general casualty insurance, including fire and extended coverage, vandalism and malicious mischief insurance, on a replacement cost basis; claims under Worker’s Compensation and other similar employee benefit laws as required in Franchisee’s Assigned Territory as well as employers’ liability claims which might be outside the scope of workers compensation statutes; and such other insurance policies, such as business interruption insurance, as Canteen may specify from time to time. Franchisee shall furnish Canteen with certificates of insurance evidencing the types and amounts of insurance as Canteen establishes from time to time. All insurance policies shall be issued by carriers approved by Canteen, shall contain such types and minimum amounts of coverage, exclusions and maximum deductibles as Canteen may prescribe from time to time, shall name Canteen and its Affiliates, and their respective directors, officers, employees, agents, and shareholders as additional named

insureds, must apply as primary and noncontributory insurance with respect to any other insurance or self insurance program afforded to Canteen, shall provide for 30 days' prior notice to Canteen of any material modification, cancellation or expiration of such policy, shall include a waiver of subrogation endorsement wherein Franchisee waives all rights against Canteen, its Affiliates and their agents, officers, directors and employees for recovery of damages to the extent these damages are covered by the insurance policies maintained pursuant to this Section 6.6, and shall include such other provisions as Canteen may require. By requiring insurance herein, Canteen does not represent that coverage and limits will necessarily be adequate to protect Franchisee and such coverage and limits shall not be deemed as a limitation on Franchisee's liability under the indemnities granted Canteen in this contract. Franchisee waives all rights against Canteen and its Affiliates, and their agents, officers, directors and employees for recovery of damages to the extent these damages are covered by the commercial general liability or commercial umbrella liability insurance obtained by Franchisee.

## **6.7 Compliance.**

**6.7.1 Governmental Regulations.** Franchisee shall pay all license fees, assessments and taxes which may be imposed against the business conducted by Franchisee, as well as all license fees, taxes (including, without limitation, any personal property taxes), and charges pertaining to Franchisee's property. Franchisee shall also observe and comply in all respects with all federal and state laws, ordinances, governmental rules, regulations and restrictions applicable to the provision of services by Franchisee and its business and Account facilities. If Canteen is called upon to pay any license fees, assessments, taxes, or other governmental charges as the result of the failure or refusal of Franchisee to do so, then Franchisee shall be obligated to promptly reimburse Canteen for any such payments made by it.

**6.7.2 Compass Code of Business Conduct.** Franchisee undertakes and agrees that in connection with the Franchise, Franchisee will comply with all applicable laws, rules, regulations, decrees and/or official governmental orders of the United States of America and the United Kingdom relating to anti-corruption and anti-money laundering. Franchisee agrees and acknowledges that neither the Franchisee nor any of its Owners, directors, officers, employees, agents or representatives has (and will not in connection with operating the franchise): (i) Made, authorized, offered or promised to make any payment of anything of value for the purpose of inducing or rewarding any favorable action or influencing any act or decision in connection with Franchisee's business to a candidate for public office or to an official or employee of a foreign or domestic government, government-controlled entity, public international organization or political party; or (ii) Made, solicited or received any unlawful bribe, rebate, payoff, influence payment or kickback or has taken any other action that would violate any of the U.S. Foreign Corrupt Practices Act 1977 or the U.K. Bribery Act 2010, as both are amended from time to time, or any other any other applicable anti-bribery or anti-corruption laws (collectively, the "Anti-Bribery Laws"). Franchisee further agrees and acknowledges that neither the Franchisee nor any of its Owners, directors, officers, employees, agents or representatives during the five years prior to the date of this Agreement, (A) has been, or is being, investigated by any governmental, regulatory, administrative or other official body in relation to its business involving allegations of impropriety implicating breach of Anti-Bribery Laws or money laundering, and, so far as the Franchisee is aware, there are no circumstances likely to lead to any such investigation; and (B) no regulatory or disciplinary proceedings or action have been brought and no fine, debarment from bidding for any contract or business or other penalty has been imposed by any governmental or regulatory body, whether against Franchisee or any its employees or former employees. Franchisee shall notify Canteen in writing within 5 days after: (a) the commencement of any legal or administrative action, or the issuance of any order of any court, agency or other governmental instrumentality, which may adversely affect the prospects or condition, whether financial or otherwise, of the business, properties, or operation of the Franchise or Franchisee; or (b) the delivery of any notice of violation or alleged violation of any law, ordinance or regulation. Franchisee shall adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct in all dealings with Canteen, its Affiliates, and all Accounts, suppliers, lessors and the public. Compass has a Code of Business Conduct (the "Compass CBC"). An electronic copy can be downloaded from the following web site: <http://www.compass-group.com/1124.htm>. Canteen expects that Franchisee will conduct Compass-related business activities in a manner consistent with the principles and standards detailed in the Compass CBC.

**6.7.3 Electronic Payment Standards.** Franchisee also shall comply with all applicable standards, laws, rules, regulations or any equivalent relating to personal information, data privacy, and data protection, and comply with any privacy policies or data protection and breach response policies Canteen periodically may establish, including those set forth in Section 6.10.4 (Data Breach Notification).

6.10.3.1 Franchisee must abide by: (a) the Payment Card Industry Data Security Standards (“PCI-DSS”) enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); (b) the Fair and Accurate Credit Transactions Act (“FACTA”) as applicable; and (c) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments (“Electronic Payment Requirements”). Canteen requires that Franchisee use professional vendors with relevant industry (and may require Franchisee to use one or more Suppliers that Canteen reasonably approves) to provide security services that are consistent with PCI-DSS, FACTA and applicable Electronic Payment Requirements. Canteen currently requires Franchisee to use a managed firewall, conduct a quarterly network scan, maintain anti-virus/anti-malware software, and use managed Wi-Fi, but Canteen may modify from time to time the specific security measures that Franchisee must maintain. Canteen requires that Franchisee submit an attestation of its PCI-DSS compliance status in compliance with FACTA or applicable Electronic Payment Requirements upon Canteen’s request. Canteen may require Franchisee to use professional vendors with relevant industry experience or Suppliers that Canteen reasonably approves to conduct periodic security audits to ensure that personal data is adequately protected. Canteen may require Franchisee to provide, or make available, to Canteen copies of any audits, scanning results, or related documentation relating to such compliance or audits. If Franchisee suspects or knows of a security breach, Franchisee must immediately give Canteen notice of such security breach and promptly identify and remediate the source of any compromise or security breach at Franchisee’s expense. Franchisee assumes all responsibility for providing all legally required notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Franchised Business as required by applicable law.

6.10.4 **Data Breach Notification.** If Franchisee learns of an incident that may be a “breach of the security of the system” under a state’s or territory’s data breach notification law, Franchisee must immediately notify Canteen of the facts that are known about the incident (a “Data Breach”). Although Franchisee is responsible for complying with all data breach notification laws, regulations, rules, standards or any equivalent thereof applicable to its organization, Canteen expects that Franchisee will coordinate with Canteen regarding such incidents where notification to individuals is required before individuals are notified unless law requires otherwise so that Canteen can be aware of and be prepared to address issues that may affect the System and be in a position to support Franchisee where possible.

**6.8 Canteen’s Right to Inspect and Audit.** Canteen and its designated agents shall have the right at any reasonable time and upon 24 hours prior notice to Franchisee to: (a) inspect, observe, photograph, audio tape, and video tape Franchisee’s business, operations, and Account locations; (b) remove samples of any food or beverage products, materials, or supplies for testing and analysis; (c) inspect and audit, or cause to be inspected and audited, the business records, bookkeeping, controls, accounting records, sales and income tax records and returns and other records of the Franchisee; and (d) inspect and copy any books, records, and documents relating to the development, ownership, lease, occupancy, or operation of the Franchise and Franchisee’s business. Franchisee shall do all things necessary to cooperate fully with Canteen in connection with such activities. Franchisee shall fully cooperate with any inspection or audit conducted by Canteen’s or its Affiliate’s representatives and independent accountants. If any inspection or audit discloses an understatement of Gross Sales, then Franchisee shall pay to Canteen, within seven (7) days after receipt of the audit report, the Royalty Fees due on the amount of such understatement, plus Default Charges, from the date originally due until the date of payment. If Canteen’s audit reveals an understatement of Gross Sales by an amount of 3.0% or more, Franchisee shall reimburse Canteen for the cost of such audit, including charges of attorneys and any independent accountants and travel expenses, room and board and compensation of Canteen’s employees. The foregoing remedies shall be in addition to Canteen’s other remedies and rights under this Agreement or applicable law.

**6.9 Indemnification.** Franchisee and its Owners shall indemnify and hold harmless, to the fullest extent permitted by law, Canteen, its Affiliates and their respective directors, officers, employees, shareholders, agents, successors and assigns (collectively “**Indemnitees**”) from any and all Losses and Expenses incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether it is reduced to judgment) or any settlement thereof which arises directly or indirectly from, as a result of, or in connection with the Franchise or Franchisee’s development or operation thereof, including without limitation any acts or omissions of Franchisee’s employees, subcontractors, independent contractors or agents (collectively an “**Event**”), and regardless of whether it resulted from any strict or vicarious liability imposed by law on the Indemnitees, provided, however, that this indemnity shall not apply to any liability arising from the gross negligence or willful acts of Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to Franchisee). Franchisee shall give Canteen prompt notice of any Event, and, at Franchisee’s expense and risk, Canteen may elect to assume (but under no circumstances is obligated to undertake) the defense and/or settlement thereof. Canteen’s assumption of the defense shall not modify Franchisee’s indemnification obligation. Canteen may, in its sole judgment, take such action as it deems necessary and appropriate to investigate, defend, or settle any Event or take other remedial or corrective actions with respect thereof as may be, in Canteen’s sole judgment, necessary for the protection of the Indemnitees or Canteen franchisees generally. This Section shall continue in full force and effect subsequent to and notwithstanding the expiration, termination or Transfer of this Agreement.

**6.10 Guarantee of Performance.** If Franchisee is an entity, each present and future **Owner** (as defined in Section 24) shall jointly and severally guarantee Franchisee’s performance of each and every provision of this Agreement by executing the Owners’ Guaranty, in the form attached to this Agreement. Further, a violation of any of the provisions of this Agreement by an Owner shall also constitute a violation by Franchisee of Franchisee’s obligations under this Agreement.

## **7. RESTRICTIVE COVENANTS.**

**7.1 Confidential Information.** Canteen will disclose certain parts of its Confidential Information to Franchisee solely for Franchisee’s use in connection with the operation of its Franchise. Franchisee and its Owners shall control the Confidential Information disclosed to it and, during the Term and thereafter: (a) shall not apply or use or take any other action, advantage or purpose, whether singularly or in concert with others, to employ any Confidential Information, unless otherwise instructed in writing by Canteen; (b) shall not perform any action, direct or indirect, which might prejudice or adversely affect the value or confidentiality of the Confidential Information; (c) shall not permit access thereto by any Person or employee other than directors, officers, employees, advisors, and consultants who need to know for the purposes of furthering the Franchise and who have executed a confidentiality and non-disclosure agreement of comparable terms in favor of Canteen; (d) shall not acquire any interest in the Confidential Information; (e) shall not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic, or other tangible form; and, (f) shall adopt and implement all reasonable procedures that Canteen prescribes from time to time to prevent unauthorized use or disclosure of the Confidential Information. This Section shall continue in full force and effect subsequent to and notwithstanding the expiration, termination or Transfer of this Agreement.

**7.1.1 Disclosure and Press Releases.** Franchisee shall not disclose the substance of this Franchise Agreement to any third party except as necessary to obtain financing from banks or other lenders and to inform lessors from which it is seeking leases or lessors which are parties to leases in order to obtain renewals of, or avoid terminations of, such leases or as necessary to obtain any governmental permits, licenses or other approvals, or to the extent required by the lawful order of any court of competent jurisdiction or federal, state or local agency having jurisdiction over Franchisee, provided that Franchisee shall give Canteen prior notice of such disclosure. Unless disclosure is required by federal, state or local law, rule or regulation, no public communication, press release or announcement regarding this Agreement, the transactions contemplated hereby, or the operation of the Franchise hereunder shall be made by Franchisee without the written approval of Canteen in advance of such press

release, public disclosure or announcement. The parties agree to cooperate on any such press releases and other public communications and to coordinate any such public announcements.

**7.2 In-Term Non-Competition Covenant.** Franchisee acknowledges that Canteen would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Canteen franchisees if franchisees were permitted to hold interests in or perform services for any Competitive Businesses. During the Term, therefore, except as explicitly authorized by Canteen's prior consent, Franchisee, and its Affiliates and/or Owners, or by and through their respective Immediate Families:

**7.2.1 Ownership or Services.** Shall not directly or indirectly, by any means whatsoever whether singularly or in concert with others, cause or take any action to own any legal, equitable, or beneficial interest in, or render services or give advice to: (a) any business or Person providing Vending Services or otherwise managing the provision of Vending Services to Accounts located outside the Assigned Territory; (b) any Competitive Business located anywhere within the United States; or (c) any entity located anywhere which grants franchises, licenses or other interests to others to operate any Competitive Business within the United States; provided, however, such ownership restrictions do not apply to the ownership of a Competitive Business whose shares of a class of securities are listed on a stock exchange or traded on the over the counter market and such ownership represents less than 5.0% of that class of securities.

**7.2.2 Divert Business.** Shall not directly or indirectly, by any means whatsoever whether singularly or in concert with others, cause or take any action to divert or attempt to divert any business or Account of any Canteen franchisee or of Canteen or any of its Affiliates to any Competitive Business, or do anything injurious or prejudicial to the goodwill associated with the Franchise or the System.

**7.3 Franchisee Acknowledgments.** Franchisee and each of its Owners expressly acknowledge the possession of skills and abilities of a general nature and the opportunity for exploiting such skills in other ways, so that enforcement of the covenants made in this Section will not deprive them of their personal goodwill or ability to earn a living. If Franchisee or any of its Owners fails or refuses to abide by any of the foregoing covenants, and Canteen obtains judicial enforcement thereof, the obligations under any breached covenant shall continue and/or recommence for a period of time not less than 24 months beginning the effective date both Franchisee and Owner comply with such order enforcing the covenant.

## **8. TRANSFERS.**

**8.1 Transfers by Franchisee.** The performance of Franchisee's obligations under this Agreement and the services to be rendered by Franchisee hereunder are of a personal character, and this Agreement is entered into by Canteen in reliance upon the skill, ability, and personal integrity of Franchisee or its Owners if Franchisee is a business corporation, partnership, limited liability company or other legal entity. Subject to Canteen's right to refuse to consent thereto set forth in Section 8.2 below, Franchisee shall not permit or effect any (a) Franchise Transfer, Franchisee Transfer, Transfer of Accounts, or Transfer of this Agreement without Canteen's prior written consent and subject to Canteen's right of first refusal hereunder, or (b) transfer of Accounts to any Person who desires to become a Canteen Franchisee unless transferred in conjunction with a Transfer of this Agreement to such Person in accordance with and subject to Canteen's right of first refusal and consent hereunder.

**8.2 Conditional Transfer Approval.** If Canteen has not exercised its right of first refusal under Section 8.6, then Canteen will not unreasonably withhold its approval of any Transfer, provided that Canteen shall have the right to require compliance with any or all of the conditions stated in Section 8.2.1 through 8.2.11 as necessary conditions prior to its consent to or approval of any Transfer, all of which Franchisee acknowledges are reasonably necessary to protect the goodwill and integrity of the System and Marks. Canteen's approval, or disapproval, of any Transfer hereunder does not constitute: (a) a representation as to the fairness of the terms of any agreement or arrangement between Franchisee or its Owners and the transferee or as to the prospects of success of the Franchise by the transferee; or (b) a release of Franchisee's or its Owners' obligations and liabilities arising under

this Agreement or any other agreement with Canteen or its Affiliates, a waiver of any claims against Franchisee or its Owners or a waiver of Canteen's right to demand the transferee's exact compliance with this Agreement. Any approval shall apply only to the specific Transfer proposed and shall not constitute an approval of, or have any bearing on, any other Transfer.

8.2.1 **Compliance.**

8.2.1.1 Franchisee, its Owners and Affiliates, are not in default under this Agreement or under any other agreements with Canteen or its Affiliates.

8.2.1.2 Franchisee, its Owners and Affiliates have fully and finally paid and performed their obligations and liabilities under this Agreement or any other agreement with Canteen or its Affiliates, whether or not then payable.

8.2.2 **Due Diligence Review.** Any Transfer shall be subject to a satisfactory completion by Canteen of a due diligence review of the books, records, controls, and condition of the Franchisee and Franchise.

8.2.3 **Proposed Transferee.** The Transferee (or its Owners, if transferee is a legal entity) (a) shall possess sufficient business experience, aptitude and financial resources to operate the Franchise, and to develop Accounts and its market share within the Assigned Territory, (b) shall be Persons of good character and reputation, (c) shall provide Canteen on a timely basis all information Canteen requests, and (d) shall not own, directly or indirectly, otherwise be involved with a Competitive Business, other than business located within the Assigned Territory, unless Canteen otherwise agrees in writing. Franchisee acknowledges that the exercise of Canteen's discretion in assessing the qualifications hereunder may result in Canteen's determination not to approve a Transfer; however, Franchisee agrees that it is necessary for Canteen to have complete and total discretion over the assessment of such qualifications.

8.2.4 **Release.** Franchisee, its Owners and Affiliates, shall except to the extent limited or prohibited by applicable law, execute a general release, in a form and substance satisfactory to Canteen, in favor of Canteen and its Affiliates, stockholders, officers, directors, employees, agents, successors and assigns.

8.2.5 **Franchise Agreement.** Prior to Canteen's consent to or approval of any Transfer, Transferee and its Owners shall, at Canteen's option (a) agree to be bound by all of the provisions of this Agreement for the remainder of the Term, or, (b) execute and deliver to Canteen, and agree to terms and conditions of, the then current form of the Canteen Franchise Agreement (provided, however, that the term for such agreement shall equal to the remaining Term hereunder) and any exhibits, attachments, guaranties, instruments, or other documents related thereto.

8.2.6 **Financial Burden.** Canteen may require that the terms of the proposed Transfer do not place an unreasonable financial or operational burden on the continued operation of the Franchise.

8.2.7 **Subordinated Obligations.** (a) All claims, obligations, instruments, liens, encumbrances, and security interests from time to time held by Franchisee, or its Owners or Affiliates, upon the assets of the transferee or its Owners shall be made subordinate, junior, and inferior and postponed in priority, operation, and effect to any claim, obligation, liability, lien, encumbrance, or security interest held by Canteen upon the assets of the transferee or its Owners, and (b) upon Canteen's demand, Franchisee, its Owners or Affiliates, shall not demand, take, or receive from transferee or its Owners by any manner of payment of any debt, claim, obligation, or liability from time to time owing from transferee or its Owners to Franchisee, or its Owners or Affiliates unless and until all of the claims, debts, obligations, and liabilities owing from transferee or its Owners to Canteen have been fully and finally paid and performed.

8.2.8 **Non-competition Covenant.** Franchisee and its Owners shall execute a non-competition covenant, in a form and substance satisfactory to Canteen, in favor of Canteen and the transferee agreeing, for a period of 2 years, commencing on the effective date of the Transfer, that Franchisee, its Owners and Affiliates shall not, directly or indirectly, by any means whatsoever whether singularly or in concert with others, cause or take any action to own any legal, equitable, or beneficial interest in, or render any services or give advice to: (a) any Competitive Business located within the Assigned Territory; or (b) any entity which grants franchises, licenses or other interests to others to operate a Competitive Business.

8.2.9 **Necessary Action.** Franchisee, its Owners and Affiliates, shall execute such other documents and instruments, and shall do such other things as Canteen may reasonably require to protect Canteen's rights under this Agreement.

8.2.10 **Transfer Fee.** Transferee shall pay the then current standard Transfer Fee to defray Canteen's expenses incurred in connection with the assignment, including training of the transferee, legal and accounting fees, credit and other charges, direct or indirect, incurred in connection with the due diligence, investigation, and evaluation of the transferee.

8.2.11 **Notice.** Canteen will advise Franchisee, not later than 60 days after receipt of Franchisee's request for Transfer, whether or not the proposed Transfer shall be approved.

**8.3 Franchise and Agreement Transfer to Owners.** Sections 8.2.6, 8.2.10 and 8.6 shall not apply to a Franchise Transfer among any of Franchisee's then-current Owners. On 30 days' prior notice to Canteen, Franchisee (if Franchisee is an individual or partnership) may Transfer this Agreement, together with an assignment of all liabilities and obligations arising in connection therewith, in conjunction with a Transfer of all of the assets of the Franchise, by an agreement in form and substance approved by Canteen, to a corporation or limited liability company which conducts no business other than the Franchise (and such other franchises under franchise agreements granted by Canteen or its Affiliates), and of which Franchisee owns and controls all of the equity and voting power of all issued and outstanding capital stock, subject to and conditioned upon Franchisee's covenant to Canteen that Franchisee actively supervise the affairs of such transferee and personally directs the management of the Franchisee's business. None of the foregoing Transfers shall relieve Franchisee or its Owners of their respective obligations arising under or in connection with this Agreement, and Franchisee and its Owners remain jointly and severally liable for all obligations arising now and hereafter under this Agreement.

**8.4 Death or Disability of Franchisee.**

8.4.3 **Transfer.** If upon the death or Permanent Disability of Franchisee, or any Owner with a controlling interest therein, Canteen does not exercise its right of first refusal granted herein, then the executor, administrator, or personal representative of such Person may complete the sale to such offeror pursuant to and upon the terms of such offer as delivered to Canteen in accordance herein, without any modification or amendment thereto; provided, however, that the consummation of such sale is (a) subject to Canteen's written approval of the Transfer as provided in Sections 8.1 and 8.2, and (b) effected within 9 months from the date of death or permanent disability.

8.4.4 **New Franchise Management.** If, upon the death or Permanent Disability of the Franchisee, or any Owner having a significant management position therewith, the executor, administrator or other personal representative does not have the skill, ability or financial resources, as determined by Canteen, to successfully carry on the Franchise, the executor, administrator or personal representative shall hire a competent manager, subject to Canteen's written approval, within 30 days after the date of death or Permanent Disability, to operate the Franchise until completion of the Transfer. If the executor, administrator or other personal representative fails or is unable to secure a competent manager for the Franchise within such 30-day period, Canteen shall have the right to appoint a manager for the Franchise and to receive reimbursement of all costs and expenses associated therewith from the executor, administrator or personal representative.

**8.5 Transfers by Canteen.** Canteen may, in its sole discretion at any time during the Term, Transfer to any Person (a) all or any part of Canteen's rights or obligations under this Agreement, (b) all or any part of the System, Marks, Confidential Information, or other assets, or (c) its securities in a public offering, in a private placement, or in connection with a purchase, merger, consolidation, or similar transaction.

**8.6 Canteen's Right of First Refusal.**

8.6.1 **Offers of Purchase.** If Franchisee, its Owners or Affiliates, or any executor, administrator, or other personal representative of such Person in the event of death or permanent disability, desire to make any Transfer that, if effected, would materially impact the value, prospects, condition, operations, or business of the Franchise, or the Franchisee or any of its Owners, then Franchisee or such Owner shall obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and shall deliver immediately to Canteen a complete and accurate copy of such offer, together with a schedule of the Franchise assets to be Transferred therewith. The price and terms of any purchase hereunder shall reflect the bona fide price offered therefor and may not reflect

any value for any other unrelated assets. If any offers of purchase described hereunder include the purchase of assets unrelated to the Franchise, then Franchisee and its Owners shall set forth the proposal for such assets in a separate, contemporaneous offer that is disclosed to Canteen.

8.6.2 **Right of First Refusal.** Canteen has the option, exercisable by notice delivered to Franchisee within 60 days from the date of delivery to Canteen of a complete and accurate copy of offers of purchase described in Section 8.6.1, to purchase such properties or interests for the price and on the terms and conditions contained in such offer, provided, however if Canteen is, despite its reasonable efforts, unable to furnish the same consideration, terms, and/or conditions of the offer, then Canteen may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, Canteen at its own expense may designate an independent appraiser and the appraiser's determination shall be binding upon all relevant parties. Canteen has the right to investigate and analyze the business, assets and liabilities and all other matters Canteen deems necessary or desirable in order to make an informed investment decision with respect to the fairness of the terms of the right of first refusal. Canteen may conduct such investigation and analysis in any manner it deems reasonably appropriate, and Franchisee and its Owners must cooperate fully with Canteen in connection therewith. Canteen shall have not less than 90 days from the option exercise date to consummate the transaction. If Canteen exercises its option to purchase, Canteen is entitled to purchase such interest subject to all representations and warranties, closing documents and indemnities Canteen reasonably requires in a form and substance satisfactory to Canteen.

8.6.4 **Successor Options to Purchase.** If Canteen does not exercise its option to purchase, Franchisee and its Owners may complete the sale to such offeror pursuant to and upon the terms of such offer as delivered to Canteen in accordance herein, without any modification or amendment thereto; provided, however, that the consummation of such sale is subject to Canteen's written approval of the Transfer as provided in Sections 8.1 and 8.2. If such sale to such offeror is not completed within 90 days after delivery of such offer to Canteen, or if there is a material change in the terms of the offer, then Franchisee shall promptly notify Canteen thereof, and Canteen shall have an additional option to purchase (on the terms of the revised offer, if any, and otherwise as set forth herein), which purchase shall be completed within 30 days following Canteen's exercise of such option.

8.7 **Obligations.** Canteen's approval or disapproval of a Transfer hereunder does not constitute: (a) a representation as to the fairness of the terms of any agreement or arrangement between Franchisee or its Owners and the transferee or as to the prospects of success of the Franchise by the transferee; or (b) a release of Franchisee's or its Owners' obligations and liabilities arising under this Agreement or any other agreement with Canteen or its Affiliates, a waiver of any claims against Franchisee or its Owners or a waiver of Canteen's right to demand the transferee's exact compliance with this Agreement.

9. **INTENTIONALLY OMITTED.**

10. **DEFAULT; TERMINATION; REMEDIES; DISPUTE RESOLUTION.**

10.1 **Default and Termination.** This Agreement may, at Canteen's sole discretion, be terminated at any time after the occurrence or continuance of one or more of the following events (each a "**Default**"), and such termination shall be effective immediately upon notice delivered to Franchisee, or the expiration of any applicable cure period. If any applicable law or rule of any jurisdiction requires a greater prior notice of termination than is required hereunder, or the taking of some other action not required hereunder, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof.

10.1.1 **Insolvency; Assignment for Benefit of Creditors; etc.** (a) Franchisee or any Owner shall become insolvent or is unable to pay its debts as they mature, or (b) Franchisee or any Owner (if a business) shall cease to do business as a going concern, or (c) Franchisee or any Owner shall terminate, or attempt to terminate, any guaranty or other obligations to Canteen or its Affiliates, or (d) Franchisee or any Owner shall make an assignment for the benefit of creditors, apply to or petition any tribunal for the appointment of a custodian, receiver, or trustee for itself or any substantial portion of its assets, or commence any proceeding with respect to



itself under any bankruptcy, reorganization, readjustment of debt, insolvency, receivership, dissolution or liquidation law or statute of any jurisdiction, or if there shall have been filed any such application or petition, or any such proceeding shall have been commenced, against Franchisee or any Owner, or (e) Franchisee or any Owner shall fail to satisfy and discharge, within 30 days of its entry, any final judgment awarded in the amount of \$25,000 or more, or (f) Franchisee or any Owner shall fail to dismiss with prejudice, any foreclosure, attachment, levy, or other proceedings for the execution of an award, order, or judgment upon the assets of the Franchisee, Franchisee or any Owner within 30 days of the proceeding's commencement.

**10.1.2 Sales Reports or Payments.** Franchisee or any Owner fails to accurately account for and/or report Gross Sales, or fails to cure any Payment Default (including the failure of Franchisee to accurately remit commissions or amounts owed to its clients in light of failing to accurately report Gross Sales), and any such failure shall continue for a period of 30 days subsequent to notice thereof.

**10.1.3 Unauthorized Transfers.** A Transfer is attempted or effected by Franchisee or any Owner that fails to comply, in part or in whole, with Section 8 hereunder.

**10.1.4 Abandonment of Franchise.** Franchisee abandons or fails to actively and continuously operate the Franchise.

**10.1.5 Marks and Confidential Information.** Franchisee or any Owner fails to comply with Section 4, or any other provision, obligation, or agreement arising in connection with the Marks, patents or any other name, trademark, trade dress, service mark, logo, design, symbol, or word owned by or licensed to Canteen or its Affiliates, and such failure shall continue for a period of 30 days subsequent to notice thereof, or Franchisee or any Owner makes any unauthorized use or disclosure of Confidential Information.

**10.1.6 Sanitation Standards.** Franchisee fails to comply with any Standard, statute, law, ordinance, or regulation relating to cleanliness, sanitation, health, or safety, and such failure shall continue for a period of 72 hours subsequent to notice thereof.

**10.1.7 Misstatements.** Franchisee or any Owner has made any material misstatement of material fact or omission of a material fact or breaches any representations in this Agreement or in any other instrument, document or certificate furnished pursuant to this Agreement or in connection therewith.

**10.1.8 Crimes or Offenses.** Franchisee or any Owner is or has been convicted of, or pleads no contest to, a felony or other crime or offense that Canteen reasonably believes may adversely affect the goodwill associated with the System or the Marks.

**10.1.9 Supplier Payments.** Franchisee fails to make a timely payment of any amount due a supplier (other than payments which are subject to bona fide dispute), and such failure shall continue for a period of 30 days subsequent to notice thereof.

**10.1.10 Other Defaults.** Franchisee or any Owner fails to comply with any other provision, term, or obligation of this Agreement or any guaranty or other agreement with Canteen or its Affiliates, and such failure shall continue for a period of 30 days subsequent to notice thereof.

**10.1.11 Three Successive Defaults.** Franchisee or any Owner fails, on 3 or more separate occasions within any period of 12 consecutive months, to comply with any one or more provisions of this Agreement (which need not be the same provision), or any guaranty or other agreement with Canteen or its Affiliates, whether or not such failure is corrected.

**10.1.12 Failure to Maintain Management or to Make Required Transfer.** Section 8.4 of this Agreement is not complied with, or during the period extending from the date of death or disability of Franchisee or any Owner who has principal operating responsibilities with respect to an entity Franchisee and continuing through the date of a duly approved Transfer, a manager for the Franchise reasonably acceptable to Canteen has not been appointed to assume operating responsibility for the Franchise and continues thereafter to assume such responsibility.

**10.2 Cures; Waivers.** No cure, waiver, deferral, or compromise of any prior Default shall (a) extend to, or constitute a waiver or deferral of, any subsequent Default, or (b) impair any Canteen right, power, or privilege set forth hereunder, including but not limited to termination of this Agreement, or (c) impair any rights or remedies available to Canteen at law or in equity. No failure or delay on the part of Canteen in exercising such rights, powers, and privileges, including but not limited to its right to terminate, hereunder and no course of

dealing between Canteen and Franchisee, shall operate as a waiver of any Default or any such right, power, or privilege, including but not limited to its right to terminate.

**10.3 Fees; Costs; Expenses.** Franchisee shall pay to Canteen all attorneys' fees, costs, and other direct and indirect expenses, including labor and fringe benefits, incurred by Canteen in connection with (a) enforcing or attempting to enforce any rights or remedies under this Agreement, (b) collecting any obligations or liabilities of Franchisee or its Owners and, (c) any Default, workout or settlement.

**10.4 Remedies Upon Default.** Upon the occurrence of a Default, Canteen shall be entitled to the following rights and remedies, which shall be in addition to rights to terminate set forth herein and any and all rights and remedies available at law or in equity, all of which rights and remedies shall be cumulative and not exclusive to the extent permitted by law.

**10.4.1 Acceleration of Liabilities.** Canteen, without prior notice, may declare immediately due and payable all liabilities owing from Franchisee to Canteen and its Affiliates under this Agreement, or any guaranty or other agreement.

**10.4.2 Suspension of Franchisee Assistance.** Canteen, without prior notice, may immediately suspend any Franchisee assistance or services established in connection with Section 5 or any other provision herein.

## **10.5 Dispute Resolution.**

**10.5.1 Binding Arbitration.** Except as otherwise herein provided, all disputes, controversies, claims or disagreements based upon, arising out of, or in any way connected with this Agreement or the Franchise ("Disputes") shall be settled finally by binding arbitration administered by the American Arbitration Association ("AAA") in accordance with the provisions of its Commercial Arbitration Rules.

**10.5.2 Arbitrators.** Each party shall select an arbitrator from a panel of arbitrators submitted to the parties by the AAA who have experience and knowledge of the contract food and vending service business. The two arbitrators so chosen shall, within 10 days of the appointment of both, select a third neutral arbitrator with similar experience and knowledge. If they are unable to do so, the AAA shall appoint the third neutral arbitrator. Prior to the commencement of any hearing, each of the arbitrators shall provide an oath or undertaking of impartiality.

**10.5.3 Proceedings.** The first arbitration hearing shall commence within 120 days of a party's notice to require arbitration. The arbitration shall be conducted at the offices of the AAA located closest to Canteen's principal offices at the time of such demand. The arbitration shall be governed by the substantive laws of North Carolina, without regard to conflicts of law rules, and by the arbitration law of the Federal Arbitration Act (Title 9, U.S. Code). Franchisee and its Owners shall not consolidate any Dispute(s) in any arbitration or judicial proceeding with a claim or dispute by any other franchisee or its owners. Franchisee and its Owners shall, in connection with any arbitration or judicial proceedings, solely name Canteen from which remedies or damages are sought for any Dispute; Franchisee and its Owners shall not name any Affiliate of Canteen or any shareholders, directors, officers, employees, or agents thereof in any such proceeding.

**10.5.4 Termination.** Notwithstanding the provisions of this Section 10, Canteen may in its sole discretion deliver notices of Default and terminate this agreement as provided under Sections 10.1 and 10.4 herein without either (a) prior notice of any Dispute, or (b) pursuing arbitration of the Dispute hereunder. If Franchisee disputes the validity of any termination, then Franchisee may file a demand for arbitration hereunder within 30 days of the effective termination date, without first seeking any consultation or negotiation with Canteen. Any resolution or arbitration of a Dispute relating to a termination of this Agreement shall be limited in scope to the validity of the termination and any consequent arbitration award shall be limited in scope to either a grant or denial of reinstatement of the Agreement. Franchisee waives the remedy of reinstatement if arbitration is not timely filed.

**10.5.5 Equitable Relief.** Franchisee admits that a violation of any Agreement obligation relating to Confidential Information, the Marks, or non-competition would result in irreparable injury to Canteen, and/or its Affiliates or other franchisees, for which no adequate remedy at law may be available. Franchisee therefore agrees

that, notwithstanding the arbitration provisions contained herein, Canteen shall be entitled, in connection with such violations, to seek (a) judicial equitable relief, including preliminary, temporary, and permanent injunctive relief and specific performance, before any court having jurisdiction, and/or (b) Losses and Expenses, and any waiver of, or restrictions upon, monetary damages contained in Section 10.5.6 shall not apply to such violations. Canteen may have such injunctive relief, without bond or other security, but upon due notice, in addition to such further and other relief as may be available at equity or law, and Franchisee's sole remedy in the event of the entry of such injunction, shall be the dissolution of such injunction, if warranted, upon hearing duly had (all claims for damages by reasons of the wrongful issuance of any such injunction being expressly waived hereby). Franchisee and its Owners agree that the existence of any claims Franchisee may have against Canteen or any of its Affiliates whether or not arising hereunder shall not constitute a defense to the enforcement of any of those Sections.

**10.5.6 Awards.** The arbitration award to the prevailing party shall include the cost of the AAA for administering the arbitration and the cost of the arbitrators. The arbitrators are not empowered to award damages in excess of compensatory damages, and each party hereby irrevocably waives any right to recover special, incidental, punitive, or multiple damages with respect to any Dispute. Judgment upon any award rendered in any arbitration may be entered into a court of competent jurisdiction for judicial acceptance of the award and enforcement as the law of such jurisdiction may require or allow. Except as otherwise permitted under this Agreement, no party shall commence an action in any court or any other judicial forum, and any violation thereof shall render such party liable for abuse of process and related costs and attorneys' fees.

**10.5.7 Confidentiality.** The arbitration proceedings conducted pursuant hereto shall be confidential. Neither party shall disclose or permit the disclosure of any information about the evidence adduced or the documents produced by any party in the arbitration proceedings or about the existence, contents, or results of the arbitration award without the prior written consent of such other party except as required by order during the course of a judicial or regulatory proceeding or as required by a governmental authority, so long as the party intending to make such disclosure shall give the other party prompt notice of the disclosure request to afford the other party opportunity to protect its interests. Notwithstanding the foregoing, nothing in this section shall prevent Canteen from disclosing such arbitration award or settlement in accordance with federal and state franchise disclosure laws and regulations.

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

**11.1 Survival of Obligations.** Termination or expiration of this Agreement shall not operate to limit, reduce, cancel, or otherwise modify any of Franchisee's obligations and liabilities arising prior to the effective date of termination, and all of Canteen's rights, powers of attorney, and remedies, arising under or in connection with this Agreement shall continue in full force and effect until all obligations and liabilities of Franchisee under or in connection with this Agreement and any other agreement with Canteen are fully and finally satisfied.

**11.2 Rights of Canteen upon Termination or Expiration.** Upon termination or expiration of this Agreement, Canteen shall have the following rights and remedies, in addition to any other right or remedy provided to it under this Agreement, which shall be in addition to any and all rights and remedies available at law or in equity, all of which rights and remedies shall be cumulative and not exclusive to the extent permitted by law.

**11.2.1 Acceleration of Liabilities.** Canteen, without prior notice, may declare immediately due and payable all liabilities owing from Franchisee to Canteen and its Affiliates under this Agreement, or any guaranty or other agreement.

**11.2.2 Servicing Accounts.** Upon expiration of this Agreement, or if Canteen terminates this Agreement under Section 10 hereof but does not purchase any of Franchisee's Accounts pursuant to Section 11.2.3, Franchisee may continue to provide services to such Accounts after termination or expiration of this Agreement during the remaining term of such Accounts; provided, however that Franchisee shall: (a) cease to identify itself in any manner as a current or former Franchisee of Canteen and cease to use any System and Standards; and (b) notify such Accounts that Franchisee is no longer affiliated in any way with Canteen.

**11.2.3 Canteen Option to Purchase.** Upon expiration of this Agreement, Canteen has no option to purchase the assets of the Franchise or of Franchisee. However, upon termination of this Agreement pursuant to

Section 10 hereof, but not pursuant to Section 2.1.1 hereof, Canteen shall have the right, exercisable by giving notice thereof (“**Appraisal Notice**”) within 10 days after the date of such termination, to require a determination of the Fair Market Value (as defined below) of all the assets of the Franchise which Franchisee owns, including inventory of nonperishable products, materials, supplies, furniture, equipment, signs, and any and all Accounts for which Franchisee provided Vending Services or other services pursuant to this Agreement, but excluding any cash and short-term investments and any items not meeting Canteen’s specifications for a Canteen franchise (collectively the “**Purchased Assets**”). Upon such notice, Franchisee may not sell or remove any of the tangible assets from its premises or the premises of any Account and must give Canteen, its designated agents and the Appraiser (as defined below) full access to the Purchased Assets and all of Franchisee’s books and records at any time during customary business hours in order to conduct inventories and determine the purchase price for the Purchased Assets.

11.2.3.1 The “**Fair Market Value**” shall mean the amount, as determined by good faith negotiations between Canteen and Franchisee, which an arm’s length purchaser would be willing to pay for the Purchased Assets. Under no circumstances will any value be attributed to any goodwill associated with any Mark. If Franchisee and Canteen are unable to agree on the Fair Market Value of the Purchased Assets within 15 days after the Appraisal Notice, then Fair Market Value will be determined by a member of a nationally recognized accounting firm (other than a firm which conducts audits of Canteen’s financial statements) selected by Canteen who has experience in the valuation of businesses in the food service industry and, if available, in the vending service industry (the “**Appraiser**”). Canteen will notify Franchisee of the identity of the Appraiser, who will make his or her determination and submit a written report (“**Appraisal Report**”) to Franchisee and Canteen as soon as practicable, but in no event more than 60 days after his or her appointment. Each party may submit in writing to the Appraiser its judgment of Fair Market Value (together with its reasons therefor); however, the Appraiser shall not be limited to these submissions and may make such independent investigations as the Appraiser reasonably determines to be necessary. The Appraiser’s fees and costs shall be borne equally by the parties hereto.

11.2.3.2 Canteen shall have the option, exercisable by delivering notice thereof within 30 days after submission of the Appraisal Report (or the date that an agreement is reached, if the parties agree to the Fair Market Value), to purchase the Purchased Assets at the Fair Market Value. Canteen shall have the unrestricted right to assign this option to purchase separate and apart from the remainder of this Agreement.

11.2.3.3 If Canteen exercises its option to purchase, the purchase price for the Purchased Assets will be paid in cash at the closing, which will occur at the place, time and date Canteen designates, but not later than 60 days after the exercise of its option to purchase the Purchased Assets. At the closing, Canteen will be entitled to all warranties, title insurance policies and other closing documents and post-closing indemnifications as it reasonably requires, including: (a) instruments transferring good and merchantable title to the Purchased Assets, free and clear of all liens, encumbrances, and liabilities, to Canteen or its designee, with all sales and other transfer taxes paid by Franchisee; and (b) an assignment of all leases of tangible assets used in the operation of the Franchise, including land, building and/or equipment (or if an assignment is prohibited, a sublease to Canteen or its designee for the full remaining term and on the same terms and conditions as Franchisee’s lease, including renewal and/or purchase options), provided, however, that if any of Franchisee’s Owners or Affiliates directly or indirectly owns the land, building and/or equipment of the Franchise, Franchisee will, at Canteen’s option, cause such Owner or Affiliate to grant to Canteen a lease at reasonable and customary rental rates and other terms prevailing in the community where the Franchise is located. The Appraiser shall resolve any dispute concerning the rental rates and terms of such lease.

11.2.3.4 If Franchisee cannot deliver clear title to all of the Purchased Assets, or if there are other unresolved issues, the closing of the sale may, at Canteen’s option, be accomplished through an escrow on such terms and conditions as Canteen deems appropriate, including the making of payments, to be deducted from the purchase price, directly to third parties in order to obtain clear title to any of the Purchased Assets. Further, Canteen and Franchisee shall comply with any applicable Bulk Sales provisions of the Uniform Commercial Code as enacted in the state where the Purchased Assets are located and all applicable state and local sales and income tax notification and/or escrow procedures. Canteen has the right to set off against and reduce the purchase price by any and all amounts owed by Franchisee or any of its Owners or Affiliates to Canteen or any of its Affiliates.

11.2.3.5 Upon delivery of the Appraisal Notice and pending (a) determination of Fair Market Value, (b) Canteen's option period, and (c) the closing of the purchase, Canteen may authorize continued temporary operations of the Franchise pursuant to the terms of this Agreement subject to the supervision and control of one or more of its appointed managers.

**11.3 Marks; System; Standards; Confidential Information.** Upon termination or expiration of this Agreement, Franchisee and any Owner:

11.3.1 Shall not directly or indirectly at any time or in any manner identify itself or any business as a current or former Franchisee of Canteen or use any Mark, any colorable imitation thereof or other indication of a Franchise in any manner or for any purpose.

11.3.2 Shall immediately and permanently discontinue the use of the Marks, and all forms of advertising, signage, graphics, structures, and trade dress depicting the Marks or a Canteen franchise.

11.3.3 Shall make, or cause to be made, sufficient de-imaging changes to the satisfaction of Canteen so as to eliminate the Marks from the Accounts and Franchisee's business and operation facilities, equipment, and properties and to effectively distinguish Franchisee's business and operation facilities, equipment, and properties from its former appearance as a Canteen franchisee.

11.3.4 Shall, at the option Canteen, destroy or deliver to Canteen at Franchisee's expense all or any part of the paper products, signage, graphics, advertising, or trade dress bearing any of the Marks.

11.3.5 Shall cease utilization of the System, Standards, and Confidential Information, and shall immediately return to Canteen all Confidential Information.

11.3.6 Shall notify the telephone company and all telephone directory publishers of the termination or expiration of Franchisee's right to use any telephone number and any regular, classified or other telephone directory listings associated with any Mark and to authorize transfer thereof to Canteen or at its direction.

11.3.7 Shall furnish Canteen, within 30 days after the effective date of termination or expiration, evidence satisfactory to Canteen of Franchisee's compliance with the foregoing obligations. If Franchisee or any Owner shall fail to timely furnish such evidence, then Canteen and its agents and representatives shall have the right to enter, without judicial process and without prejudice to Canteen's other rights and remedies, the premises of Franchisee's business and operation facilities for the purpose of making or causing to be made such de-imaging changes and removal of Confidential Information, all at Franchisee's expense.

11.3.8 Shall immediately discontinue any mode of communication on the Internet directly or indirectly relating to its Canteen business conducted under this Agreement, including any Web sites or pages associated therewith, and immediately take all steps required by Canteen to discontinue to associate itself with Canteen. Franchisee irrevocably appoints the person who is then Canteen's president as Franchisee's duly authorized agent and attorney-in-fact to execute any instruments and take all steps to effectuate the terms of this Section.

11.3.9 If Canteen terminates this Agreement due to Franchisee's Default under Section 10, Franchisee and its Owners shall not for a period of two (2) years commencing on the effective date of such termination, directly or indirectly, by any means whatsoever whether singularly or in concert with others, cause or take any action to own any legal, equitable, or beneficial interest in, or render any services or give advice to: (a) any Competitive Business located within the Protected Territory; or (b) any entity which grants franchises, licenses or other interests to others to operate a Competitive Business. The restrictions do not apply to the ownership of a Competitive Business whose shares of a class of securities are listed on a stock exchange or traded on the over the counter market and such ownership represents less than 5% of that class of securities.

## **12. INDEPENDENT CONTRACTORS.**

Canteen and Franchisee, as between themselves, are and shall be independent contractors. Neither this Agreement nor the dealings of the parties pursuant to this Agreement shall create any fiduciary relationship or any other relationship of trust or confidence. Nothing contained in this Agreement, or arising from the conduct of the parties hereunder, is intended to make either party a general or special agent, joint venturer, partner or employee of the other for any purpose whatsoever. Canteen shall not have any right to control the day-to-day managerial operations of the Franchisee or its business, including without limitation the hiring and firing of Franchisee's

employees. Franchisee is exclusively responsible for the compensation and training of all employees, except for the training provided by Canteen or its affiliates, which training shall not create any employment relationship between Canteen and Franchisee's employees. Franchisee shall have sole responsibility to collect and promptly pay when due, as applicable, all federal, state, provincial, FICA, FUTA, withholding, and other applicable payroll taxes, workers' compensation contributions, employment insurance premiums, and all similar taxes, fees, and charges arising out of the employment relationship between Franchisee and its employees. Franchisee shall conspicuously identify itself in all dealings with Accounts, lessors, contractors, suppliers, public officials, employees and others as the owner of the Franchise. Franchisee shall place such other notices of independent ownership on purchase orders, business cards, stationery, marketing and advertising materials and other materials as Canteen may require from time to time. Franchisee may not make any express or implied agreements, warranties, guarantees or representations or incur any debt in Canteen's name or on Canteen's behalf or represent that the relationship of the parties hereto is anything other than that of independent contractors. Canteen will not be obligated by or have any liability under any agreements made by Franchisee with any third party, including without limitation any employees, subcontractors, agents or independent contractors of Franchisee, or for any representations made by Franchisee to any third party. Canteen will not be obligated for any damages to any Person or property arising directly or indirectly out of the operation of Franchisee's business hereunder.

### **13. UNCONTROLLABLE DELAY.**

Neither Canteen, nor its Affiliates, nor Franchisee, nor its Owners shall be held responsible or liable for any delay in performing any of its obligations (other than the payment of moneys) hereunder which are the direct or indirect result of strikes, lockouts, fires, labor disputes, floods, accidents, war, delays in transportation, orders, or decrees of any court or governmental agency, or any other causes whatsoever beyond the reasonable control of Canteen, its Affiliates, or Franchisee or its Owners.

### **14. WAIVER OF PROVISIONS.**

Canteen and Franchisee may by written instrument unilaterally waive or reduce any obligation of the other party under this Agreement. Any waiver granted by Canteen shall be without prejudice to any other rights Canteen may have, will be subject to continuing review by Canteen and may be revoked, in its sole discretion, at any time and for any reason, effective upon delivery to Franchisee of 10 day's prior notice. No course of conduct or dealings between the parties shall be deemed a waiver of any rights or obligations arising under this Agreement. Unless contained in a writing signed by the party against whom a waiver shall be enforced, no waiver shall arise or shall be deemed effective (a) by virtue of any custom or practice of the parties at variance with it, (b) from any failure, refusal or neglect by Franchisee or Canteen to exercise any right under this Agreement (except as otherwise explicitly provided herein) or to insist upon exact compliance by the other with its obligations hereunder, (c) from any prior waiver or any forbearance, delay, failure or omission, or any course of conduct or dealings by Canteen to exercise any right, whether of the same, similar or different nature, with respect to other franchisees, or (d) from the acceptance by Canteen of any payments or performance due from Franchisee after any Default.

### **15. SEVERABILITY AND SUBSTITUTION OF PROVISIONS.**

Every part of this Agreement shall be considered severable. If for any reason any part of this Agreement is held to be invalid, that determination shall not impair the other parts of this Agreement. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of geographical area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part or all of it, the parties agree that it will be enforced to the fullest extent permissible under applicable law and public policy. If any applicable law requires a greater prior notice of the termination of or refusal to enter into a successor franchise than is required hereunder, a different standard of "good cause", or the taking of some other action not required hereunder, then the prior notice, "good cause" standard and/or other action required by such law shall be substituted for the comparable provisions hereof. If any provision of this Agreement or any specification, standard

or operating procedure prescribed by Canteen is invalid or unenforceable under applicable law, Canteen has the right, in its sole discretion, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to make it valid and enforceable.

## **16. CONSTRUCTION.**

The language of this Agreement shall be construed according to its fair meaning and not strictly against any party. The personal guarantees, exhibits and riders (if any) to this Agreement are hereby incorporated hereto and made a part of this Agreement as though fully stated herein. This Agreement shall constitute the entire agreement between the parties as to the subject matters contained herein. Except as otherwise expressly provided herein, there are no other oral or written agreements, understandings, representations or statements relating to the subject matter of this Agreement, that either party may or does rely on or that will have any force or effect. However, nothing in this Agreement or in any related agreement is intended to disclaim the representations Canteen made in the franchise disclosure document. Nothing in this Agreement shall be deemed to confer any rights or remedies on any Person not a party hereto. This Agreement shall not be modified except by written agreement signed by both parties. This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, permitted assigns and successors in interest. This Agreement may be executed in multiple copies, each of which shall be deemed an original. Time is of the essence in this Agreement.

## **17. HEADINGS.**

The headings of sections are for convenience only and do not limit or construe their contents. The word “including” (or any variation thereof) shall be construed to include the words “without limitation.” If Franchisee is comprised of two or more Persons, whether partners, joint venturers or otherwise, their obligations and liabilities to Canteen shall be joint and several.

## **18. TERMINATION OF PRIOR AGREEMENT AND RELEASE.**

This Agreement supersedes, cancels, and terminates any and all prior agreements, including any amendments thereto or modifications thereof, now in existence between Canteen and Franchisee relating to the subject matter of this Agreement. Canteen and Franchisee hereby release each other and their respective affiliates, officers, directors, employees and agents from any and all claims, demands, causes of action, obligations, whether at law or in equity, which any of them ever had, or have, or have had assigned to them, or, but for this release, hereafter would or could have, whether known or not known, whether asserted or not, as a result of, arising from or relating to such agreements (except liabilities for rentals, fees, and other debts owed by Franchisee to Canteen or any of its Affiliates).

## **19. EXERCISE OF RIGHTS.**

The rights of Canteen and Franchisee hereunder are cumulative and no exercise or enforcement by Canteen or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by Canteen or Franchisee of any other right or remedy hereunder which Canteen or Franchisee is entitled to enforce by law. If Franchisee commits any Default under this Agreement for which Canteen exercises its right to terminate this Agreement, Franchisee shall pay to Canteen the consequential damages Canteen incurs as a result of the premature termination of this Agreement. Franchisee acknowledges and agrees that the proximate cause of such damages sustained by Canteen is Franchisee’s Default and not Canteen’s exercise of its right to terminate.

## **20. AMENDMENTS.**

This Agreement or any part thereof may be amended, altered, or changed only by written agreement signed by both parties hereto.

## 21. DIFFERENT FORMS OF AGREEMENT.

Franchisee acknowledges that Franchisee is aware of the fact that some franchisees of Canteen operate and will operate under different forms of agreements and, consequently, that Canteen's obligations and rights in respect to its various franchisees may differ materially in certain respects.

## 22. CONSENTS.

Except where this Agreement expressly obligates Canteen to reasonably approve or consent (or not to unreasonably withhold its approval of or consent) to any action or request by Franchisee, Canteen has the absolute right to refuse any request by Franchisee or to withhold Canteen's approval of or consent to any action by Franchisee.

## 23. NOTICES AND PAYMENTS.

All notices, requests and reports permitted or required to be delivered by the provisions of this Agreement shall be written, and shall be deemed delivered: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the same date of the transmission by facsimile, telegraph or other reasonably reliable electronic communication system if such date is a business day; if not, then on the next business day; (c) 1 business day after being placed in the hands of a commercial courier service for guaranteed overnight delivery; or (d) 4 business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. All payments and reports required by this Agreement shall be sent to Canteen at the address identified in this Agreement unless and until a different address has been designated by appropriate notice to the other part.

## 24. DEFINITIONS.

The terms listed below have the meanings that follow them and include the plural as well as the singular.

“**AAA**” shall have the meaning assigned to it in Section 10.5.1.

“**Account**” means a Person for which Authorized Services, including without limitation Vending Services, Food Services, or OCS Services are supplied for which such supplier has a legal or equitable right to receive Gross Sales or other payments, remuneration, and consideration.

“**Acquired Accounts**” shall have the meaning assigned to it in Section 2.2.1.

“**Administrative Fee**” shall have the meaning assigned to it in Section 5.2.4.

“**Advance**” shall have the meaning assigned to it in Section 5.3.

“**Affiliate**” means any Person that directly or indirectly owns or controls the referenced party, that is directly or indirectly owned or controlled by the referenced party, that is directly or indirectly owned by any direct or indirect parent of the referenced party, or that is under common control with the referenced party. The term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise. In reference to Canteen, “Affiliate” also shall mean (a) Compass Group Plc, (b) and all entities and operating divisions directly or indirectly owned or operated by Compass Group Plc.



“**Agreement**” shall have the meaning assigned to it in the preamble.

“**Annual Revenues**” means the actual or projected gross annual revenues from an Account or component of an Account as reasonably determined by Canteen from time to time. Calculations of Annual Revenues may include one or more of the following formulae, as applicable for the type of financial arrangement proposed for the Account. Each of the following formulae may be calculated upon actual or projected revenues: (a) the Gross Sales arising in connection with a Profit/Loss Account; (b) the product of 12 multiplied by the effective monthly fee(s) for a Fee Account (for purposes of calculation, annual fees will be the aggregate sum of the management fee and any administrative fees, plus overhead expenses incurred in connection with such Account); (c) the aggregate amount payable by the Account to manage and /or operate a facility for the Account, including labor costs, equipment or capital costs, product costs, other direct costs or indirect costs such as subsidies, managed dollars fee, free issues and similar costs; and (d) the Subcontractor Commission Amounts.

“**Appraisal Notice**” shall have the meaning assigned to it in Section 11.2.3.

“**Appraisal Report**” shall have the meaning assigned to it in Section 11.2.3.

“**Appraiser**” shall have the meaning assigned to it in Section 11.2.3.

“**Assigned Territory**” shall have the meaning assigned to it in Section 2.1.

“**Authorized Services**” shall have the meaning assigned to it in Section 2.1.

“**Branded Programs**” shall have the meaning assigned to it in Section 5.4.

“**Canteen**” shall have the meaning assigned to it in the preamble.

“**Canteen Assistance**” shall have the meaning assigned to it in Section 5.1.

“**Commissary Services**” shall have the meaning assigned to it in Section 2.1.

“**Competitive Business**” means any business that offers or sells Vending Services, Food Services, OCS Services or SDS Services, or any other business that offers services the same as or similar to the services provided now or hereafter by Canteen or any of its Affiliates, including but not limited to the Reserved Markets and Accounts.

“**Compliance**” shall have the meaning assigned to it in Section 6.2.

“**Confidential Information**” collectively means and consists of (a) proprietary or secret information of Canteen and its Affiliates, including but not limited to procedures, policies, processes, purchasing programs, trade secrets, materials, presentations, systems, plans, methods, and financial or other data and information relating to (i) the financial and material terms of the franchise relationship; (ii) all operating and business standards relating to the System including but not limited to brands, products, product placements and displays, purchasing specifications and programs, quality, menus, food production, training, and human resources, (iii) merchandising, brand or product development, trade dress, trade concepts or inventions (whether or not subject to patent, trademark, service mark or copyright rights), (iv) marketing, communication, sales, and operations, (v) services, proformas, contracts and any profit and loss statement or other client profitability documentation related to or arising in connection with any Accounts, (vi) vendors, suppliers, or other third-party services and contracts, (vii) Canteen and/or Affiliate Accounts and consumers, and (viii) strategy and business planning, and other business activities of Canteen and its Affiliates whether made in written or oral form and inclusive of all notes, analyses, compilations, studies, records, drawings, blueprints, memoranda, analyses, summaries or other documents; and (b) all work-product, work papers, analyses, memoranda, compilations, summaries and other material generated

or derived by Franchisee from the foregoing. Confidential Information as defined above shall not include information made generally available through a deliberate public disclosure from Canteen or its Affiliates, or made available to Franchisee on a non-confidential basis from a source that is entitled to disclose such information on a non-confidential basis.

“**Default**” shall have the meaning assigned it in Section 10.1.

“**Default Charge**” means a charge calculated at a rate at the greater of either (a) 13% simple interest per annum, or, (b) simple interest per annum equal to the then current prime interest rate published in *The Wall Street Journal* in its “Money Rates Section.”

“**Disputes**” shall have the meaning assigned to it in Section 10.5.1.

“**Distributors**” shall have the meaning assigned to it in Section 6.2.

“**Event**” shall have the meaning assigned to it in Section 6.9.

“**Exclusive OCS Account**” shall have the meaning assigned to it in Section 2.1.

“**Exclusive Vending Account**” shall have the meaning assigned to it in Section 2.1.

“**Existing Franchisee Accounts**” shall have the meaning assigned to it in Section 2.2.3.

“**Existing Canteen Accounts**” shall have the meaning assigned to it in Section 2.2.1.

“**Fair Market Value**” shall have the meaning assigned to it in Section 11.2.3.

“**Fee Account**” means an Account, including any Accounts of Franchisee existing as of the date of this Agreement, whereby (a) Franchisee receives, or is entitled thereto, a fee or other payment in connection with the management, consulting, or provision of Authorized Services or other products and services, and (b) the Account, or its designee, retains the receipts, or sums charged, for sales of Authorized Services, or other products and services.

“**Food Revenue Threshold**” shall have the meaning assigned to it in Section 2.1.

“**Food Services**” means contract food, executive dining, catering services, cafeteria, food delivery, temporary locations and cart services, concessions, hospital and medical facilities, as well as private, local, state or federal nutrition programs, such as “Head Start,” “Meals on Wheels,” and “Elderly Nutrition Programs,” which may involve home delivery programs or congregate delivery programs whereby food service is prepared at a commissary and served at a private or public hall or dining facility, and other food services.

“**Franchise**” means the entirety of the Franchisee’s business, including but not limited to its operations, properties, management, and administration, now and hereafter deployed by Franchisee to perform the Authorized Services, and such other services permitted by Canteen, within the Assigned Territory.

“**Franchise Transfer**” means the Transfer of any legal, equitable, or beneficial ownership interest, whether in part or in whole, in the Franchise, excluding any dispositions in the ordinary course of business without material effect upon the operations, properties, facilities, condition, business, value, or prospects (whether financial or otherwise).

“**Franchisee**” means the Person(s) signatory to this Agreement.

**“Franchisee Rebates”** means that portion of Rebates received by Canteen respective to Franchisee purchases made pursuant to Section 5.

**“Franchisee Transfer”** means the Transfer of any legal, equitable, or beneficial ownership interest, whether in part or in whole, in the Franchisee or the assets owned by the Franchisee, its Owners or Affiliates, that are deployed or held in connection with the Franchise, excluding any dispositions in the ordinary course of business without material effect upon the operations, properties, facilities, condition, business, value, or prospects (whether financial or otherwise) of the Franchise and/or Franchisee.

**“Gross Sales”** means:

(c) for Profit/Loss Accounts, (i) the total receipts and sums charged, of every kind and nature, for sales of Authorized Services, including without limitation Vending Services, Food Services, OCS Services, Commissary Services, and any other products and services sold by Franchisee, (ii) plus the Subcontractor Commission Amount, (iii) plus proceeds from any business interruption insurance received by Franchisee, (iv) excluding any sums collected and paid to appropriate taxing authorities for any sales tax, retail excise tax, vending machine stamp tax, or bottle deposits. Subject to Canteen’s prior written approval, Gross Sales of items sold through vending machines may be calculated by Franchisee using a merchandise disappearance system (with proper adjustments) in a form and manner satisfactory to Canteen.

(d) for Fee Accounts, (i) the total “managed dollars” consisting of the aggregate amount of Franchisee’s accrual of charges and expenses incurred or allocated for operation, management, and administration of services provided to the Account (collectively “Costs”), including but not limited to (A) purchase or rental, storage, and maintenance of inventory, equipment, and systems, (B) provision of training, relief staff, wage and salary, payroll tax, FICA, FUI, SUI, employee benefits such as medical, dental, life, workers’ compensation, and state disability insurance, payroll and benefit plan preparation, processing, and administration; (C) payment of sales or property taxes, licenses, permits, rent, special security costs, cash or property losses unrelated to Canteen employees; and (D) deployment or investment of capital in connection with such services, (ii) plus the sum of (A) any fees or payments received or charged the Account, (B) minus relevant Costs for services supplied in exchange for such fees or payments, (iii) plus proceeds from any business interruption insurance received by Franchisee; and (iv) plus the Subcontractor Commission Amount.

**“Immediate Family”** means spouse, parents, brothers, sisters and children, whether biological or adopted.

**“Indemnitees”** shall have the meaning assigned to it in Section 6.9.

**“Internet”** means all communications between computers and between computers and television, telephone, facsimile and similar communication devices, including the World Wide Web, proprietary online services, E-mail, news groups and electronic bulletin boards.

**“Licensor”** shall have the meaning assigned to it in Section 5.4.

**“Losses and Expenses”** collectively means, of any kind or nature and however arising, any claims, liabilities, damages (including actual and direct, compensatory, exemplary, special, incidental, and punitive damages), and expenses (including, but not limited to: attorneys’ fees; experts’ fees; court, mediation or arbitration costs; costs associated with investigating and defending against any claims; and all other costs associated with any of the foregoing claims, liabilities, and damages).

**“Marks”** collectively means the names, logos, service marks, trademarks, tradedress, tradenames and any derivatives thereof now and hereafter existing, whether or not registered, owned by or licensed to Canteen or its Affiliates.

“**Manuals**” shall have the meaning assigned to it in Section 6.1.

“**National Account**” means an Account (or group of related Accounts) for which Canteen or its Affiliates (a) has agreed to supply Vending Services, OCS Services and/or Food Services on behalf of at least two facilities operated by such Account in the United States, and (b) one or more, but not all, of such facilities are located or operated within the Assigned Territory.

“**Net Franchisee Rebates**” means Franchisee Rebates less any applicable Administrative Fee.

“**OCS Services**” shall have the meaning assigned to it in Section 1.1.

“**Owner**” means each Person that has a direct or indirect legal, equitable, or beneficial ownership interest in Franchisee or its transferee, as may be proposed under Section 8, if Franchisee or such proposed transferee is a business corporation, partnership, limited liability company or other legal entity.

“**Payment Default**” shall have the meaning assigned to it in Section 3.5.

“**Person**” means any individual, partnership, corporation, limited liability company, trust, or other entity.

“**Permanent Disability**” means a mental or physical impairment rendering the individual incapable of managing his or her affairs or the affairs of the Franchise, from which, in the opinion of a qualified physician based upon a reasonable degree of medical certainty, the individual is not expected to recover.

“**Plan-O-Gram**” shall have the meaning assigned to it in Section 6.2.

“**Profit/Loss Account**” means an Account, including any Accounts of Franchisee existing as of the date of this Agreement, from which Franchisee receives and retains, or is entitled thereto, the receipts, or sums charged for Franchisee’s sales of Authorized Services, or other products and services.

“**Purchased Assets**” shall have the meaning assigned to it in Section 11.2.3.

“**Purchasing Programs**” shall have the meaning assigned to it in Section 5.2.1.

“**Purchasing Services**” shall have the meaning assigned to it in Section 5.2.1.

“**Rebates**” collectively means incentives (excluding signing / sign-on bonuses, allowances, national third-party management payments, and early payment discounts) fully and finally paid to Canteen by its suppliers in connection with the purchase of (a) vending machines and parts, heavy kitchen equipment and smallwares for use in the Franchise, and (b) food, beverages, and other consumable products vended under the System, exclusive of branded products described in Section 5.4. As used herein and for purposes of clarification, the term “Rebates” specifically does not include any rebates, incentives or supplier growth funds received by any Canteen Affiliate (including without limitation all rebates or incentives received by Canteen One under or in connection with its third party management business).

“**Referral Fee**” shall have the meaning assigned to it in Section 3.3.

“**Reserved Markets and Accounts**” shall have the meaning assigned to it in Section 2.2.

“**Royalty Fee**” shall have the meaning assigned to it in Section 3.2.

“**Reserved Combined Account**” means an Account (a) for which both Food Services and Vending Services are supplied, and (b) with Annual Revenues for Food Services that are, or are projected to be, equal to or greater than \$250,000.

“**Reserved Food Only Account**” means an Account (a) for which only Food Services are supplied, and (b) with Annual Revenues that are, or are projected to be, equal to or greater than the Food Revenue Threshold.

“**Revenue Threshold**” means the dollar amount of Annual Revenues equal to or less than \$25,000, as defined in Section 3.2.1.

“**Standards**” shall have the meaning assigned to it in Section 1.1.

“**Suppliers**” shall have the meaning assigned to it in Section 6.2.

“**System**” shall have the meaning assigned to it in Section 1.1.

“**Subcontractor Commission Amount**” means the quotient of (a) the aggregate commission amount, projected or actual, payable to Franchisee from a third party rendering Food or Vending Services or any other Authorized Services on behalf or at the instruction of Franchisee in the Assigned Territory, (b) divided by the applicable commission percentage pursuant to which factor the commission amount is calculated. For example, if a subcontractor pays Franchisee 25% commission on sales, and sales were \$100, the full \$100 will be used in the calculation of Gross Sales.

“**Term**” shall have the meaning assigned to it in Section 2.1.

“**Transfer**” means the voluntary or involuntary, direct or indirect, sale, assignment, pledge, hypothecation, transfer, or other disposition (whether or not such event arises or results from: any merger or consolidation, regardless whether the transferor is the surviving corporation; any death, divorce, insolvency, dissolution proceeding or otherwise by operation of law; or, any foreclosure or surrender or loss by transferor of its possession, control or management of the transferred property).

“**Vending Services**” shall have the meaning assigned to it in Section 1.1.

“**Web site**” means an interactive electronic document, contained in a network of computers linked by communications software, that Franchisee operates or authorizes others to operate and that refers to the franchised business, proprietary marks, Canteen or any of its Affiliates, and/or the System. The term Website includes, but is not limited to, Internet and World Wide Web home pages.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

**COMPASS GROUP USA, INC.,  
by and through its CANTEEN  
DIVISION**

**FRANCHISEE**

If a corporation, limited liability company  
or partnership:

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

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

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

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

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

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

If Individual(s):

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

## COVENANTS AND GUARANTY OF OWNERS

The undersigned individuals represent and warrant that they are all of the shareholders, partners or members of \_\_\_\_\_ (“**Franchisee**”) or otherwise have a direct or indirect beneficial interest in the success of Franchisee. Accordingly, to induce Franchisor to enter into the Agreement to which this Covenants and Guaranty of Owners is attached (the “**Agreement**”) and grant the franchise to Franchisee, each of the undersigned individuals hereby jointly and severally guarantee the payment and performance by Franchisee of its obligations under the Agreement or under any other agreement between Franchisor and its affiliates, on the one hand, and Franchisee and its affiliates, on the other hand, and hereby agrees that upon the non-payment or non-performance by Franchisee of any of the terms or conditions of such obligations, they will promptly perform and/or pay such obligations.

Each of the undersigned individuals further hereby jointly and severally agree to be bound by all of the provisions of the Agreement including, without limitation, the restrictions and covenants contained in Sections 4, 5, 6, 7, 8, 10 and 11 of the Agreement, as those provisions pertain to equity owners of Franchisee. These obligations shall survive any expiration or termination of the Agreement or this Guaranty.

Franchisor, its successors and assigns, may from time to time, without notice to the undersigned (a) resort to the undersigned for payment of any of the liabilities, whether or not it or its successors have resorted to any property securing any of the liabilities or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the liabilities, (b) release or compromise any liability of any of the undersigned hereunder or any liability of any party or parties primarily or secondarily liable on any of the liabilities, (c) extend, renew or credit any of the liabilities for any period (whether or not longer than the original period), (d) alter, amend or exchange any of the liabilities, or (e) give any other form of indulgence, whether under the Agreement or not.

The undersigned further waives presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the Agreement and of the amount and terms thereof; and notice of all defaults, disputes or controversies between Franchisee and Franchisor resulting from the Agreement or otherwise, and the settlement, compromise or adjustment thereof.

The undersigned agrees to pay all expenses paid or incurred by Franchisor in attempting to enforce the Agreement and this Guaranty against Franchisee and against the undersigned and in attempting to collect any amounts due thereunder and hereunder, including reasonable attorneys’ fees if such enforcement or collection is by or through an attorney-at-law. Any waiver, extension of time or other indulgence granted from time to time by Franchisor, its agents, its successors or assigns, with respect to the Agreement, shall in no way modify or amend this Guaranty, which shall be continuing, absolute, unconditional and irrevocable.

Notwithstanding anything contained in this Guaranty to the contrary, the liability of each of the undersigned as to Royalty Fees due under the Agreement shall not exceed the amount of Royalty Fees accrued thereunder during the twelve full calendar months preceding the date on which demand for payment is made hereunder. The preceding sentence shall in no way limit Franchisor’s right to collect any other amounts (including without limitation any initial franchise fee or Advance (as defined in the Agreement) from the undersigned, nor shall it prohibit Franchisor from enforcing its rights against the undersigned under any other provision of the Agreement, including without limitation any non-competition or non-disclosure provision.

If more than one person has executed the Guaranty, the term “the undersigned,” as used herein shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

The provisions of Sections 10.5 of the Agreement, relating to binding arbitration, are hereby incorporated herein by reference. The undersigned shall be deemed as having the same rights and obligations of Franchisee as provided therein, except that the undersigned shall have no right to appoint an arbitrator if one has been appointed by Franchisee, and the undersigned in no event shall have collectively the right to appoint more than one arbitrator.

WITNESS the signature and seal of the undersigned as of \_\_\_\_\_, 20\_\_.

Date: \_\_\_\_\_ (SEAL)  
SHAREHOLDER/PARTNER/MEMBER

Date: \_\_\_\_\_ (SEAL)  
SHAREHOLDER/PARTNER/MEMBER

Date: \_\_\_\_\_ (SEAL)  
SHAREHOLDER/PARTNER/MEMBER

Date: \_\_\_\_\_ (SEAL)  
SHAREHOLDER/PARTNER/MEMBER

State of \_\_\_\_\_  
County of \_\_\_\_\_

Each of the foregoing individuals, personally known to me, subscribed and sworn before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_



**EXHIBIT A  
TO THE FRANCHISE AGREEMENT BETWEEN  
COMPASS GROUP U.S.A., INC. BY AND THROUGH  
ITS CANTEEN DIVISION and FRANCHISEE**

1. The Assigned Territory is:

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Territorial boundaries described above shall be fixed as of the date of this Agreement and shall not change for the purpose hereof, notwithstanding any change to such boundaries or regions. All street boundaries shall be deemed to end at the street centerline unless otherwise specified above.

**2. If Franchisee has accounts within a geographic territory where Franchisee has non-exclusive rights, or has acknowledged accounts outside of Franchisee's territory, Franchisee understands and agrees that those accounts are not protected for Franchisee, and others may solicit and operate such acknowledged accounts or accounts within the non-exclusive territory. Canteen does not make any representations about protecting Franchisee's acknowledged accounts or accounts in non-exclusive territory, and Canteen does not authorize its employees or representatives to make any such representations either orally or in writing.**

**EXHIBIT D**  
**LEASE AGREEMENT**

## LEASE AGREEMENT

This Lease Agreement (this "Lease") is made as of the \_\_ day of \_\_\_\_\_, 20\_\_, by and between **COMPASS GROUP USA, INC.**, a Delaware corporation ("Landlord") and \_\_\_\_\_, a \_\_\_\_\_ ("Tenant").

### WITNESSETH:

In consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned Landlord and Tenant hereby covenant and agree as follows:

#### Section 1. Premises

Landlord hereby leases to Tenant and Tenant hereby leases and accepts subject to the terms and conditions of this Lease, the premises located at \_\_\_\_\_, as more particularly described on Exhibit "A" attached hereto, together with all buildings and improvements (the "Improvements") erected thereon (collectively, the "Premises"), subject to the terms and conditions of this Lease. Tenant hereby acknowledges that the interest created herein does not create an interest in the Premises other than a non-assignable contractual right subject to the terms of this Lease

#### Section 2. Term of Lease; Holding Over

(a) The term of this Lease (the "Term") shall commence on \_\_\_\_\_ (the "Commencement Date") and shall, unless sooner terminated pursuant to the terms of this Lease, automatically terminate without further notice or demand at 11:59 p.m. local time on \_\_\_\_\_ (the "Expiration Date").

(b) If Tenant remains in possession of the Premises after the expiration or earlier termination of this Lease, then, in addition to all remedies available to Landlord for Tenant's default, Tenant, as a result of such holding over, shall become a tenant at will, at twice the monthly installment of Base Rent due for the last month of the Term together with all Additional Rent due hereunder, and otherwise upon the terms, conditions, covenants and agreements of this Lease. Tenant also shall be liable to Landlord for all damages, direct or consequential, which Landlord suffers because of any holding over by Tenant (whether with or without Landlord's consent), and Tenant shall indemnify Landlord against all claims made by any other tenant or prospective tenant against Landlord resulting from delay in delivering possession of the Premises to such other tenant or prospective tenant. No holding over by Tenant after the expiration of the Term shall be construed to extend the term of this Lease.

#### Section 3. Rent; Additional Rent; Security Deposit

(a) Landlord and Tenant agree that during the Term, Tenant shall pay to Landlord in advance on the first day of each month monthly base rent ("Base Rent") in an amount equal to \_\_\_\_\_. In addition, Tenant hereby covenants and agrees to pay monthly, as Additional Rent (as hereinafter defined), any sales, use or other tax or assessment (excluding state and/or federal income tax) now or hereafter imposed upon rents by the United States of America, the State in which the Premises is located, or any political subdivisions thereof, to Landlord, notwithstanding the fact that such statute, ordinance or enactment imposing the same may endeavor to impose the tax on Landlord. Base Rent shall be pro-rated for any partial months at the beginning or end of the Term.

(b) Landlord and Tenant agree that except as otherwise expressly provided herein, Landlord shall receive all Rent free and clear of any and all impositions, liens, charges or expenses of any nature whatsoever in connection with the ownership and operation of the Premises. In addition to Base Rent, Tenant shall pay to Landlord and/or the parties respectively entitled thereto all charges, costs and expenses for which Tenant is obligated under the terms of this Lease (the "Additional Rent"). All such charges, costs and expenses shall constitute Additional Rent, and upon failure of Tenant to pay any of such charges, costs and expenses, Landlord shall have the same rights and remedies as otherwise provided in this Lease for the failure of Tenant to pay Base Rent. It is the intention of the parties hereto that this Lease shall not be terminable for any reason by Tenant, and that Tenant shall in no event be entitled to any abatement of or reduction in Rent payable under this Lease, except as herein expressly provided. Any present or future law to the contrary shall not alter this agreement of the parties. The term "Rent" shall include both Additional Rent and Base Rent. Tenant shall furnish to Landlord within thirty (30) days after Landlord's request official receipts evidencing the payment of any of Additional Rent to be paid by Tenant hereunder.

(c) All payments to be made by Tenant to Landlord hereunder shall be made to Landlord at its office at 2400 Yorkmont Road, Charlotte, North Carolina 28217, Attention: Director of Real Estate or at such other place as Landlord designates.

(d) Tenant hereby acknowledges that the late payment by Tenant to Landlord of Rent and other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Accordingly, if any installment of Rent or any other sum due from Tenant shall not be received by Landlord within five (5) days of the date when due, such unpaid amount will accrue interest at the rate of one and one-half percent (1.5%) per month and Tenant agrees to pay Landlord as Additional Rent such interest on such amount from the date such amount becomes due until such amount is paid. Interest shall continue to accrue through judgment and thereafter until all overdue amounts are paid. In addition, if any installment of Rent or any other sum due from Tenant shall not be received by Landlord within five (5) days of the date when due, Tenant shall pay to Landlord on demand a late charge equal to five percent (5%) of such installment or payment. The late charge for any month shall be computed on the aggregate amount of delinquent rents and other payments, including all accrued late charges and interest. This provision shall in no way relieve Tenant of the obligation to pay Rent or other payments by the date on which they are due and shall not limit Landlord's remedies concerning the late payment in any manner. The parties hereby agree that such late charge and interest represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge and/or interest by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.

(e) Tenant shall, simultaneously with the execution of this Lease, pay to Landlord the sum of \$ \_\_\_\_\_ (the "Security Deposit"), which shall be received and held by Landlord without interest as security for the faithful performance of all of the terms and provisions of this Lease by Tenant, including the obligation to pay Rent. If Tenant should default with respect to any covenant, duty or obligation of Tenant hereunder, then the Security Deposit, or any part thereof, may be applied by Landlord to the damages sustained by Landlord by reason of any such default or on any indebtedness owing by reason of Tenant's default hereunder. No such application shall be construed as an agreement to limit the amount of Landlord's claim or as a waiver of any damage or release of any indebtedness, but on the contrary, any claim of Landlord hereunder not recovered from the Security Deposit shall remain in full force and effect. At any time or times when Landlord has made any such application of all or any portion of the Security Deposit, Landlord shall have the right at any time thereafter to demand that Tenant pay to Landlord a sum equal to the amount so applied by Landlord so that Landlord will always be in possession of a sum equal to the amount of the Security Deposit stated above. Tenant shall make each such remittance within ten (10) days following such demand from Landlord and each

remittance received by Landlord shall thereupon constitute a part of the Security Deposit subject to the terms and provisions hereof. Failure to make any such remittance within the aforesaid ten (10) day period may be treated by Landlord as a failure by Tenant to make timely payment of Rent. In the event of any conveyance or other transfer of the Premises by Landlord, Landlord's remittance of the Security Deposit (or any remaining portion thereof) to Landlord's transferee shall, upon the assumption by said transferee of Landlord's obligations hereunder, release and relieve Landlord of any further obligation or liability to Tenant with respect to the Security Deposit. Landlord's rights hereunder with respect to the Security Deposit shall not in any other manner be assigned, transferred, pledged, mortgaged or encumbered by Tenant without the prior written consent of Landlord, and any attempt by Tenant to do so shall be void and of no effect. Within sixty (60) days after the end of the Term, the Security Deposit, or any balance thereof remaining after deducting therefrom all sums for which Tenant is then indebted to Landlord hereunder will be released to Tenant by means of Landlord's mailing a check to Tenant at the address set forth herein for notices to Tenant. In the event of the bankruptcy of Tenant or other debtor-creditor proceedings, the Security Deposit may be applied by Landlord as a set-off against any obligation of Tenant due and owing hereunder at or prior to the commencement of such proceedings, or, at Landlord's election, may be applied against any future claim of Landlord.

#### Section 4. Utilities

Tenant agrees to pay or cause to be paid prior to delinquency all charges for gas, water, sewage disposal, solid waste disposal, steam, electricity, light, heat, power, telephone, communications or other utilities or services used, rendered or supplied upon or in connection with the Premises during the Term and to indemnify and defend Landlord from and against any liability or damages on account of such charges. Landlord shall not be or become liable for, nor shall Tenant have any right to terminate this Lease for, nor shall the Rent be reduced or abated for, any interruption, defect or breakdown of any utility service to the Premises.

#### Section 5. Insurance

(a) Tenant shall, at all times during the Term, keep and maintain:

(i) Comprehensive commercial general liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Premises, with a combined single limit of not less than two million dollars (\$2,000,000) each occurrence/aggregate or such greater amounts as Landlord may reasonably require, insuring Tenant, and Landlord as additional insured, against liability arising out of Tenant's use and occupancy of the Premises; Limits may be met in the form of primary and excess coverage;

(ii) The equivalent of ISO Special form Property Insurance covering Tenant's property (including fixtures, leasehold improvements and equipment) located in the Premises, providing protection to the extent of one hundred percent (100%) of the replacement cost of such property, and such other property insurance against such other perils and in such amounts as Landlord may from time to time reasonably require;

(iii) Workers' compensation insurance (including employer's liability insurance) for all employees of Tenant and others engaged in work on or with respect to the Premises in such amount as is satisfactory to Landlord, but in no event less than required by applicable law and a minimum of \$1,000,000 for Employer's Liability;

(iv) During the course of any construction or repair of improvements, builder's risk insurance, completed value, non-reporting form, against "all risks of physical loss", including collapse and transit coverage, with deductibles satisfactory to Landlord, covering the total value of work performed and equipment, supplies and materials furnished. Said policy of insurance will contain a "permission to occupy upon completion of work or occupancy" endorsement and an agreed amount endorsement;

(v) Combined single limit bodily injury and property damage liability insurance covering all owned, non-owned, and hired automobiles of Tenant (not less than \$2 million combined single limits);

(vi) If any portion of the Premises is at any time located in a federally designated special flood hazard area, and if flood insurance is available under the National Flood Insurance Act of 1968 or any similar law, flood insurance in an amount equal to the full insurable value of the Premises;

(vii) Comprehensive boiler and machinery insurance, on the replacement cost basis, covering air tanks, boilers, machinery, pressure vessels and piping, heating, air conditioning, elevator equipment and escalator equipment, if the Premises contains such equipment, and insurance against loss of occupancy or use arising from any leakage, explosion or other malfunction of any such equipment; and

(viii) Such other insurance in such amounts and against such risks as is commonly obtained in the case of property similar in use to the Premises and located in the state in which the Premises are located by prudent owners of such property, including but not limited to flood insurance. If during the Term, higher limits of insurance than set forth above shall be appropriate, customary and generally required for like premises utilized for similar uses, then upon request by Landlord, Tenant will procure insurance with such higher limits.

(b) The insurance required by this Section 5 shall be written by companies having a claims paying ability rating of at least A, Class VIII by A.M. Best's Insurance Guide, and all such companies shall be authorized to do an insurance business in the State in which the Premises are located. The insurance to be maintained by Tenant under this Section 5, excluding property and workers compensation, shall name Landlord as an additional insured as its interest may appear.

(c) Anything in this Lease to the contrary notwithstanding, Landlord and Tenant each hereby waive any and all rights of recovery, claim, action, or cause of action, against the other, its agents, officers, or employees, for any loss or damage that may occur to the Premises or a part thereof, or any improvements thereto, or any personal property of such party therein, by reason of fire, the elements, or any other cause(s) which are insured against under the terms of the insurance policies referred to hereinabove (or which would have been insured against had the relevant party procured such insurance), or covered under a policy deductible, including negligence of the other party hereto, its agents, officers, or employees. All insurance policies pursuant to this Section, if permitted under applicable law, shall contain a provision whereby the insurer waives, prior to loss, all rights of subrogation against Landlord and Tenant.

(d) Every policy, except property insurance, referred to in this Section 5 shall provide that it will not be cancelled except after thirty (30) days' written notice to Landlord and to each mortgagee or beneficiary (whether one or more, the "Mortgagee") under each mortgage, deed of trust or similar security instrument creating a lien on the interest of Landlord in the Premises (whether one or more, the "Mortgage"). Every policy, except property and workers compensation, in this Section 5 shall be written as primary, and not contributing with or in excess of the coverage which Landlord or additional insureds, their agents, servants, and employees may carry.

(e) Tenant shall deliver to Landlord and Mortgagee upon written request original or duplicate certificates of insurance evidencing the existence of all insurance which is required to be maintained by Tenant hereunder and payment of all premiums therefor, such delivery to be made (i) prior to the Commencement Date and (ii) at least ten (10) days prior to the expiration of any such insurance. If Tenant shall fail to procure and maintain the insurance required in this Section 5, Landlord may, but shall not be required to, procure and maintain the same at the sole expense of Tenant.

(f) Landlord may maintain property insurance insuring the building improvements on the

Premises. Should Landlord carry such insurance, Tenant shall, within thirty (30) days after written notice from Landlord, reimburse Landlord for the cost thereof, as Additional Rent.

#### Section 6. Use of Premises; Compliance with Laws; Indemnification

(a) Tenant shall use the Premises for \_\_\_\_\_ and for no other purpose without the prior written consent of Landlord, which consent Landlord may grant or withhold in its sole and absolute discretion. Tenant shall not commit or allow any waste in or about the Premises nor shall Tenant cause or permit any nuisance in or about the Premises. Tenant shall at its own expense obtain any and all licenses and permits necessary for its use of the Premises. Without limiting the foregoing, in addition, Tenant shall not permit the Premises to be used for any purpose or in any manner which would void any insurance, render the insurance risk more hazardous, or cause any governmental or insurance authority to disallow any sprinkler credits.

(b) Tenant shall comply, and cause the Premises to comply, with all federal, state, and local laws, regulations, ordinances, directives, rules, covenants and restrictions of record, and orders applicable to the Premises and/or Tenant's use or occupancy of the Premises.

(c) Tenant shall indemnify, defend and hold harmless Landlord, its officers, members, shareholders, partners, agents and employees from and against any and all fines, penalties, claims, actions, demands, expenses, and judgments (including reasonable attorneys' fees, consultants' costs, and expert witness fees) arising from Tenant's use or occupancy of the Premises, or from the conduct of Tenant's business or from any activity, work or things done, permitted or suffered by Tenant in or about the Premises, or from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or arising from any negligence, acts of omissions of Tenant, or any of Tenant's agents, contractors, or employees, and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon. Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to property or injury to persons, in, upon or about the Premises arising from any cause, and Tenant hereby waives all claims in respect thereof against Landlord. If Landlord shall be made a party to any litigation or administrative action commenced by or against Tenant, Tenant shall indemnify and defend Landlord from and against all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection with such litigation. When such litigation is commenced, Tenant shall retain counsel at its expense, whose selection shall be subject to Landlord's reasonable consent, to defend Landlord. Tenant shall also pay all costs, expenses and reasonable attorneys' fees that may be incurred or paid by Landlord in enforcing this Lease.

(d) Tenant hereby agrees that Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom, or for damage to the goods, wares, merchandise or other property of Tenant, Tenant's employees, invitees, customers, or any other person in or about the Premises, nor shall Landlord be liable for injury to the person of Tenant, Tenant's employees, agents or contractors, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water, rain, snow, breakage, leakage, obstruction or defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, the electrical system, the plumbing and sewer systems. or from any other cause, whether said damage or injury results from conditions arising upon the Premises or from other sources or places and regardless of whether the cause of damage or injury or the means of repairing the same is inaccessible to Tenant.

#### Section 7. Hazardous Materials

Landlord and Tenant agree as follows with respect to the existence or use of any petroleum product, asbestos product or other material, substance or waste that is recognized as being hazardous

or dangerous to health or the environment by any federal, state or local agency having environmental protection jurisdiction over the Premises (“Hazardous Substance”) on or about the Premises:

(a) All of Tenant’s activities on the Premises shall comply with any applicable environmental laws. Tenant shall not cause or permit any Hazardous Substances to be brought upon, kept or used in, on or about the Premises by Tenant, its agents, employees, contractors or invitees, without the prior written consent of Landlord, which consent Landlord may grant or withhold in its sole and absolute discretion. If Tenant breaches the obligations stated in the preceding sentence, or if the presence of Hazardous Substances on the Premises caused or permitted by Tenant results in contamination of the Premises, or if contamination of the Premises by Hazardous Substances otherwise occurs during the Term, then Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses which arise during or after the Term as a result of such contamination. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions, including regular inspection, or any clean-up, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Substances present in the soil or ground water on or under the Premises (except for those occurring prior to Tenant’s occupancy of the Premises) or which may be caused by outside third parties. The indemnity and hold harmless obligations of Tenant under this Section 7 shall survive any termination of this Lease. Without limiting the foregoing, if the presence of any Hazardous Substances on the Premises caused or permitted by Tenant or its agents, employees, contractors and/or invitees results in any contamination of the Premises, Tenant shall promptly take all actions, at its sole cost and expense, as are necessary to return the Premises to the condition existing prior to the introduction of any such Hazardous Substances to the Premises; provided, however, Landlord’s approval of such actions shall first be obtained.

(b) Landlord’s and Landlord’s agents shall have the right, but not the obligation, to inspect the Premises for the purposes of ascertaining Tenant’s compliance with this Section 7. In the event of a spill or mishandling of Hazardous Substances, Tenant shall immediately inform Landlord in writing. Such notice shall identify the Hazardous Substances involved and the emergency procedures taken.

#### Section 8. Condition of the Improvements; Alterations

(a) Tenant accepts possession of the Premises and all Improvements thereon “as is” in their current condition and repair, subject to all applicable zoning, municipal county, and state laws, ordinances and regulations governing and regulating the use of the Premises, and any covenants or restrictions of record, and accepts this Lease subject thereto and to all matters disclosed thereby. Tenant acknowledges that neither Landlord nor Tenant’s agent has made any representation or warranty as to the present or future suitability of the Premises for the conduct of Tenant’s business.

(b) Tenant shall not, without Landlord’s prior written consent, which Landlord may withhold in its sole and absolute discretion, make any alterations, improvements, additions, or utility installations in, on or about the Premises. In the event that Landlord consents to any alterations, improvements, additions, or utility installations in, on or about the Premises, Landlord may require that Tenant remove any or all of the same at the expiration of the Term, and restore the Premises to its prior condition. Landlord may require Tenant to provide Landlord, at Tenant’s sole expense, a lien and completion bond in an amount equal to one and one-half times the estimated cost of any improvements to insure Landlord against any liability for mechanics’ and materialmen’s liens and to insure completion of the work. Should Tenant make any alterations, improvements, additions or utility installations without the prior written approval of Landlord, Landlord may require that Tenant remove any or all of the same at Tenant’s cost and expense. Any alterations, improvements, additions or utility



improvements in, on or about the Premises which Tenant desires to make shall be presented to Landlord in written form, with proposed detailed plans. If Landlord shall give its consent, the consent shall be deemed conditioned upon Tenant's acquiring a permit to do so from appropriate governmental agencies, the furnishing of a copy thereof to Landlord prior to the commencement of the work, and compliance by Tenant with all conditions of said permit in a prompt and expeditious manner. Any alterations, improvements, additions or utility installations by Tenant shall be completed in accordance with applicable laws and building codes and in good and workmanlike manner and in a style, character and quality conforming to the existing construction.

(c) Tenant shall pay when due all claims for labor or materials furnished or alleged to have been furnished to or for Tenant at or for use in the Premises. Tenant shall not permit to be created or to remain undischarged any lien, encumbrance or charge arising out of any work of any contractor, mechanic, laborer, or materialman, or any mortgage, vendor's lien, or conditional sale security agreement which might be or become a lien, encumbrance, or charge upon any part of or interest in the Premises. Tenant shall give notice to Landlord not less than five (5) days prior to commencement of any work in the Premises, and Landlord shall have the right to post notices of non-responsibility in or on the Premises as provided by law. If any lien or notice of lien on account of an alleged debt of Tenant or if any notice of a contract by a party engaged by Tenant or Tenant's contractor to work on the Premises shall be filed against any part of the Premises, then within ten (10) days after notice of such filing, Tenant will cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction, or other means provided by law. If Tenant fails to cause such lien or notice of lien to be discharged within this period, then, in addition to any other right or remedy, Landlord may, but shall not be obligated to, discharge the same by deposit or by bonding proceedings. Landlord may then compel the prosecution of an action for the foreclosure of such lien by the lienor and pay the amount of the judgment in favor of the lienor with interest, costs, and allowances. Any amount so paid by Landlord and all related costs and expenses, including attorneys' fees, incurred by Landlord, together with interest on all amounts paid at the maximum legal rate from the respective dates of Landlord's making of the payment or incurring of the cost and expense, shall constitute Additional Rent payable by Tenant on demand. Tenant shall not be obligated to pay or discharge any lien created by Landlord.

(d) Unless Landlord requires their removal, as set forth above, all alterations, improvements, additions and utility installations (whether or not such utility installations constitute trade fixtures of Tenant) which may be made on the Premises, shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term. Notwithstanding the provisions of this paragraph, Tenant's machinery and equipment (other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises ) shall remain the property of Tenant and may be removed by Tenant subject to the provisions of this Lease. If Tenant fails to remove such items from the Premises prior to the expiration or earlier termination of this Lease, they shall become the property of Landlord unless Landlord elects to require their removal, in which case Tenant shall promptly remove such property and repair any damage to the Premises caused by their removal.

(e) Tenant shall only have such exterior signs, lettering, decorations, or advertising as are permitted by law and have been approved by Landlord in writing, such approval to be in Landlord's sole and absolute discretion. Upon vacating the Premises, Tenant agrees to remove all such items and to repair all damage caused by removal.

#### Section 9. Maintenance and Repairs

(a) Landlord shall maintain, repair, replace and keep in good condition, at its sole expense, the roof, exterior walls, and foundation of any building improvements located on the Premises,

unless necessitated by the Tenant's or its agent's, contractor's or employee's negligence or intentional misconduct.

(b) Tenant shall maintain, repair, replace and keep in good condition, at its sole expense, the Premises, and all portions thereof, except for those that are specifically Landlord's obligation under Section 9(a) above, including without limitation all building systems. Tenant shall also be responsible for the routine cleaning of the Premises and any necessary pest control. Upon termination of this Lease, Tenant shall surrender the Premises in good condition and repair. Tenant shall leave the air lines, power panels, electrical distribution systems, lighting fixtures, space heaters, air conditioning, plumbing and other building systems on the Premises in good operating condition. Tenant shall not permit the accumulation of refuse or debris in or around the Premises. Tenant agrees to keep all refuse in proper containers inside the Premises and to contract, at Tenant's expense, for its removal. If Tenant fails to remove any accumulation of rubbish within two (2) days after notice, Landlord may do so, with the cost paid by Tenant as Additional Rent.

(c) Any and all repairs shall be accomplished with first class materials, in a good and workmanlike manner, in compliance with all applicable laws of all governmental authorities, and in a style, character and quality conforming to the existing construction. Additionally, if Tenant wishes to retain janitorial services, such services shall be retained at Tenant's sole cost and expense, and Tenant shall exercise due care in the selection of any persons or firms which may be engaged for the purpose of rendering such services.

#### Section 10. Default

(a) In addition to defaults specified in other sections of this Lease, the occurrence of any of the following shall be a default by Tenant, and each shall constitute a default without notice from Landlord unless expressly required herein: (i) Tenant shall fail to pay Base Rent or Additional Rent when due or shall fail to make any other payment when required pursuant to this Lease (regardless of whether or not any legal or formal demand has been made therefor); (ii) Tenant shall violate or fail to perform any of the terms, conditions, covenants or agreements herein made by Tenant (other than those set forth in Sections 10(a)(i) and 10(a)(iii)-(viii) inclusive, or where expressly declared to be an immediate default in other sections of this Lease) within fifteen (15) days of written notice from Landlord (unless, in the case of any default which cannot with all commercial due diligence be remedied within such 15-day period, a course of action adequate to remedy the same shall be commenced by Tenant within such period and shall thereafter be completed within thirty (30) days of written notice from Landlord); (iii) Tenant or any guarantor of this Lease becomes insolvent or unable to pay its debts as they become due, or Tenant or any guarantor of this Lease notifies Landlord that it anticipates either condition, or Tenant or any guarantor of this Lease shall be adjudicated a bankrupt or file a voluntary petition in any bankruptcy or insolvency proceeding, or Tenant or any guarantor of this Lease notifies Landlord that it intends to file such a petition, or if any involuntary petition in any bankruptcy or insolvency proceeding shall be filed against Tenant or any guarantor of this Lease and not discharged within sixty (60) days from the date of filing, or if Tenant or any guarantor of this Lease or any creditor of Tenant or any guarantor of this Lease notifies Landlord that it knows of or expects such a petition to be filed; (iv) Tenant or any guarantor of this Lease shall make or consent to an assignment for the benefit of creditors or a common law composition of creditors, without the prior written consent of Landlord; (v) a receiver or trustee shall be appointed for Tenant's interest in the Premises or for all or substantially all of Tenant's or any guarantor's of this Lease assets; (vi) Tenant or any guarantor of this Lease shall make a transfer in fraud of creditors; (vii) Tenant shall attempt to assign or encumber this Lease or sublease the Premises in violation of the terms hereof; or (viii) Tenant vacates or abandons the Premises.

(b) Upon Tenant's default hereunder, Landlord shall have the right to pursue any one or more of the following rights and remedies without notice or demand of any kind to Tenant or any other person, except as expressly required herein:

(i) Without declaring this Lease terminated, Landlord may re-enter the Premises, without being liable for prosecution or any claim of damages therefor, take possession thereof and remove all persons therefrom, relet the Premises on behalf of Tenant and receive the rent directly by reason of the reletting. Tenant agrees to pay Landlord on demand any deficiency that may arise by reason of any reletting of the Premises for the balance of the Term; further, Tenant agrees to reimburse Landlord for any reasonable or necessary expenditures made by it in order to obtain possession of and relet the Premises, including, but not limited to, brokerage fees, remodeling and repair costs and reasonable attorneys' fees. Even though Landlord may have reentered the Premises without terminating this Lease, in accordance with this paragraph, Landlord may elect thereafter to terminate this Lease;

(ii) Bring suit for the collection of Rent and Additional Rent as they accrue pursuant to the terms of this Lease, and damages (including without limitation brokerage fees, attorneys' fees and the cost of renovating the Premises), without entering into possession of said Premises or terminating this Lease, provided that if Landlord shall relet all or any part of the Premises for all or any part of the remaining Term, Landlord shall credit Tenant with the net rents received by Landlord from such reletting, such net rents to be determined by first deducting from the gross rents as and when received by Landlord from such reletting the expenses incurred by Landlord in connection therewith. Notwithstanding the foregoing, in no event shall Tenant be entitled to a credit or repayment for any rents collected by Landlord as a result of any reletting which exceeds the sum payable by Tenant hereunder;

(iii) Re-enter or retake possession of the Premises from Tenant by summary proceedings or otherwise and to remove, or cause to be removed Tenant or any other occupants from the Premises in such manner as Landlord shall deem advisable with or without legal process and using self-help if necessary, as the same is permitted by law;

(iv) Landlord may terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and Landlord shall immediately be entitled to the following as damages, in addition to its other remedies: (A) any unpaid Rent, including interest thereon which is due and owing at the time of such termination; plus (B) that Rent, including interest thereon, which would have been earned after termination until the time of judgment; plus (C) an amount equal to the Rent for the balance of what otherwise would have been the Term had the same not been terminated; plus (D) any other amount necessary to compensate Landlord for all of the damages caused by Tenant's failure to perform its obligations under this Lease, including, without limitation, the reasonable costs of renovating the Premises, brokerage fees, reasonable attorneys' fees, loss and damage due to the failure of Tenant to maintain and/or repair the Premises as required hereunder and/or due to the inability of Landlord to relet the Premises on satisfactory terms or otherwise;

(v) Without terminating this Lease and the obligations of Tenant hereunder, Landlord may enter upon the Premises and do whatever Tenant is obligated to do under the terms of this Lease and take possession thereof and remove all persons therefrom, without being liable for prosecution or any claim of damages therefor and Tenant agrees to reimburse Landlord on demand for any expense which Landlord may incur in effecting compliance with Tenant's obligations under this Lease and Tenant further agrees that Landlord shall not be liable for any damages resulting to Tenant from such action; and

(vi) In addition to any other remedy set forth in this Lease, Landlord shall have all rights and remedies available pursuant to law, including without limitation injunctive relief of all varieties.

(c) Notwithstanding anything contained in this Lease to the contrary, this Lease may be terminated by Landlord only by written notice of such termination to Tenant given in accordance with this Lease, and no other act or omission of Landlord shall be construed as a termination of this Lease. All rights and remedies of Landlord herein or existing at law or in equity are cumulative and the exercise of one or more rights or remedies shall not be taken to exclude or waive the right to the exercise of any other. No delay or omission of Landlord to exercise any right or power arising from default shall be considered a waiver of such default. Tenant further covenants that the service by Landlord of any notice pursuant to the unlawful detainer, eviction or summary ejectment statutes of the State in which the Premises are located and the surrender of possession pursuant to such notice shall not (unless Landlord elects to the contrary at the time of, or at any time subsequent to, the serving of such notice and such election is evidenced by a written notice to Tenant) be deemed to be a termination of this Lease. Notwithstanding any provision hereof to the contrary, Landlord shall have no obligation or duty to relet or attempt to relet the Premises, and Landlord's failure to relet the Premises shall not release or affect Tenant's liability hereunder. Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future law in the event this Lease is terminated or Tenant is evicted or dispossessed following a default hereunder.

(d) Landlord shall have the right, with or without terminating this Lease, to re-enter the Premises and remove all persons and property from the Premises without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer and without incurring any liability for any damage resulting therefrom, Tenant hereby waiving any right to claim damage for such reentry and expulsion, and without relinquishing Landlord's right to rent or any other right given to Landlord hereunder or by operation of law. All property owned by Tenant and removed by Landlord may be stored in a public warehouse or elsewhere at the cost of Tenant, without service of notice or resort to legal process (all of which Tenant expressly waives), and Landlord shall have no liability whatsoever to Tenant therefor, including without limitation liability for trespass or conversion.

(e) Upon Tenant's default hereunder, Landlord may sell at public or private sale, all or any part of Tenant's property recovered by Landlord with or without having such property at sale. At any such sale, Landlord or its assigns may purchase unless otherwise prohibited by law. The proceeds from any such disposition, less any and all expenses (including legal fees) connected with the taking of possession, holding and selling of Tenant's property, first shall be paid from the proceeds realized on such sale and the balance applied to amounts due to Landlord hereunder. Any surplus shall be paid to Tenant or as otherwise required by law, and Tenant shall remain responsible for any deficiencies. In connection herewith, Landlord shall have any and all of the remedies afforded to secured parties under the provisions of the Uniform Commercial Code, as codified in the State in which the Premises is located.

(f) If Tenant fails to make any payment or perform any act required by this Lease, Landlord, without waiving or releasing Tenant from any obligation or default under this Lease, may (but shall be under no obligation to) at any time make such payment or perform such act for the account and at the expense of Tenant. All sums so paid by Landlord and all costs and expenses so incurred shall accrue interest at the rate of eighteen percent (18%) per annum from the date paid or incurred and shall constitute Additional Rent payable by Tenant upon demand.

(g) After the dispatch of any notice, the commencement of any suit, or the rendering of a judgment, Landlord may receive and collect any Rent due, and such collection or receipt shall not operate as a waiver or affect such notice, suit or judgment to the extent of Tenant's remaining or

unperformed obligations.

#### Section 11. Taxes

Tenant shall pay, prior to delinquency, all real property ad valorem taxes and assessments which may be imposed on the Premises, including but not limited to any increase in any real property ad valorem taxes or assessments imposed because of the existence or value of any fixtures, furnishings, equipment or merchandise installed in or brought on the Premises. Tenant shall also pay, prior to delinquency, all taxes assessed against and levied upon fixtures, furnishings, equipment, merchandise and all other personal property contained in the Premises. When possible, Tenant shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Landlord.

#### Section 12. Damage To Or Destruction Of The Premises

(a) If the Premises are totally or substantially damaged such that, in the judgment of Landlord, the Premises cannot be rebuilt to substantially their former state within one hundred eighty (180) days from the date of damage, this Lease shall terminate as of the date the damage occurred. However, if in the judgment of Landlord the Premises can be rebuilt within one hundred eighty (180) days from the date of damage, Landlord may elect to do so at its own expense and shall notify Tenant of such election to rebuild, in which case the Lease shall remain in effect. Landlord agrees to so notify Tenant of its election within ninety (90) days after the date of damage. If Landlord elects to rebuild, Landlord promptly following its election to do so, agrees to undertake the restoration work and to diligently pursue completion thereof. The obligation of Landlord to restore and rebuild the Premises is subject to the availability for restoration of insurance proceeds insuring the casualty in an amount sufficient to pay for the full restoration of the Premises, without payment to any holder of any security instrument affecting the Premises; absent such availability of proceeds, Landlord shall not be obligated to so restore and rebuild. Any prevention, delay, or stoppage due to strikes, lock outs, labor disputes, Acts of God, inability to obtain labor or materials or reasonable substitutes, governmental restrictions, regulations or controls, enemy or hostile government action, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the Landlord shall excuse the performance by Landlord of its covenants to make repairs for a period equal to any such prevention, delay or stoppage.

(b) If the Premises are damaged or destroyed, either partially or totally, during the last two (2) years of the Term, Landlord may, at Landlord's option, cancel or terminate this Lease as of the date of occurrence of such damage by giving written notice to Tenant of Landlord's election to do so within thirty (30) days after the date of occurrence of such damage.

(c) Rent shall not abate as a result of any casualty.

#### Section 13. Condemnation

(a) If the Premises or any portion thereof are condemned by any legally constituted authority for any public use or purpose so as to render the Premises, in Landlord's sole judgment, wholly unusable for purposes herein leased, the term granted shall cease from the time when possession is taken by the public authorities, and Rent shall be prorated as of that date.

(b) If the condemnation is only partial and, in Landlord's sole judgment, the remaining portion of the Premises may be used for Tenant's purposes, then this Lease shall not terminate. In the event of a partial taking with respect to which Landlord's mortgagee claims a substantial part of the award, Landlord may terminate this Lease by written notice to Tenant. If Landlord receives sufficient

funds from the condemnation to complete necessary repairs and alterations, it shall make all repairs or alterations so as to constitute the remaining Premises a complete architectural unit.

(c) In any condemnation, the entire award, including without limitation all damages as compensation for diminution in value of the leasehold, reversion, and fee, shall belong to the Landlord without any deduction for any present or future estate of Tenant. Tenant hereby assigns to Landlord all its right, title, and interest to any such award. Although all damages belong to the Landlord, Tenant shall have the right, provided the same does not reduce the award otherwise payable to Landlord, to claim and recover from the condemning authority, but not from Landlord, such compensation as may be separately awarded or recoverable by Tenant in its own right on account of damage to its business because of the condemnation.

#### Section 14. Assignment and Subletting

Tenant shall not assign the Lease or sublet the Premises, or any portion thereof, nor shall Tenant in any way mortgage or encumber its interest under this Lease, without the prior written consent of Landlord, which Landlord may withhold in its sole and absolute discretion. Landlord's consent to any subletting shall not release Tenant from any of its obligations or liability hereunder or be deemed to be a consent to any subsequent transfer. Any transfer of this Lease by merger, consolidation, or liquidation or any change in ownership of or power to vote the majority of outstanding voting stock of Tenant or, if Tenant is a partnership, any withdrawal, replacement or substitution of any partner or partners, either general or limited, shall constitute an assignment, whether the result of a single or series of transactions, and shall be subject to Landlord's approval, which Landlord may withhold in its sole and absolute discretion. Landlord may proceed directly against Tenant for any breach of this Lease without pursuing remedies against any assignee or sublessee.

#### Section 15. Subordination and Attornment

(a) This Lease and all rights of Tenant hereunder are automatically subordinate to any and all security instruments, including deeds of trust, security agreements and assignments of Landlord's interests in leases, to any advances to be made thereunder, and to all renewals, replacements and extensions thereof, which may hereafter be entered into by Landlord without execution of further documents or instruments. Nevertheless, upon the written request of Landlord, Tenant will subordinate Tenant's rights hereunder in writing to the lien of any deeds of trust, or to the lien resulting from any other method of financing or refinancing, now or hereafter in force against the Premises. Tenant agrees to execute any documents which may be required to effectuate the subordination and otherwise carry out Tenant's obligations under this paragraph, and failing to do so within fifteen (15) days after written demand, does make, constitute and irrevocably appoint Landlord as Tenant's attorney-in-fact and in Tenant's name, place and stead so to do. Tenant also agrees that any mortgagee or deed of trust beneficiary may elect to have this Lease prior to the lien of its mortgage or deed of trust, and upon notification to Tenant of such election, this Lease shall be deemed prior in lien to such encumbrance, regardless of the dates or record priority of the two instruments. If Tenant is notified of any lender with a collateral interest in the Premises and of the name and address of the lender or trustee, Tenant shall not terminate or cancel this Lease for any default by Landlord without first: (1) giving notice of its intention to do so to such party, the notice to describe in reasonable detail the nature and extent of the default, and (2) affording such party a reasonable opportunity to perform Landlord's obligations under this Lease on Landlord's behalf.

(b) If Landlord sells or assigns its interest in the Premises, or in the event of the exercise of the power of sale under any mortgage or deed of trust covering the Premises, Tenant shall attorn to and recognize the purchaser as Landlord under this Lease.

## Section 16. Miscellaneous Provisions

(a) At any time and from time to time, Tenant agrees, upon request in writing from Landlord, to execute, acknowledge and deliver to Landlord, or to Landlord's mortgagee or lender, a written statement in form and substance satisfactory to Landlord certifying to all or any part of the following information as Landlord shall reasonably request: (i) that this Lease constitutes the entire agreement between Landlord and Tenant and is unmodified and in full force and effect (or stating the modification); (ii) the dates to which the Base Rent, Additional Rent, and other charges have been paid; (iii) that all conditions precedent to the Lease taking effect have been carried out; (iv) that Tenant has accepted possession, that the Term has commenced, that Tenant is occupying the Premises, that Tenant knows of no default under the Lease by Landlord or Tenant and that there are no defaults by Landlord; (v) the actual commencement and expiration dates of the Lease; and (vi) such other additional items as Landlord or Mortgagee may reasonably request. In the event the Tenant fails to provide such letter within fifteen (15) days after demand, Tenant hereby irrevocably appoints Landlord as Tenant's attorney-in-fact to do so in Tenant's name, place and stead.

(b) No waiver of any condition or legal right or remedy shall be implied by the failure of Landlord to declare forfeiture, or for any other reason. No waiver of any condition or covenant shall be valid unless signed by Landlord, nor shall the waiver of a breach of any condition be claimed or pled to excuse a future breach of the same condition or covenant. The mention in this Lease of any specific right or remedy shall not preclude Landlord from exercising or from having any other right or remedy or from maintaining any action to which it may be otherwise entitled either at law or in equity. This Lease shall be construed to be a divisible contract, so that successive actions may be maintained as sums become due under this Lease. Failure to include in any suit or action any amount then due shall not be a bar to the maintenance of any suit or action for the recovery of said sum or sums.

(c) Landlord covenants and agrees that if Tenant shall perform all the covenants and agreements provided for in this Lease, Tenant shall have the peaceful and quiet enjoyment and possession of the Premises without any manner of interference or hindrance from Landlord or any person or persons lawfully claiming through Landlord, but subject to any matters of record.

(d) Tenant warrants that there are no claims for broker's commissions or finder's fees in connection with its execution of this Lease or occupancy of the Premises and that Tenant has not dealt with any broker or intermediaries entitled to any compensation in connection with this Lease or Tenant's occupation of the Premises. Tenant agrees to indemnify and hold Landlord harmless from and against any liability, claim, damage, cost or expenses (including, without limitation, reasonable attorneys' fees) incurred by Landlord in the event of the inaccuracy of any of the foregoing representations and warrants.

(e) This Lease and all its covenants, provisions, and conditions shall inure to the benefit of and be binding upon the heirs, personal representatives, successors and assigns, respectively, of the parties. However, a transfer by, from, through, or under Tenant without any approvals required under this Lease shall not vest in the transferee any right, title, or interest whatever.

(f) This Lease and the attached exhibits set forth all the covenants, promises, agreements, conditions, and understandings between Landlord and Tenant concerning the Premises, and there are no other covenants, promises, agreements, conditions or understandings, either oral or written, between them. No subsequent alteration, amendment, change, or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by them. Tenant agrees that Landlord and its agents have made no representations or promises with respect to the Premises, the Improvements or adjacent property except as expressly set forth in this Lease.

(g) If any notice or other correspondence is required to be delivered under this Lease, it shall be given in writing, and shall be delivered personally, by overnight delivery service, or by United States mail, postage prepaid, certified or registered mail, return receipt requested, in which event it shall be deemed given upon receipt, to the parties at the following addresses (or to such other address as a party may designate by notice):

Landlord: Compass Group USA, Inc.  
2400 Yorkmont Road  
Charlotte, North Carolina 28217  
Attention: Director of Real Estate

AND

Compass Group USA, Inc.  
2400 Yorkmont Road  
Charlotte, North Carolina 28217  
Attention: General Counsel

Tenant: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(h) In the event of the sale or other transfer of Landlord's right, title, and interest in the Premises, Landlord shall be released from all liability and obligations under this Lease. With respect to any provision of this Lease which provides that Landlord shall not unreasonably withhold or delay any consent or approval, Tenant shall not have, and Tenant hereby waives, any claim for money damages based upon any allegation of unreasonableness by Landlord, nor shall Tenant claim any money damages by way of setoff, counterclaim or defense, based upon any allegation of unreasonableness by Landlord. In such event, Tenant's sole remedy shall be an action or proceeding to enforce any such provisions, or for specific performance, injunction or declaratory judgment.

(i) Landlord may enter the Premises at reasonable hours (or at any time in the event of an emergency) to ensure that Tenant is in compliance with the terms of this Lease, to show the Premises to prospective lenders, purchasers or tenants, and to make repairs or alterations permitted or required under the terms of this Lease, no such entry shall render Landlord liable to any claim or cause of action for loss of or damage to the business or property of Tenant by reason thereof, nor in any matter affect the obligations and covenants of this Lease. Landlord has the right to place "For Rent" or "For Sale" signs on the Premises.

(j) TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, LANDLORD AND TENANT EACH HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT BY EITHER PARTY AGAINST THE OTHER ON ANY MATTERS ARISING UNDER THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND ANY SUMMARY OR EMERGENCY STATUTORY REMEDY. TENANT FURTHER AGREES THAT IT SHALL NOT INTERPOSE ANY COUNTERCLAIMS IN ANY SUMMARY PROCEEDING FOR POSSESSION, RESTITUTION OR DISPOSSESSION OF THE PREMISES, EXCEPT SUCH CLAIMS, IF ANY, AS ARE MANDATORY AND COULD NOT BE RECOVERED IN A SEPARATE CIVIL ACTION. FURTHER, NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, IN NO EVENT SHALL LANDLORD BE LIABLE TO TENANT FOR ANY CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES.



(k) If either party brings an action against the other by reason of the alleged breach of this Lease, the prevailing party shall be entitled to recover from the other party all legal expenses, including reasonable attorneys' fees, in an amount to be fixed by the court rendering such judgment. In addition, if Tenant shall be in default under this Lease and shall cure such default after notice, then all reasonable attorneys' fees incurred by Landlord as a result of such default shall be paid by Tenant.

(l) If any mortgagee or committed financier of Landlord should require, as a condition precedent to the closing of any loan or the disbursal of any money under the loan, that this Lease be amended or supplemented in a reasonable manner (other than in the description of the Premises, the Term, the permitted use, or the Base Rent or other charges hereunder), Landlord shall give written notice thereof to Tenant, which notice shall be accompanied by a Lease Supplement Agreement embodying such amendments and supplements. Tenant shall, within ten (10) days after the effective date of Landlord's notice, execute and deliver to Landlord the tendered Lease Supplement Agreement, and failing to do so within fifteen (15) days after written demand, does make, constitute and irrevocably appoint Landlord as Tenant's attorney-in-fact and in Tenant's name, place and stead so to do.

(m) Tenant shall, within five (5) days of demand by Landlord, furnish Landlord with certified copies of its current financial statements certified by an independent public accountant, and such other financial information with respect to Tenant as Landlord shall request. Such financial statements and other financial information shall be prepared in accordance with generally accepted accounting principles.

(n) Time is of the essence in this Lease.

(o) The captions of this Lease are to assist in the reading of the Lease, and are not a part of the terms of this Lease.

(p) A determination by a court of competent jurisdiction that any provision of this Lease is unenforceable shall not invalidate the remainder of the Lease.

(q) With respect to the Premises, Landlord reserves to itself the right, from time to time, to grant such easements, rights and dedications as Landlord deems necessary or desirable, and to cause the recordation of parcel maps and restrictions, so long as such easements, rights, dedications, maps and restrictions do not unreasonably interfere with the use of the Premises by Tenant. Tenant shall sign any of the aforementioned documents upon request of Landlord, and failing to do so within fifteen (15) days after written demand, does make, constitute and irrevocably appoint Landlord as Tenant's attorney-in-fact and in Tenant's name, place and stead so to do.

(r) Each person executing this Lease on behalf of Landlord and Tenant, respectively, warrants and represents that the entity for whom he or she is acting has duly authorized the transactions contemplated herein and the executing of this Lease by him or her, and that upon its execution, this Lease shall constitute a valid and binding obligation of the party on whose behalf it is so executed.

(s) Nothing contained in this Lease shall render Landlord in any way a partner, joint venturer or associate with Tenant in the operation of the Premises or subject Landlord to any obligation, loss, charge or expense in connection with or arising from the operation of the Premises.

(t) Notwithstanding anything to the contrary provided in this Lease, it is specifically understood and agreed, such agreement being a primary consideration for the execution of this Lease by Landlord, that there shall be absolutely no personal liability on the part of any partner, director, member, officer or shareholder of Landlord, its successors or assigns with respect to any of the terms,

covenants and conditions of this Lease, and any liability on the part of Landlord shall be limited solely to the Premises, such exculpation of liability to be absolute and without any exception whatsoever.

(u) Tenant shall not record any copy of this Lease, but record a commercially reasonable memorandum thereof with the express prior written consent of Landlord, such consent to be granted or withheld in Landlord's sole and absolute discretion.

**[SIGNATURE PAGE TO FOLLOW]**

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be signed as of the day and year first above written.

LANDLORD:

**COMPASS GROUP USA, INC.**, a Delaware corporation

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

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

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

TENANT:

\_\_\_\_\_, a

\_\_\_\_\_

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

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

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

**EXHIBIT "A"**

**EXHIBIT E**

**ASSIGNMENT OF LEASE**

## ASSIGNMENT AND ASSUMPTION AGREEMENT

**THIS ASSIGNMENT AND ASSUMPTION AGREEMENT** (this “Agreement”) is made and entered into effective as of \_\_\_\_\_, 20\_\_ (the “Effective Date”) between **COMPASS GROUP USA, INC.**, a Delaware corporation (“Assignor”) and \_\_\_\_\_ a \_\_\_\_\_ (“Assignee”).

### WITNESSETH:

**WHEREAS**, Assignor is the tenant under that certain \_\_\_\_\_ dated \_\_\_\_\_ by and between \_\_\_\_\_ (“Landlord”) and Assignor (hereinafter referred to as the “Lease”), (hereinafter referred to as the “Lease”) covering certain property, commonly known by the street address \_\_\_\_\_ (the “Leased Premises”) as more particularly described in the Lease, a true and correct copy of which Lease has been provided to Assignee; and

**WHEREAS**, Assignor and Assignee are parties to that certain Master Transaction Agreement dated as of <Date> (the “Master Agreement”), pursuant to which Assignee shall become a franchisee of Assignor and shall purchase from Assignor its vending business in <City and State>; and

**WHEREAS**, Assignor desires to sell and to assign to Assignee all of its rights in the Lease and Assignee desires to purchase and to accept the same and to perform and assume all of Assignor’s duties and obligations thereunder arising or accruing after the Effective Date;

**NOW, THEREFORE**, in consideration of the premises and of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

1. **Assignment by Assignor of Lease and Related Rights.** Assignor hereby transfers, assigns and conveys unto Assignee, its successors and assigns, all of Assignor’s right, title and interest in, to and under the Lease, including without limitation, all extension and renewal rights[, together with all of Assignor’s right, title and interest in and to any and all equipment, fixtures and tenant improvements located in the Lease Premises].

2. **Assumption by Assignee.** Assignee hereby accepts all of Assignor’s right, title and interest in, to and under the Lease and hereby assumes and agrees to perform fully all of the terms, conditions, covenants, duties, obligations and agreements of the Lease on the part of the tenant thereunder to be kept and performed arising or accruing on and after the Effective Date or otherwise attributable to the period commencing on the Effective Date and continuing thereafter, including without limitation the rental obligations of the Lease.

3. **Indemnities.** Assignee shall indemnify Assignor against and hold Assignor harmless from and against any and all claims, demands, actions, suits, proceedings, damages, liabilities, costs, and expenses (including without limitation reasonable attorneys’ fees) of any and every nature whatsoever relating to the Lease or the Leased Premises arising out of events that occur on or after the Effective Date. Assignor shall indemnify Assignee against and hold Assignee harmless from and against any and all claims, demands, actions, suits, proceedings, damages, liabilities, costs and expenses (including without limitation, reasonable attorneys’ fees) of any and every nature whatsoever relating to the Lease or the Leased Premises arising out of events that occur prior to the Effective Date.

4. **Consent of Landlord.** By its signature hereto, Landlord hereby consents to the assignment of the Lease by Assignor to Assignee, and notwithstanding anything contained in the Lease to the contrary, hereby agrees to the full, complete and unconditional release of Assignor from all obligations and/or liabilities under the Lease from and after the Effective Date. The consent given hereby shall not be construed as relieving Assignee, as tenant under the Lease, from obtaining the consent of Landlord to any further assignment of the Lease or subletting of the Leased Premises, if and to the extent that Landlord’s consent is required under the Lease.

5. **Notices.** Assignee shall promptly advise the Landlord of its address for purposes of giving notice pursuant to the terms of the Lease.

6. **Miscellaneous.** This Agreement shall be construed pursuant to and under the laws of the state where the Leased Premises is located. This Agreement shall bind and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns. This Agreement may not be amended except by writing signed by the parties hereto and this Agreement supersedes any and all previous or contemporaneous oral understandings relating to the subject matter hereof. Assignor, Assignee and Landlord represent and warrant each to the other that the terms and provisions of this Agreement are valid, binding, and enforceable against the parties hereto, and the execution and delivery of this Agreement has been duly authorized and executed in accordance with each such party's organizational documents. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of such counterparts shall together constitute but one and the same instrument. Signature pages from one counterpart may be detached from such counterpart and added to other counterparts.

7. **Voiding of Agreement.** If Assignor and Assignee do not execute the Master Agreement on or before the date of this Agreement, this Agreement shall be null and void.

*(Signatures on following pages)*

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be signed as of the date first above written.

**ASSIGNOR:  
COMPASS GROUP USA, INC.**

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

**ASSIGNEE:  
<ASSIGNEE'S NAME>**

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

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

Title: \_\_\_\_\_

CONSENTED TO BY:

LANDLORD:

<LANDLORD'S NAME>

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

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

Title: \_\_\_\_\_



**EXHIBIT F**

**CONFIDENTIALITY AGREEMENT**

## **Personal & Confidential**

In connection with the consideration by \_\_\_\_\_ (“Prospect”) of a possible transaction with Compass Group USA, Inc., by and through its Canteen Division (the “Company”) pursuant to which Prospect may purchase certain assets of the Company’s vending only operations [and certain food, catering and concession operations] which Company currently services in certain counties (the “Business”) and/or enter into a franchise relationship with the Company pursuant to its Canteen Franchise Agreement (collectively, the “Transaction”), Prospect desires to enter into negotiations with the Company regarding the Transaction and has requested financial and other information concerning, among other things, the operation and affairs of the Business. Company and Prospect may exchange financial and other information concerning their respective operations and business affairs. The party providing such information shall hereinafter be referred to as the “Disclosing Party” and the party receiving such information shall hereinafter be referred to as “Receiving Party.” As a condition to the Disclosing Party furnishing to the Receiving Party and its directors, officers, employees, agents, advisors and potential financing sources (collectively, “Representatives”) financial and other information that has not heretofore been made generally available on a non-confidential basis, the Receiving Party agrees to treat such negotiations and information furnished, including, but not limited to: (a) procedures, policies, processes, purchasing programs, materials, presentations, systems, plans, methods, and financial or other data and information relating to (i) the financial and material terms of the franchise relationship; (ii) all operating and business standards relating to the Franchise System, including but not limited to brands, products, product placements and displays, purchasing specifications and programs, quality, menus, food production, training and human resources, (iii) merchandising, brand or product development, trade dress, trade concepts or inventions (whether or not subject to patent, trademark, service mark or copyright rights), (iv) marketing, communication, sales, and operations, (v) services, proformas, contracts and any profit and loss statement or other client profitability documentation related to or arising in connection with any Accounts, (vi) vendors, suppliers, or other third-party services and contracts, (vii) Company and/or its affiliate accounts and consumers, and (viii) strategy and business planning, and other business activities of Company and its affiliates whether made in written or oral form and inclusive of all notes, analyses, compilations, studies, records, drawings, blueprints, memoranda, analyses, summaries or other documents; and (b) all work-product, work papers, analyses, memoranda, compilations, summaries and other material generated or derived by Prospect or Prospect’s Representatives containing or based in whole or in part on any of the foregoing information furnished by or on behalf of the Company or any of its Representatives (collectively, the “Evaluation Material”), as follows:

1. The Receiving Party recognizes and acknowledges the competitive value and confidential and proprietary nature of the Evaluation Material and the damage that could result to the Disclosing Party if information contained therein is disclosed to any third party.

2. The Receiving Party agrees that the Evaluation Material will be used solely for the purpose of evaluating the Transaction. The Receiving Party also agrees not to disclose any of the Evaluation Material to any third party at any time without the prior written consent of the Disclosing Party; provided, however, that any such information may be disclosed (a) to a Representative of the Receiving Party who needs to know such information for the purpose of evaluating the Transaction and who agrees to keep such information confidential and to be bound by this agreement to the same extent as if they were parties hereto and (b) to the extent that the Receiving Party or its Representatives may be required by federal, state or local statute, law, regulation or court order to disclose such information.

3. In the event that the Receiving Party or its Representatives are requested in any proceeding to disclose any Evaluation Material, the Receiving Party will give the Disclosing Party prompt notice of such request so that the Disclosing Party may seek an appropriate protective order. If, in the absence of a protective order, the Receiving Party or its Representatives are nonetheless compelled to disclose such Evaluation Material, the Receiving Party or its Representatives, as the case may be, may disclose such information to the extent compelled to do so in such proceeding without liability hereunder; provided, however, that the Receiving Party gives the Disclosing Party written notice of the information to be disclosed as far in advance of its disclosure as is practicable and uses the Receiving Party's best efforts to obtain assurances that confidential treatment will be accorded to such information.

4. Without the prior written consent of the Disclosing Party, the Receiving Party and its Representatives will not disclose to any person either the fact that discussions or negotiations are taking place concerning a possible transaction with the Disclosing Party or any of the terms, conditions or other facts with respect to the Transaction including the status thereof or the subject matter of this agreement; provided, that the Receiving Party may make such disclosure if such disclosure must be made by the Receiving Party in order that the Receiving Party not commit a violation of law, or a stock exchange requirement.

5. Prospect agrees that for a period of one year from the date hereof, Prospect nor any of its affiliates or agents will, without the prior written consent of the Company, directly solicit for employment any person who is at the time an employee of the Company or any of its affiliates.

6. In the event that the Transaction is not consummated, neither the Receiving Party nor its Representatives will, without the prior written consent of the Disclosing Party, use any of the Evaluation Material for any purpose. Upon the Disclosing Party's request, the Receiving Party will promptly redeliver to the Disclosing Party all copies of all Evaluation Material provided to the Receiving Party and will destroy all analyses, compilations, studies and other Evaluation Material prepared by the Receiving Party or its Representatives, based primarily on information provided to the Receiving Party by the Disclosing Party.

7. The Receiving Party and its Representatives will have no obligation hereunder with respect to any information in the Evaluation Materials to the extent that such information (a) has been made public other than by acts by the Receiving Party or its Representatives in violation of this agreement or (b) becomes available to the Receiving Party on a non-confidential basis from a source that is entitled to disclose it on a non-confidential basis.

8. Prospect understands and agrees that Prospect will not have any rights or claims whatsoever against the Company or any of its directors, officers, stockholders, owners, affiliates or agents arising out of or relating to the Transaction, other than any rights or claims arising out of any definitive written purchase agreement with Prospect ("Purchase Agreement"), in accordance with its terms, or the Company's Franchise Disclosure Document or other documents executed in connection with the Purchase Agreement or any Transaction documentation.

9. Prospect understands that the Company does not make any representation or warranty as to the accuracy or completeness of the Evaluation Material and Prospect agrees that the Company will not have any liability with respect to the Evaluation Material or any use thereof. Only the representations and warranties and other terms and conditions of a Purchase Agreement, when, as and if it is executed and delivered (and subject to the restrictions and conditions specified therein), or the Company's Franchise Disclosure Document will have any legal effect.

10. The Receiving Party agrees that money damages would not be a sufficient remedy for any breach of this agreement by the Receiving Party or its Representatives, and that, in addition to all other remedies, the Disclosing Party will be entitled to specific performance, an injunction, or other

equitable relief, as a remedy for any such breach. The Receiving Party agrees to be responsible for any breach of this agreement by any of the Receiving Party's Representatives.

11. No failure or delay by the either party in exercising any right, power or privilege under this agreement will operate as a waiver thereof nor will any single or partial exercise thereof preclude any other or further exercise of any right, power or privilege hereunder. No provision of this agreement may be waived or amended nor any consent given except by a writing signed by a duly authorized representative of the parties.

12. In case any provision of this agreement will be found by a court of competent jurisdiction to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of the agreement will not in any way be affected or impaired thereby.

13. This agreement will be governed by and construed in accordance with the laws of the State of North Carolina, without giving effect to choice of law doctrines. Each party hereto consents to jurisdiction in such State and voluntarily submits to the jurisdiction of the courts of such State in any action or proceeding with respect to this agreement, including the federal district courts located in such State.

If the foregoing correctly expresses our agreement, please signify your approval thereof on the enclosed copy of this letter and then have such copy returned to my attention at Compass Group USA, Inc.

Regards,  
Compass Group USA, Inc., by and through its Canteen  
Division

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

Title: \_\_\_\_\_

Executed and Agreed to on this \_\_\_\_ day of \_\_\_\_\_, 2022.

PROSPECT: \_\_\_\_\_  
Company Name

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

Title: \_\_\_\_\_

## EXHIBIT G

### LIST OF STATE AGENCIES

Listed below are the name, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws.

<p><b><u>California</u></b> Department of Financial Protection and Innovation 320 West 4<sup>th</sup> Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 (866) 275-2677</p>	<p><b><u>Louisiana</u></b> State of Louisiana Office of the Attorney General Public Protection Division 1885 North 3<sup>rd</sup> Street Baton Rouge, Louisiana 70802 (225) 326-6465</p>
<p><b><u>Connecticut</u></b> Connecticut Department of Banking Securities Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230</p>	<p><b><u>Maine</u></b> Maine Securities Administrator Dept. of Professional &amp; Financial Regulation Office of Securities 121 State House Station Augusta, Maine 04333-0121 (207) 624-8551</p>
<p><b><u>Florida</u></b> Florida Dept. of Agriculture &amp; Consumer Services Division of Consumer Services Plaza Level 10 The Capitol Tallahassee, FL 32399-0800 (850) 410-3800</p>	<p><b><u>Maryland</u></b> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-6360</p>
<p><b><u>Hawaii</u></b> Dept. of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p><b><u>Michigan</u></b> Consumer Protection Division Michigan Office of Attorney General G. Mennen Williams Building 525 West Ottawa Street Lansing, Michigan 48933 (517) 373-1110</p>
<p><b><u>Illinois</u></b> Franchise Bureau Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217)782-4465</p>	<p><b><u>Minnesota</u></b> Commissioner of Commerce Minnesota Department of Commerce 85 7<sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600</p>
<p><b><u>Indiana</u></b> Indiana Secretary of State Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p><b><u>Nebraska</u></b> Nebraska Department of Banking and Finance Bureau of Securities Commerce Court 1526 K Street, Suite 300 Lincoln, NE 68508 (402) 471-3445</p>

<p><b><u>New Hampshire</u></b>  Office of Attorney General  Consumer Protection &amp; Antitrust Bureau  33 Capitol Street  Concord, New Hampshire 03301  (603) 271-3643</p>	<p><b><u>Texas</u></b>  Secretary of State  Business Opportunities  James E. Rudder Building  1019 Brazos Street, 5<sup>th</sup> Floor  Austin, Texas 78701  (512) 475-0775</p>
<p><b><u>New York</u></b>  NYS Department of Law  Investor Protection Bureau  28 Liberty St., 21<sup>st</sup> Floor  New York, New York 10005  (212) 416-8236</p>	<p><b><u>State of Utah</u></b>  Department of Commerce  Division of Consumer Protection  160 E. 300 South  SM146704  Salt Lake City, Utah 84111-6704  (801) 530-6601</p>
<p><b><u>North Carolina</u></b>  State of North Carolina  Department of Secretary of State  Business Opportunities  2 S. Salisbury Street  Raleigh, North Carolina 27601  (919) 807-2156</p>	<p><b><u>Virginia</u></b>  State Corporation Commission  Securities Division  1300 East Main Street, 9<sup>th</sup> Floor  Richmond, Virginia 23219  (804) 371-9051</p>
<p><b><u>North Dakota</u></b>  North Dakota Securities Department  State Capitol, 5<sup>th</sup> Floor  600 East Boulevard Avenue  Bismarck, North Dakota 58505-0510  (701) 328-4712</p>	<p><b><u>Washington</u></b>  Department of Financial Institutions  Securities Division  150 Israel Road SW  Tumwater, Washington 98501  (360) 902-8760</p>
<p><b><u>Rhode Island</u></b>  Department of Business Regulation  Securities Division, Franchise Section  1511 Pontiac Avenue, Building 68-2  Cranston, RI 02920  (401) 462-9527</p>	<p><b><u>Wisconsin</u></b>  Department of Financial Institutions  Division of Securities  201 W. Washington Ave.  Madison, Wisconsin 53703  (608) 266-3364</p>
<p><b><u>South Carolina</u></b>  Office of Secretary of State  1205 Pendleton Street, Suite 525  Columbia, South Carolina 29201  (803) 734-0367</p>	
<p><b><u>South Dakota</u></b>  South Dakota Department of Labor &amp; Regulation  Division of Insurance  Securities Regulation  124 S. Euclid, 2<sup>nd</sup> Floor  Pierre, South Dakota 57501  (605) 773-3563</p>	

**EXHIBIT G**

**AGENTS FOR SERVICE OF PROCESS**

<b><u>California</u></b> Department of Financial Protection and Innovation 320 W. 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013	<b><u>Maryland</u></b> Maryland Securities Commissioner 200 Saint Paul Place Baltimore, MD 21202-2020
<b><u>Connecticut</u></b> State of Connecticut Department of Banking Securities and Business Investments Division 260 Constitution Plaza Hartford, CT 06103	<b><u>Michigan</u></b> Michigan Department of Commerce Corporations and Securities Bureau 6456 Mercantile Way Lansing, MI 48909
<b><u>Florida</u></b> Secretary of State P. O. Box 6327 Tallahassee, FL 32314	<b><u>Minnesota</u></b> The Commissioner of Commerce 85 7 <sup>th</sup> Place East St. Paul, MN 55101
<b><u>Hawaii</u></b> Commissioner of Securities King Kalakaua Building 335 Merchant Street, Room 203 Honolulu, HI 96813	<b><u>New Hampshire</u></b> Office of Attorney General Consumer Protection & Antitrust Bureau 33 Capitol Street Concord, NH 03301
<b><u>Illinois</u></b> Illinois Attorney General 500 South Second Street Springfield, IL 62706	<b><u>New York</u></b> Secretary of State 99 Washington Avenue Albany, NY 12231
<b><u>Indiana</u></b> Administrative Office of the Secretary of State 302 W. Washington Street 201 State House Indianapolis, IN 46204	<b><u>North Carolina</u></b> N.C. Secretary of State 2 South Salisbury Street Raleigh, NC 27601
<b><u>Louisiana</u></b> Secretary of State State of Louisiana 8585 Archives Avenue Baton Rouge, LA 70809	<b><u>North Dakota</u></b> North Dakota Securities Commissioner 600 East Boulevard, 5 <sup>th</sup> Floor Bismarck, ND 58505-0510
<b><u>Maine</u></b> Department of Professional & Financial Regulation Office of Securities 121 State House Station Augusta, ME 04333-0121	<b><u>Rhode Island</u></b> Director of Department of Business Regulation Securities Division, Franchise Section 1511 Pontiac Avenue, Building 69, 1 <sup>st</sup> Floor Cranston, RI 02920
<b><u>South Carolina</u></b> Secretary of State 1205 Pendleton Street, Suite 525	

Columbia, SC 29201	
<b><u>South Dakota</u></b> South Dakota Department of Labor & Regulation Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501	
<b><u>Texas</u></b> Secretary of State Statutory Documents Section – Citations Unit 1019 Brazos Street Austin, TX 78701	
<b><u>Utah</u></b> Office of the Attorney General Utah State Capitol Complex East Office Bldg., Suite 320 Salt Lake City, UT 84115	
<b><u>Virginia</u></b> Clerk of the State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219	
<b><u>Washington</u></b> Director of Department of Financial Institutions Securities Division, 3 <sup>rd</sup> Floor 150 Israel Road, SW Tumwater, WA 98501	
<b><u>Wisconsin</u></b> Commissioner of Securities Securities and Franchise Regulation 201 W. Washington Ave., Suite 300 Madison, WI 53703	



**EXHIBIT H**

**EXISTING FRANCHISEES**

**ACTIVE CANTEEN FRANCHISES OF COMPASS GROUP USA, INC.  
AS OF SEPTEMBER 15, 2021**

<b>FRANCHISEE</b>	<b>OWNER</b>	<b>PHONE/FAX</b>
<b><u>Atmore, Alabama</u></b>		
South Alabama Vending Company, Inc. PO Box 1009 301 Church Street Atmore, AL 36504	Hooper Matthews, III	251-368-3197 251-368-1260 fax
<b><u>Auburn, Alabama Sub-branch</u></b>		
Automatic Food Service, Inc. d/b/a HAMRE 2080 McMillan Street Auburn, AL 36832 (Note: Branch of Montgomery, AL)	Donald Hamre, Jr.	334-264-7336
<b><u>Decatur, Alabama Sub-branch</u></b>		
Five Star Food Service 1108 Knight Street Decatur, AL 35601 (Note: Branch of Chattanooga, TN)	Richard Kennedy	256-831-9347
<b><u>Jasper, Alabama Sub-branch</u></b>		
Five Star Food Service, Inc. 304 8 <sup>th</sup> Place NW Jasper, AL 35502 (Note: Branch of Chattanooga, TN)	Richard Kennedy	256-381-3900 256-381-3975 fax
<b><u>Mobile, Alabama Sub-branch</u></b>		
Lighthouse Coffee Company 3278 Halls Mill Road Mobile, Alabama 36606	Brantley McMinn	912-262-0817 912-262-6060 fax
<b><u>Mobile, Alabama Sub-branch</u></b>		
Five Star Food Service, Inc. 5237 Halls Mill Road, Building K Mobile, AL 36619 (Note: Branch of Chattanooga, TN)	Richard Kennedy	706-882-7703
<b><u>Montgomery Alabama</u></b>		
Automatic Food Service, Inc. d/b/a HAMRE 3013 Hayneville Road Montgomery, AL 36108	Donald Hamre, Jr.	334-264-7366
<b><u>Muscle Shoals, Alabama Sub-branch</u></b>		
Five Star Food Service, Inc. 207 Industrial Drive Muscle Shoals, AL 35661	Richard Kennedy	256-831-9347

(Note: Branch of Chattanooga, TN)		
<b><u>Oxford, Alabama Sub-branch</u></b>		
Five Star Food Service, Inc. 703 W. Hamric Drive Oxford, AL 36203 (Note: Branch of Chattanooga, TN)	Richard Kennedy	256-831-9347
<b><u>Rainsville, Alabama Sub-branch</u></b>		
Five Star Food Service, Inc. 982 Main Street East Rainsville, AL 35986 (Note: Branch of Chattanooga, TN)	Richard Kennedy	256-831-9347
<b><u>Flagstaff, Arizona</u></b>		
Hi-Line Snack and Vending, Inc. 4900 East Railhead Avenue Flagstaff, AZ 86004	Patrick Nackard Palmer Nackard	928-774-6685 928-522-2107 fax
<b><u>Prescott Valley, Arizona Sub-branch</u></b>		
Hi-Line Snack and Vending, Inc. 7201 North County Fair Trail Prescott Valley, AZ 86315 (Note: Branch of Flagstaff, AZ)	Patrick Nackard Palmer Nackard	928-774-6685 928-522-2107 fax
<b><u>Kingman, Arizona</u></b>		
Machine Cuisine, LLC 7050 Transport Drive Kingman, AZ 86401 *Franchisee has territory in California	Jeff & Rhonda Dunn	928-421-3659
<b><u>Yuma, Arizona</u></b>		
Sonoran Coffee and Food Services 655 E. 20th Street Yuma, AZ 85365	Jarrad Duxbury	602-487-2857
<b><u>Fort Smith, Arkansas Sub-branch</u></b>		
Imperial, Inc. 6001 Prairie Drive Ft. Smith, AR 72916 (Note: Branch of Tulsa, OK)	Paul Tims Lance Whorton	918-437-1300
<b><u>Harrison, Arkansas Sub-branch</u></b>		
Imperial, Inc. 1510 Hwy 62-65 North Harrison, AR 72601 (Note: Branch of Tulsa, OK)	Paul Tims Lance Whorton	918-437-1300
<b><u>McGehee, Arkansas</u></b>		
Turner Snax, Inc. 300 Cypress Gardens McGehee, AR 71654	Nicholas A. Turner	870-222-3606 870-222-3608 fax

<b><u>Mountain Home, Arkansas Sub-branch</u></b>		
Imperial, Inc. 408 W. Wade Avenue Mountain Home, AR 72653 (Note: Branch of Tulsa, OK)	Paul Tims Lance Whorton	918-437-1300
<b><u>Russellville, Arkansas Sub-branch</u></b>		
Imperial, Inc. 1310 S. Elmira Avenue Russellville, AR 72802 (Note: Branch of Tulsa, OK)	Paul Tims Lance Whorton	918-437-1300
<b><u>Paragould, Arkansas Sub-branch</u></b>		
Burch Food Services, Inc. 7089 Highway 69 Paragould, AR 72450 (Note: Branch of Sikeston, TN)	Steven Burch	573-471-3003 573-471-1540 fax
<b><u>Springdale, Arkansas Sub-branch</u></b>		
Imperial, Inc. 1505 N. Old Missouri Road Springdale, AR 72764 (Note: Branch of Tulsa, OK)	Paul Tims Lance Whorton	918-437-1300
<b><u>Anderson, California Sub-branch</u></b>		
WESERV, Inc. 19870 Hirsch Court, Suite A Anderson, CA 96007 (Note: Branch of Chico, CA)	Todd White	530-342-8294 530-342-9587 fax
<b><u>Bakersfield, California Sub-branch</u></b>		
Canteen of Coastal California, Inc. 612 Williams Street Bakersfield, CA 93305 (Note: Branch of Oxnard, CA)	Gerald A. Scott Tom Lagomarsino – Main Contact	805-485-1414 805-485-8455 fax
<b><u>Chico, California</u></b>		
WESERV, Inc. 945 W. Second Street Chico, CA 95928	Todd White	530-342-8294 530-342-9587 fax
<b><u>Eureka, California</u></b>		
Rendezvous Enterprises, Inc. d/b/a Rendezvous Music & Vending 106 G Street Eureka, CA 95501	Andy Cleveland	707-443-6773 707-443-7772 fax
<b><u>Fresno, California</u></b>		
Canteen of Fresno, Inc. 2136 Santa Clara Street Fresno, CA 93721	Scott Browning	559-485-8800 559-485-5277 fax
<b><u>Grover Beach, California Sub-branch</u></b>		

Canteen of Coastal California, Inc. 921 S. 4 <sup>th</sup> Street Grover Beach, CA 93433 (Note: Branch of Oxnard, CA)	Gerald A. Scott Tom Lagomarsino – Main Contact	805-485-1414 805-485-8455 fax
<b><u>Imperial, California</u></b>		
Imperial Vending, Inc. 300 South N. Street Imperial, CA 92251	Jesus G. Dominguez Ana M. Dominguez	760-355-1615 928-539-5562 fax
<b><u>Oxnard, California</u></b>		
Canteen of Coastal California, Inc. 121 Bernoulli Circle Oxnard, CA 93030-5165	Gerald A. Scott Tom Lagomarsino – Main Contact	805-485-1414 805-485-8455 fax
<b><u>Santa Rosa, California</u></b>		
Canteen Service of Northern California, Inc. 3025 Dutton Avenue Santa Rosa, CA 95407	Bill Dayton Kelley Dayton – Main Contact	707-546-4544 707-546-1109 fax
<b><u>Ukiah, California Sub-branch</u></b>		
Canteen Service of Northern California, Inc. 3740 Christy Lane Ukiah, CA 95482-3025 (Note: Branch of Santa Rosa, CA)	James Dayton	707-462-5254 707-462-5269 fax
<b><u>Union City, California</u></b>		
J&J Vending, Inc. 33500 Western Avenue Union City, CA 94587	Joel Skidmore	510-675-0910 510-675-0912 fax
<b><u>Danbury, Connecticut</u></b>		
Berkshire Food Distributors, Inc. 11 Old Newtown Road Danbury, CT 06810	Rob Cicarelli	203-792-3435
<b><u>Uncasville, Connecticut</u></b>		
Lathrop Vending, Inc. 152 Norwich New London Turnpike Uncasville, CT 06382	Mark Lathrop	860-367-9115
<b><u>Pensacola, Florida Sub-branch</u></b>		
Five Star Food Service, Inc. 128 Industrial Boulevard Pensacola, FL 32505 (Note: Branch of Chattanooga, TN)	Richard Kennedy	706-882-7703
<b><u>Pompano Beach, Florida</u></b>		
Professional Vending Services, Inc.* 1935 NW 18 Street Pompano Beach, FL 33069 *Threshold Franchise Agreement	Andy Kartiganer	954-651-4630 954-418-8555 fax

<b><u>Tallahassee, Florida</u></b>		
The Quality Companies, Inc. d/b/a Quality Snacks and Vending 1491 Clark Drive Tallahassee, FL 32303	Brian Pulsifer Kevin Edewaard	850-576-4880 850-574-6026 fax
<b><u>Augusta, Georgia</u></b>		
Dixie-Riverside, Inc. d/b/a Riverside Refreshments 2719 Mike Padgett Hwy. Augusta, GA 30906	Ed Perry Les Perry	706-793-2723 706-796-7687 fax
<b><u>Austell, Georgia Sub-branch</u></b>		
Five Star Food Service, Inc. 5521 Collins Boulevard SW Austell, GA 30106 (Note: Branch of Chattanooga, TN)	Richard Kennedy	423-643-2608
<b><u>Brunswick, Georgia Sub-branch</u></b>		
Five Star Food Service, Inc. 229 Glyndale Drive Brunswick, GA 31520 (Note: Branch of Chattanooga, TN)	Richard Kennedy	706-882-7703
<b><u>Brunswick, Georgia</u></b>		
Lighthouse Coffee Company 227 Glyndale Drive Brunswick, GA 31520	Brantley McMinn	912-262-0817 912-262-6060 fax
<b><u>Columbus, Georgia Sub-branch</u></b>		
Five Star Food Service, Inc. 506 Manchester Expressway Columbus, GA 31904 (Note: Branch of Chattanooga, TN)	Richard Kennedy	706-882-7703
<b><u>Douglas, Georgia Sub-branch</u></b>		
Five Star Food Service, Inc. 1856 South Peterson Avenue Douglas, GA 31535 (Note: Branch of Chattanooga, TN)	Richard Kennedy	706-882-7703
<b><u>Dublin, Georgia</u></b>		
Shamrock Vending, Inc. 211 Laurens Industrial Blvd Dublin, GA 31021	Mark Ward	478-274-8480 503-842-8530 fax
<b><u>Ellijay, Georgia Sub-branch</u></b>		
Five Star Food Service, Inc. 528 Maddox Drive Ellijay, GA 30540 (Note: Branch of Chattanooga, TN)	Richard Kennedy	706-882-7703
<b><u>Griffin, Georgia Sub-branch</u></b>		
Five Star Food Service, Inc.	Richard Kennedy	706-882-7703

1310 Hwy 19/41 Griffin, GA 30224 (Note: Branch of Chattanooga, TN)		
<b><u>Lafayette, Georgia Sub-branch</u></b>		
Five Star Food Service, Inc. 1853 West North Main Street Lafayette, GA 30728 (Note: Branch of Chattanooga, TN)	Richard Kennedy	706-882-7703
<b><u>LaGrange, Georgia Sub-branch</u></b>		
Five Star Food Service, Inc. 1001 Longley Place LaGrange, GA 30240 (Note: Branch of Chattanooga, TN)	Richard Kennedy	706-882-7703
<b><u>Macon, Georgia Sub-branch</u></b>		
Five Star Food Service, Inc. 8100 Industrial Hwy Macon, GA 31216 (Note: Branch of Chattanooga, TN)	Richard Kennedy	706-882-7703
<b><u>Macon, Georgia Sub-branch</u></b>		
Five Star Food Service, Inc. 3000 Gray Hwy Macon, GA 31211 (Note: Branch of Chattanooga, TN)	Richard Kennedy	706-882-7703
<b><u>Marietta, Georgia Sub-branch</u></b>		
Five Star Food Service, Inc. 1001 Marble Mill Circle Marietta, GA 30060 (Note: Branch of Chattanooga, TN)	Richard Kennedy	770-426-1969 770-427-5150 fax
<b><u>Martinez, Georgia</u></b>		
Brew Avenue Refreshment Services, LLC 3698 Washington Road Martinez, GA 30907	Michael Hinson Kenny Drake	706-955-7262
<b><u>Moultrie, Georgia</u></b>		
Plymel Brothers, Inc. d/b/a Variety Vending Company 1121 1 <sup>st</sup> ST, NE Moultrie, GA 31768	George Plymel, Jr. McCants Plymel	229-985-4085
<b><u>Ringgold, Georgia Sub-branch</u></b>		
Five Star Food Service, Inc. 248 Rollins Industrial Court Ringgold, GA 30736 (Note: Branch of Chattanooga, TN)	Richard Kennedy	706-882-7703
<b><u>Ringgold, Georgia Sub-branch</u></b>		
Five Star Food Service, Inc. 232 Cassidy Lane	Richard Kennedy	706-882-7703

Ringgold, GA 30736 (Note: Branch of Chattanooga, TN)		
<b><u>Rome, Georgia Sub-branch</u></b>		
Five Star Food Service, Inc. 1903 Parrish Drive, SE Rome, GA 30161 (Note: Branch of Chattanooga, TN)	Richard Kennedy	706-882-7703
<b><u>Savannah, Georgia</u></b>		
Rawls Distributing, Inc. 560 Telfair Road Savannah, GA 31415	Janet Rawls	912-233-5200 912-233-5248 fax
<b><u>Tucker, Georgia Sub-branch</u></b>		
Five Star Food Service, Inc. 2527 Commerce Park T Tucker, GA 30084 (Note: Branch of Chattanooga, TN)	Richard Kennedy	423-643-2608
<b><u>Tucker, Georgia Sub-branch</u></b>		
Five Star Food Service, Inc. 4919 North Royal Atlanta Drive Tucker, GA 30084 (Note: Branch of Chattanooga, TN)	Richard Kennedy	423-643-2608
<b><u>Blackfoot, Idaho Sub-branch</u></b>		
Treasure Valley Coffee, Inc. 1590 Colonial Drive Blackfoot, Idaho 83221 (Note: Branch of Boise, ID)	Suzanne Boyer	208-377-8488
<b><u>Boise, Idaho</u></b>		
Treasure Valley Coffee, Inc. 11875 W. President Drive Boise, ID 83713 *Franchisee has territory in California	Suzanne Boyer	208-377-8488
<b><u>Twin Falls, Idaho Sub-branch</u></b>		
Treasure Valley Coffee, Inc. 301 4 <sup>th</sup> Avenue S. Twin Falls, ID 83301 (Note: Branch of Boise, ID)	Suzanne Boyer	208-377-8488
<b><u>Chester, Illinois Sub-branch</u></b>		
Pepsi MidAmerica Company 102 Industrial Drive Chester, IL 62233 (Note: Branch of Marion, IL)	Keith Dickens	618-826-1305
<b><u>Danville, Illinois</u></b>		
Integrity Vending 503 Brewer Road	Allen Rathgeder	217-497-6712

Danville, IL 61834		
<b><u>Effingham, Illinois Sub-branch</u></b>		
Pepsi MidAmerica Company 1400 W. Jaycee Avenue Effingham, IL 62401 (Note: Branch of Marion, IL)	Keith Dickens	217-342-3101
<b><u>Marion, Illinois</u></b>		
Pepsi MidAmerica Company 2605 West Main Street Marion, IL 62959	Keith Dickens	618-997-1377 618-998-3260 fax
<b><u>Morrison, Illinois Sub-branch</u></b>		
Imperial, Inc. 409 East Main Street Morrison, IL 61270 (Note: Branch of Tulsa, OK)	Paul Tims Lance Whorton	918-437-1300 563-383-5525 fax
<b><u>Mt. Vernon, Illinois Sub-branch</u></b>		
Pepsi MidAmerica Company 205 N. Davidson Drive Mt. Vernon, IL 62864 (Note: Branch of Marion, IL)	Keith Dickens	618-242-6281
<b><u>Quincy, Illinois</u></b>		
Otto Vending Service, Inc. 2513 Ellington Road Quincy, IL 62305	Mike Otto	217-222-3343 217-222-3382 fax
<b><u>Robinson, Illinois Sub-branch</u></b>		
Pepsi MidAmerica Company 1401 W. Mulberry Street Robinson, IL 62454 (Note: Branch of Marion, IL)	Keith Dickens	618-242-6281
<b><u>Fort Wayne, Indiana</u></b>		
Anthony Wayne Vending Co., Inc. 530 Wolfe Drive Fort Wayne, IN 46825	Matt Evans	260-482-7475 260-484-5968 fax
<b><u>Terre Haute, Indiana</u></b>		
Fox Canteen, Inc. 1325 Wabash Ave. Terre Haute, IN 47802	Andrew T. Fox	812-466-2297 812-466-5149 fax
<b><u>Clarinda, Iowa</u></b>		
Smith Vending Corporation 1601 South 14 <sup>th</sup> Street Clarinda, IA 51632	Ashilyn Sunderman	712-542-2730 712-823-9912 fax
<b><u>Davenport, Iowa Sub-branch</u></b>		
Imperial, Inc.	Paul Tims	918-437-1300



8717 NW Blvd. Davenport, IA 52806 (Note: Branch of Tulsa, OK)	Lance Whorton	563-383-5525 fax
<b><u>Denison, Iowa Sub-branch</u></b>		
Smith Vending Corporation 904 5 <sup>th</sup> Avenue South Denison, IA 51442 (Note: Branch of Clarinda, IA)	Ashilyn Sunderman	712-634-0204
<b><u>Forest City, Iowa Sub-branch</u></b>		
A. H. Hermel Candy & Tobacco Company d/b/a A. H. Hermel Food & Vending Company 739 Hwy 69 North Forest City, IA 50436 (Note: Branch of Mankato, MN)	Blake Hermel	507-387-5634 507-345-5496 fax
<b><u>Fort Madison, Iowa Sub-branch</u></b>		
Otto Vending Service, Inc. 3620 Avenue Q Fort Madison, IA 52627 (Note: Branch of Quincy, IL)	Mike Otto	217-222-3343 217-222-3382 fax
<b><u>Mason City, Iowa Sub-branch</u></b>		
A. H. Hermel Candy & Tobacco Company d/b/a A. H. Hermel Food & Vending Company 1401 S. Harrison, Unit 4 Mason City, IA 50401 (Note: Branch of Mankato, MN)	Blake Hermel	800-594-8444
<b><u>Ottumwa, Iowa Sub-branch</u></b>		
Smith Vending Corporation 651 Gateway Drive Ottumwa, IA 52501 (Note: Branch of Clarinda, IA)	Rod Nester	641-455-0803
<b><u>Sioux City, Iowa</u></b>		
Premium Food and Beverage 4700 S. Lewis Blvd. Sioux City, IA 51106	Cy Chesterman	712-293-1523
<b><u>Spirit Lake, Iowa Sub-branch</u></b>		
A. H. Hermel Candy & Tobacco Company d/b/a A. H. Hermel Food & Vending Company 25111 Highway 9 & 71 Spirit Lake, MN 51360 (Note: Branch of Mankato, MN)	Blake Hermel	507-387-5634 507-345-5496 fax
<b><u>Emporia, Kansas</u></b>		
Classic Vending, LLC 2931 West 15 <sup>th</sup> Avenue Emporia, KS 66801	Jeff Debaugé	620-642-1378

<b><u>Manhattan, Kansas Sub-branch</u></b>		
Pepsi-Cola Bottling Company of Marysville, Inc. d/b/a Five Star Vending and Coffee 703 Levee Drive Manhattan, KS 66502 (Note: Branch of Marysville, KS)	Jacob Wassenberg Daniel Wassenberg	800-499-7161 ext 118 785-562-5164
<b><u>Marysville, Kansas</u></b>		
Pepsi-Cola Bottling Company of Marysville, Inc. d/b/a Five Star Vending and Coffee 604 Center Street Marysville, KS 66508	Jacob Wassenberg Daniel Wassenberg	800-499-7161 ext 118 785-562-5164
<b><u>Salina, Kansas</u></b>		
Premier Food Service, Inc. 1450 W. State Street Salina, KS 67401 (Note: Branch of Wichita, KS)	Joseph Hemmelgarn	316-269-2447 316-269-4300 fax
<b><u>Wichita, Kansas</u></b>		
Premier Food Service, Inc. 8225 W. Irving Wichita, KS 67209	Joseph Hemmelgarn	316-269-2447 316-269-4300 fax
<b><u>Paducah, Kentucky Sub-branch</u></b>		
Pepsi MidAmerica Company 115 Calloway Court Paducah, KY 42001 (Note: Branch of Marion, IL)	Keith Dickens	270-442-0765
<b><u>Somerset, Kentucky</u></b>		
Modern Distributors, Inc.* 115 E. University Drive Somerset, KY 42503 *Threshold Franchise Agreement	William M. Ray Robert M. Ray Gerald D. Ray	606-677-3330 606-676-0194 fax
<b><u>Alexandria, Louisiana</u></b>		
LDV Companies, Inc. d/b/a Lee Dee Vending Company 1509 England Drive Alexandria, LA 71301	Billy O'Neal	318-445-1951 318-445-5000 fax
<b><u>DeRidder, Louisiana</u></b>		
Bardin Vending Service, Inc. 134 East 1 <sup>st</sup> Street DeRidder, LA 70634	Kade Bardin	337-462-2636 337-462-7123 fax
<b><u>Donaldsonville, Louisiana</u></b>		
Ten M Vending 2124 Dominic Foti Lane Donaldsonville, LA 70346	Donald Mistretta Bryan Mistretta	225-473-8716
<b><u>Houma, Louisiana Sub-branch</u></b>		
M&M Sales Co., Inc.	Charles McMath	337-234-4561

205 Lacarpe Road Houma, LA 70360 (Note: Branch of Lafayette, LA)	Frances McMath	337-264-1541 fax
<b><u>Keithville, Louisiana</u></b>		
Wilmore Snack Sales, Inc. 3210 Stagecoach Road Keithville, LA 71148	Jimmy Wilmore	318-925-0578 318-925-6721 fax
<b><u>Lafayette, Louisiana</u></b>		
M&M Sales Co., Inc. 300 Eraste Landry Blvd. Lafayette, LA 70506	Charles McMath Frances McMath	337-234-4561 337-264-1541 fax
<b><u>Lake Charles, Louisiana Sub-branch</u></b>		
M&M Sales Co., Inc. 2210 11 <sup>th</sup> Street Lake Charles, LA 70601 (Note: Branch of Lafayette, LA)	Charles McMath Frances McMath	337-234-4561 337-264-1541 fax
<b><u>Norco, Louisiana Sub-branch</u></b>		
Ten M Vending 15642 RR Norco, LA 70079 (Note: Branch of Donaldsonville, LA)	Donald Mistretta Bryan Mistretta	225-473-8716
<b><u>Norco, Louisiana</u></b>		
Refreshment Solutions, LLC 225 Apple Street Norco, LA 70079	Marc Whitener	985-764-0570
<b><u>Bangor, Maine Sub-branch</u></b>		
Casco Bay Vending, Inc. 244 Perry Road Bangor, ME 04401 (Note: Branch of Lewiston, ME)	Ted Morton	207-945-5688
<b><u>Lewiston, Maine</u></b>		
Casco Bay Vending, Inc. 9 Saratoga Street Lewiston, ME 04240	Ted Morton	207-784-3828
<b><u>Lewiston, Maine Sub-branch</u></b>		
Casco Bay Vending, Inc. 252 Old Lisbon Road Lewiston, ME 04240 (Note: Branch of Lewiston, ME)	Ted Morton	207-784-3828
<b><u>Beltsville, Maryland</u></b>		
Monumental Vending, Inc. 11800 Trolley Lane Beltsville, MD 20705	Craig Kushner David Gordon	301-595-4909

<b><u>Williamsport, Maryland</u></b>		
Hagerstown Canteen Service, Inc. Interstate Industrial Park 10500 Governor Lane Boulevard Williamsport, MD 21795	Jay King	301-223-8000 240-217-8262 fax
<b><u>Norwood, Massachusetts</u></b>		
R. M. Foley, Inc. 180 Kerry Place Norwood, MA 02062	Steve Foley	781-551-0711
<b><u>Springfield, Massachusetts</u></b>		
National Automatic Sales Company, Inc. d/b/a Aramatic Refreshment Service 219 Memorial Drive Springfield, MA 01104	Charles Brinkman	413-739-9603
<b><u>Middleton, Massachusetts Sub-branch</u></b>		
Prestige Services, Inc. d/b/a A & B Vending Co., Inc. 3 Ajootian Way, Building E Middleton, MA 01949 (Note: Branch of Clifton Park, NY)	Scott Earl	518-877-7426
<b><u>Adrian, Michigan Sub-branch</u></b>		
Continental Café Holdings, LLC 4572 W. US 223 Adrian, MI 49221 (Note: Branch of Troy, MI)	Jim Bardy Mitch Kusiak	586-939-3600 586-268-3856 fax
<b><u>Belleville, Michigan Sub-branch</u></b>		
Continental Café Holdings, LLC 7850 Haggerty Road Belleville, MI 48111 (Note: Branch of Troy, MI)	Jim Bardy Mitch Kusiak	586-939-3600 586-268-3856 fax
<b><u>Cadillac, Michigan Sub-branch</u></b>		
Lange Vending, Inc. 4922 S. 39 Road Cadillac, MI 49601 (Note: Branch of Grayling, MI)	Mike Lange	800-968-2722
<b><u>Coldwater, Michigan Sub-branch</u></b>		
Canteen Service, Inc. 353 S. Michigan Avenue, PO Box 160 Coldwater, MI 49036 (Note: Branch of Grand Rapids, MI)	Craig Tiggelman Jeff Tiggelman	616-956-5066 616-956-5193 fax
<b><u>Flint, Michigan</u></b>		
Coley Vending, Inc. 1221 James P Cole Blvd. Flint, MI 48503	Randall Coley Mitchell Swanson	810-232-4767 810-232-4773 fax
<b><u>Grand Rapids, Michigan</u></b>		

Canteen Services, Inc. 3755 Broadmoor SE, Ste. D Grand Rapids, MI 49512	Craig Tiggelman Jeff Tiggelman	616-956-5066 616-956-5193 fax
<b><u>Grayling, Michigan</u></b>		
Lange Vending, Inc. 4786 W. North Down River Road, PO Box 668 Grayling, MI 49738	Mike Lange	800-968-2722
<b><u>Jackson, Michigan Sub-branch</u></b>		
Continental Café Holdings, LLC 4885 West Michigan Avenue Jackson, MI 49021 (Note: Branch of Troy, MI)	Jim Bardy Mitch Kusiak	586-939-3600 586-268-3856 fax
<b><u>Spring Lake, Michigan Sub-branch</u></b>		
Canteen Services, Inc. 17225 Taft Road Spring Lake, MI 49456 (Note: Branch of Grand Rapids, MI)	Craig Tiggelman Jeff Tiggelman	800-234-7650 616-785-2521 fax
<b><u>Sterling Heights, Michigan Sub-branch</u></b>		
Continental Café Holdings, LLC 35710 Mound Road Sterling Heights, MI 48310 (Note: Branch of Troy, MI)	Jim Bardy Mitch Kusiak	586-939-3600 586-268-3856 fax
<b><u>Traverse City, Michigan Sub-branch</u></b>		
Lange Vending, Inc. 1414B Trade Center Drive Traverse City, MI 49686 (Note: Branch of Grayling, MI)	Mike Lange	231-947-1500
<b><u>Troy, Michigan</u></b>		
Continental Café Holdings, LLC 700 Stephenson Highway Troy, MI 48083	Jim Bardy	586-939-3600 586-268-3856 fax
<b><u>Bemidji, Minnesota</u></b>		
Lakes Vending, Inc. d/b/a Northern Lakes Vending and NEI Bottling 730 Industrial Drive, S.E. Bemidji, MN 56601	Jeff Nei Greg Nei	218-751-3847 218-751-1462 fax
<b><u>Crookston, Minnesota</u></b>		
A & H Vending Co. 30256 270 <sup>th</sup> Street, NW Crookston, MN 56716	Curt Helgeson	
<b><u>Duluth, Minnesota Sub-branch</u></b>		
The Bernick's Company 4301 West Michigan Street Duluth, MN 55807	John Torgerson	320-252-6441 320-656-2121 fax

(Note: Branch of Waite Park, MN)		
<b><u>Faribault, Minnesota</u></b>		
C & S Vending Company, Inc. 1919 NW 2 <sup>nd</sup> Street PO Box 876 Faribault, MN 55021	Richard Amundson	507-334-8414 507-332-8036 fax
<b><u>Mankato, Minnesota</u></b>		
A. H. Hermel Candy & Tobacco Company d/b/a A. H. Hermel Food & Vending Company Hwy 22, North RR5 Mankato, MN 56001	Blake Hermel	507-387-5634 507-345-5496 fax
<b><u>Minnetonka, Minnesota Sub-branch</u></b>		
A. H. Hermel Candy & Tobacco Company d/b/a A. H. Hermel Food & Vending Company 5401 Opportunity Court Minnetonka, MN 55343 (Note: Branch of Mankato, MN)	Blake Hermel	507-387-5634 507-345-5496 fax
<b><u>New Ulm, Minnesota Sub-branch</u></b>		
A. H. Hermel Candy & Tobacco Company d/b/a A. H. Hermel Food & Vending Company 201 1 <sup>st</sup> Street North New Ulm, MN 56073 (Note: Branch of Mankato, MN)	Blake Hermel	507-387-5634 507-345-5496 fax
<b><u>Perham, Minnesota Sub-branch</u></b>		
McKota, Inc. d/b/a Snacks Plus 105 6 <sup>th</sup> Avenue S Perham, MN 56575 (Note: Branch of Gwinner, ND)	Danny McKeever Stacy McKeever	701-680-2303 701-678-2203 fax
<b><u>Waite Park, Minnesota</u></b>		
The Bernick's Company 801 Sundial Drive Waite Park, MN 56387	John Torgerson	320-252-6441 320-656-2121 fax
<b><u>Willmar, Minnesota Sub-branch</u></b>		
The Bernick's Company 2400 19 <sup>th</sup> Avenue SW Willmar, MN 56201 (Note: Branch of Waite Park, MN)	John Torgerson	320-252-6441 320-656-2121 fax
<b><u>Brandon, Mississippi Sub-branch</u></b>		
Refresh Sips & Eats 761 Marquette Road Brandon, MS 39042 (Note: Branch of Ridgeland, MS)	Bill Brown	601-268-1400
<b><u>Bruce, Mississippi</u></b>		
Snack Time Vending of Bruce, LLC	Colby Bollinger	662-419-3963

401 W. Calhoun St., Suite B Bruce, MS 38915		662-983-2619 fax
<b><u>Greenwood, Mississippi</u></b>		
Delta Vending Services, Inc. 1300 Sycamore Ave. PO Box 9069 Greenwood, MS 38935	Tucker Bullard	662-453-4295 662-445-4101 fax
<b><u>Hattiesburg, Mississippi Sub-branch</u></b>		
Refresh Sips & Eats 76 Rawls Springs Loop Road Hattiesburg, MS 39401 (Note: Branch of Ridgeland, MS)	Bill Brown	601-268-1400
<b><u>Ocean Springs, Mississippi Sub-branch</u></b>		
Refreshment Solutions, LLC 5713 Gulf Tech Drive Ocean Springs, MS 39564 (Note: Branch of Norco, LA)	Marc Whitener	985-764-0570
<b><u>Ridgeland, Mississippi</u></b>		
Refresh Sips & Eats 591 Highland Colony Parkway Ridgeland, MS 39157-8784	Bill Brown Allyn Brown	601-607-3011 601-607-0377 fax
<b><u>Saltillo, Mississippi Sub-branch</u></b>		
Five Star Food Service, Inc. 236 Jamie Whitton Blvd Saltillo, MS 38866 (Note: Branch of Chattanooga, TN)	Richard Kennedy	706-882-7703
<b><u>Cape Girardeau, Missouri Sub-branch</u></b>		
Pepsi MidAmerica Company 3800 Business Park Place Cape Girardeau, MO 63703 (Note: Branch of Marion, IL)	Keith Dickens	573-243-5858
<b><u>Augusta, Maine Sub-branch</u></b>		
Canteen Service of Augusta, Inc. Femme Osage Road, Box 118 Augusta, MO 63332 (Note: Branch of Union, MO)	Curtis Shipley	636-583-8363 636-583-7853 fax
<b><u>Chillicothe, Missouri</u></b>		
Midwest Vending CHT, LLC 400 S. Mitchell Avenue Chillicothe, Missouri 64601	Raymond Baker Joan Andrews Donald Moxley	660-707-1053
<b><u>Columbia, Missouri Sub-branch</u></b>		
Jackson Brothers of the North 1443 Old Highway US 40 Columbia, MO 65202	Charles Lynch	800-388-1345

(Note: Branch of Moberly, MO)		
<b><u>Jefferson City, Missouri</u></b>		
Canteen Service of Central Missouri, Inc. 2732 Merchants Drive Jefferson City, MO 65109	Curtis Shipley	573-635-4961 573-761-3930 fax
<b><u>Jefferson City, Missouri Sub-branch</u></b>		
Canteen Service of Central Missouri, Inc. 1101 East Capitol Avenue Jefferson City, MO 65101 (Note: Branch of Jefferson City, MO)	Curtis Shipley	573-635-4961 573-761-3930 fax
<b><u>Joplin, Missouri Sub-branch</u></b>		
Imperial, Inc. 1831 Roosevelt Joplin, MO 64801 (Note: Branch of Tulsa, OK)	Paul Tims Lance Whorton	918-437-1300
<b><u>Kennett, Missouri Sub-branch</u></b>		
Pepsi MidAmerica Company 2000 St. Francis Kennett, MO 63857 (Note: Branch of Marion, IL)	Keith Dickens	573-717-1640
<b><u>Kirkville, Missouri Sub-branch</u></b>		
Jackson Brothers of the North 417 E. Northtown Road Kirkville, MO 63501 (Note: Branch of Moberly, MO)	Charles Lynch	800-388-1345
<b><u>Moberly, Missouri</u></b>		
Jackson Brothers of the North 2060 North Morley Street Moberly, MO 65270	Charles Lynch	800-388-1345
<b><u>Pamona, Missouri Sub-branch</u></b>		
Pepsi MidAmerica Company 4445 County Road 2340 Pamona, MO 65789 (Note: Branch of Marion, IL)	Keith Dickens	417-257-7111
<b><u>Poplar Bluff, Missouri Sub-branch</u></b>		
Pepsi MidAmerica Company 665 Outer Road Poplar Bluff, MO 63901 (Note: Branch of Marion, IL)	Keith Dickens	573-785-3400
<b><u>Sikeston, Missouri</u></b>		
Burch Food Services, Inc. 108 Stallcup Drive PO Box 1667 Sikeston, MO 63801	Steven Burch	573-471-3003 573-471-1540 fax



<b><u>Springfield, Missouri Sub-branch</u></b>		
Imperial, Inc. 1908 E. Phelps Street Springfield, MO 65802 (Note: Branch of Tulsa, OK)	Paul Tims Lance Whorton	918-437-1300
<b><u>Springfield, Missouri Sub-branch</u></b>		
Imperial, Inc. 1301 W. Webster Street Springfield, MO 65802 (Note: Branch of Tulsa, OK)	Paul Tims Lance Whorton	918-437-1300
<b><u>St. Joseph, Missouri</u></b>		
Acme Music & Vending Services Co., Inc. 1701 Frederick Ave. St. Joseph, MO 64507	Thomas Cobb	816-233-5848 816-279-4221 fax
<b><u>Union, Missouri</u></b>		
Canteen Service of Augusta, Inc. 40 Hi-Line Drive Union, MO 63084	Curtis Shipley	636-583-8363 636-583-7853 fax
<b><u>Billings, Montana</u></b>		
Montana's Best Vending, LLC d/b/a Billings Vending 1911 King Avenue, Suite 11 Billings, MT 59102	Edward Williams Sharon Williams	406-850-0771
<b><u>Great Falls, Montana</u></b>		
Cater-Matic, Inc. 1517 Sunnyside Avenue Great Falls, MT 59405	Sonny Schlecht	406-231-3677
<b><u>Cozad, Nebraska</u></b>		
V.V.S., Inc. 8 <sup>th</sup> & Avenue K P. O. Box 87 Cozad, NE 69130	Kristen Davis Jack	308-784-2164 308-784-3668 fax
<b><u>Grand Island, Nebraska Sub-branch</u></b>		
V.V.S., Inc. 438 Industrial Lane Grand Island, NE 68803 (Note: Branch of Cozad, NE)	Kristen Davis Jack	308-784-2164 308-784-3668 fax
<b><u>Kearney, Nebraska Sub-branch</u></b>		
V.V.S., Inc. 816 Avenue A Kearney, NE 68847 (Note: Branch of Cozad, NE)	Kristen Davis Jack	308-784-2164 308-784-3668 fax
<b><u>Lincoln, Nebraska Sub-branch</u></b>		
V.V.S., Inc.	Kristen Davis Jack	308-784-2164

2005 Y Street Lincoln, NE 68503 (Note: Branch of Cozad, NE)		308-784-3668 fax
<b><u>Las Vegas, Nevada</u></b>		
Sky Top Vending, Inc. 1509 Western Avenue Las Vegas, NV 89102	Mark Lipkin, Steven Lipkin Arlene Lipkin, Russell Kashka Chris Lipkin – Main Contact	702-387-8789 702-387-1244 fax
<b><u>Sparks, Nevada Sub-branch</u></b>		
Tahoe Vending 986 Spice Islands Drive Sparks, NV 89432 (Note: Branch of Yuma, AZ)	Jared Duxbury	775-800-6296
<b><u>Canterbury, New Hampshire Sub-branch</u></b>		
Prestige Services, Inc. d/b/a A & B Vending Co., Inc. 26 Hall Road Canterbury, NH 03224 (Note: Branch of Clifton Park, NY)	Scott Earl	518-877-7426
<b><u>Lakewood, New Jersey</u></b>		
Kells, Inc. d/b/a Atlantic Vending 1100 Towbin, Ste D Lakewood, NJ 08701	Jeff Kells Dean Critchlow	888-218-8363 732-938-3002 fax
<b><u>Albuquerque, New Mexico</u></b>		
Canteen of Central New Mexico, Inc. 4809 Hawkins, N.E. Albuquerque, NM 87109	Kevin Callesen	505-344-3481 505-344-4192 fax
<b><u>Albuquerque, New Mexico</u></b>		
City Vending, LLC 3520 Calle Cuervo NW Albuquerque, NM 87114	Lon Freeman Chris Mortensen – Main Contact	505-897-6701
<b><u>Las Cruces, New Mexico</u></b>		
Jensen Marketing, LLC d/b/a Mesilla Valley Snacks 5350 W. Picacho Ave. Las Cruces, NM 88007	William Jensen Janice Jensen	573-523-1474 573-523-7060 fax
<b><u>Clifton Park, New York</u></b>		
Prestige Services, Inc. 4 Enterprise Avenue Clifton Park, NY 12065	Scott Earl	518-877-7426
<b><u>Horseheads, New York Sub-branch</u></b>		
Crickler Vending Company, Inc. 100 Lenox Avenue Horseheads, NY 14845 (Note: Branch of Batavia, NY)	Tom Houseknecht	607-271-9725 607-271-9739 fax
<b><u>Lancaster, New York Sub-branch</u></b>		

Crickler Vending Company, Inc. 1300 Commerce Drive Lancaster, NY 14086 (Note: Branch of Batavia, NY)	Tom Houseknecht	716-206-0161 716-206-0162
<b><u>Newburgh, New York</u></b>		
Pepsi-Cola Newburgh Bottling Co. d/b/a River Vending 1 Pepsi Way Newburgh, NY 12550	Kathy Goulden	854-562-5400
<b><u>Plattsburgh, New York</u></b>		
Valley Vending Service, Inc. 4874 South Catherine Street Plattsburgh, NY 12901	Jeffrey Prescott	518-561-0300 518-561-1228 fax
<b><u>Rochester, New York</u></b>		
Crickler Vending Company, Inc. 900 Jefferson Road, Bldg. 5 Rochester, NY 14623	Thomas Houseknecht	585-475-1548 585-475-1557 fax
<b><u>Marble, North Carolina Sub-branch</u></b>		
Five Star Food Service, Inc. 65 Old Peachtree Road Marble, NC 28905 (Note: Branch of Chattanooga, TN)	Richard Kennedy	706-882-7703
<b><u>Wilson, North Carolina</u></b>		
First Choice Food Service, Inc. 1801 Purina Circle Wilson, NC 27893	Melvin Barnette	252-991-6722
<b><u>Bismarck, North Dakota</u></b>		
Green Food 2 Go, Inc. 203 W. Owens Avenue Bismarck, ND 58501	Paul Waletzko	701-214-4795
<b><u>Gwinner, North Dakota</u></b>		
McKota, Inc. d/b/a Snacks Plus P. O. Box 518 555 Highway 13 East Gwinner, ND 58040	Danny McKeever Stacy McKeever	701-680-2303 701-678-2203 fax
<b><u>Fargo, North Dakota Sub-branch</u></b>		
McKota, Inc. d/b/a Snacks Plus 5510 13 <sup>th</sup> Ave. MW Fargo, ND 58103 (Note: Branch of Gwinner, ND)	Danny McKeever Stacy McKeever	701-680-2303 701-678-2203 fax
<b><u>Minot, North Dakota</u></b>		
Northern Bottling Co. d/b/a Vending Express 1725 20 <sup>th</sup> Avenue SE Minot, ND 58701	William L. Gokey	701-852-0544

<b><u>Groveport, Ohio</u></b>		
Franklin Services 4600 Homer Ohio Lane Groveport, OH 43125	Vince Variglotti	614-863-8700 614-863-6700 fax
<b><u>Maple Heights, Ohio</u></b>		
Cuyahoga Vending Co., Inc. 14250 S. Industrial Avenue, Suite 104 Maple Heights, OH 44137	Vince Variglotti	216-663-1457 216-663-1456 fax
<b><u>Toledo, Ohio Sub-branch</u></b>		
<u>Continental Café Holdings, LLC</u> 803 Warehouse Road Toledo, OH 43615 (Note: Branch of Troy, MI)	Jim Bardy Mitch Kusiak	586-939-3600 586-268-3856 fax
<b><u>Youngstown, Ohio</u></b>		
Canteen Service of Steel Valley, Inc. 8408 South Avenue Youngstown, OH 44514	William A. Russell	330-758-4441 330-758-5061 fax
<b><u>Ardmore, Oklahoma</u></b>		
Southern Market Group 9915 State Highway 53 P. O. Box 1116 (73402) Ardmore, OK 73401	Aldo Waters	580-653-2822 580-653-2841 fax
<b><u>Enid, Oklahoma Sub-branch</u></b>		
Fowler Vending Corporation 2311 N. Van Buren St. Enid, OK 73703 (Note: Branch of Ponca City, OK)	Brad & Tina Beaty	580-762-6291 580-765-2954 fax
<b><u>Lawton, Oklahoma Sub-branch</u></b>		
Imperial, Inc. 1623 SE 1 <sup>st</sup> Street Lawton, OK 73501 (Note: Branch of Tulsa, OK)	Paul Tims Lance Whorton	918-437-1300
<b><u>Muskogee, Oklahoma Sub-branch</u></b>		
Imperial, Inc. 2505 E. 31 <sup>st</sup> Street S. Muskogee, OK 74403 (Note: Branch of Tulsa, OK)	Paul Tims Lance Whorton	918-437-1300
<b><u>Oklahoma City, Oklahoma</u></b>		
Hayes Vending Company, Inc. 6101 Northwest 2 <sup>nd</sup> Street Oklahoma City, OK 73127	Arthur Hayes Chad Hayes	405-495-8667 405-495-8676 fax
<b><u>Oklahoma City, Oklahoma Sub-branch</u></b>		

Imperial, Inc. 6801 Pat Avenue Oklahoma City, OK 73149 (Note: Branch of Tulsa, OK)	Paul Tims Lance Whorton	918-437-1300
<b><u>Ponca City, Oklahoma</u></b>		
Fowler Vending Corporation 208 South 1 <sup>st</sup> Street Ponca City, OK 74601	Brad & Tina Beaty	580-762-6291 580-765-2954 fax
<b><u>Tulsa, Oklahoma</u></b>		
Imperial, Inc. 2020 N. Mingo Road Tulsa, OK 74116	Paul Tims Lance Whorton	918-437-1300
<b><u>Bend, Oregon Sub-branch</u></b>		
WBC Acquisition Corp. d/b/a Bigfoot Vending and Bigfoot Coffee Services 2440 NE 4 <sup>th</sup> Street Bend, OR 97701 (Note: Branch of Eugene, OR)	Eric Forest Andrew Moore Gary Johns – Main Contact	541-382-4495 541-746-6423 fax
<b><u>Coos Bay, Oregon</u></b>		
Vend West Services, Inc. P.O. Box 1137 1175 South 7 <sup>th</sup> Street Coos Bay, OR 97420	Les Kaye	541-267-7438 541-267-3536 fax
<b><u>Corvallis, Oregon</u></b>		
Pastega Group LLC d/b/a Pastega Food & Beverage 244 NW 2 <sup>nd</sup> Street Corvallis, OR 97330	Jared Pastega Carter Bartee – Main Contact	541-452-8028 541-452-8031 fax
<b><u>Eugene, Oregon</u></b>		
WBC Acquisition Corp. d/b/a Bigfoot Vending and Bigfoot Coffee Services 86776 McVay Highway Eugene, OR 97405	Eric Forest Andrew Moore Lance Roser – Main Contact	541-685-2128 541-746-6423 fax
<b><u>Klamath Falls, Oregon</u></b>		
Quail Mountain, Inc. d/b/a Quail Mountain Coffee & Vending 4033 Miller Avenue Klamath Falls, OR 97603 *Franchisee has territory in California	John Bocchi Pete Johnson – Main Contact	541-884-1313
<b><u>Medford, Oregon Sub-branch</u></b>		
Quail Mountain, Inc. d/b/a Quail Mountain Coffee & Vending 683 Brian Way Medford, OR 97501 (Note: Branch of Klamath Falls, OR)	John Bocchi Pete Johnson – Main Contact	541-772-1711

<b><u>Salem, Oregon</u></b>		
Pacific Coast Canteen 4015 Munkers Street SE Salem, OR 97317	Rick Templeton	503-585-5244
<b><u>Altoona, Pennsylvania Sub-branch</u></b>		
Laurel Foodsystems, Inc. 3000 7 <sup>th</sup> Avenue, Suite 100 Altoona, PA 16602 (Note: Branch of Pittsburgh, PA)	Thomas Diffendal, Jr. Donald Diffendal Richard Diffendal	412-494-4400 412-787-2275 fax
<b><u>Dubois, Pennsylvania Sub-branch</u></b>		
Laurel Foodsystems, Inc. 4812 Rockton Road Dubois, PA 15801 (Note: Branch of Pittsburgh, PA)	Thomas Diffendal, Jr. Donald Diffendal Richard Diffendal	412-494-4400 412-787-2275 fax
<b><u>Erie, Pennsylvania Sub-branch</u></b>		
Cuyahoga Vending Co., Inc. 255 Pennbriar Drive04 Erie, PA 16506 (Note: Branch of Maple Heights, OH)	Vince Variglotti	440-315-6984
<b><u>Greensburg, Pennsylvania Sub-branch</u></b>		
Laurel Foodsystems, Inc. 15 Nashua Street Greensburg, PA 15601 (Note: Branch of Pittsburgh, PA)	Thomas Diffendal, Jr. Donald Diffendal Richard Diffendal	412-494-4400 412-787-2275 fax
<b><u>Lebanon, Pennsylvania</u></b>		
William E. Buckholz Corporation d/b/a Goodman Vending Services 1250 Bittner Blvd. Lebanon, PA 17036	Tony Buckholz	610-926-8135
<b><u>Norristown, Pennsylvania</u></b>		
RDS Vending, Inc.* 220 E. Washington Street, Building A Norristown, PA 19401 *Threshold Franchise Agreement	Alan Simons	610-731-0100 610-731-0015 fax
<b><u>Pittsburgh, Pennsylvania</u></b>		
Laurel FoodSystems, Inc. 4590 Campbells Run Road Pittsburgh, PA 15205	Thomas Diffendal, Jr. Donald Diffendal Richard Diffendal	412-494-4400 412-787-2275 fax
<b><u>Spring City, Pennsylvania</u></b>		
West Dairy, Inc. d/b/a Canteen of Berks County 2492 Schuylkill Road Spring City, PA 19475	Jeff & Cheryl West	610-495-0100 610-495-8620 fax
<b><u>Warwick, Rhode Island Sub-branch</u></b>		

R. M. Foley, Inc. 33 Plan Way, Building 6 Warwick, RI 02866 (Note: Branch of Norwood, MA)	Steve Foley	401-640-0176 401-736-3332 fax
<b><u>Florence, South Carolina</u></b>		
Pepsi Cola of Florence, LLC & Pee Dee Foods 2499 Florence Harlee Blvd. Florence, SC 29506	Mark Avent Les Ward	843-679-2911 843-667-4379 fax
<b><u>Hilton Head, South Carolina</u></b>		
The Vending Group, Inc. d/b/a Palmetto Vending 20 Harrogate Drive Hilton Head, SC 29928	Donald Kahaner Rob Marotta Stacey Marotta	843-683-5601 843-341-6295 fax
<b><u>North Charleston, South Carolina</u></b>		
Coastal Canteen Vending and Food Services, Inc. 2801 Three Lakes Road North Charleston, SC 29418	Donna Trego	843-747-6120 843-747-6117 fax
<b><u>Ridgeland, South Carolina Sub-branch</u></b>		
Lighthouse Coffee Company 305E Low Country Drive Ridgeland, SC 29936 (Note: Branch of Brunswick, GA)	Brantley McMinn	912-262-0817 912-262-6060 fax
<b><u>Brookings, South Dakota Sub-branch</u></b>		
McKeever, Inc. d/b/a McKeever's Full Line Full Service Vending 3211 Prince Drive, Suite A Brookings, SD 57006 (Note: Branch of Watertown, South Dakota)	Daren McKeever Rhonda McKeever	605-886-7677 605-886-1972 fax
<b><u>Huron, South Dakota Sub-branch</u></b>		
McKeever, Inc. d/b/a McKeever's Full Line Full Service Vending 771 4 <sup>th</sup> Street NW Huron, SD 57350 (Note: Branch of Watertown, South Dakota)	Daren McKeever Rhonda McKeever	605-886-7677 605-886-1972 fax
<b><u>Sioux Falls, South Dakota Sub-branch</u></b>		
Premium Food and Beverage 2301 S. Minnesota Avenue Sioux Falls, SD 57101 (Note: Branch of Sioux City, IA)	Cy Chesterman	605-332-2291
<b><u>Tea, South Dakota Sub-branch</u></b>		
McKeever, Inc. d/b/a McKeever's Full Line Full Service Vending 46952 Monty Street, Suite 2 Tea, SD 57064 (Note: Branch of Watertown, South Dakota)	Daren McKeever Rhonda McKeever	605-886-7677 605-886-1972 fax

<b><u>Watertown, South Dakota</u></b>		
McKeever, Inc. d/b/a McKeever's Full Line Full Service Vending 2637 15 <sup>th</sup> Avenue SE Watertown, SD 57201	Daren McKeever Rhonda McKeever	605-886-7677 605-886-1972 fax
<b><u>Adamsville, Tennessee</u></b>		
Southern Vending, Inc. 938 Gilchrist Stantonville Road Adamsville, TN 383310	Brian Blattler Lori Blattler	731-632-1149
<b><u>Alcoa, Tennessee Sub-branch</u></b>		
Five Star Food Service, Inc. 3325 Regal Drive Alcoa, TN 37701 (Note: Branch of Chattanooga, TN)	Richard Kennedy	865-977-7819
<b><u>Chattanooga, Tennessee</u></b>		
Five Star Food Service, Inc. 6005 Century Oaks Drive Chattanooga, TN 37416	Richard Kennedy	423-643-2608 423-643-2687 fax
<b><u>Clarksville, Tennessee Sub-branch</u></b>		
Five Star Food Service, Inc. 1850 Business Park Dr. Ste 114B Clarksville, TN 37040 (Note: Branch of Chattanooga, TN)	Richard Kennedy	706-882-7703
<b><u>Cleveland, Tennessee Sub-branch</u></b>		
Five Star Food Service, Inc. 2040 Westland Drive SW Cleveland, TN 37311 (Note: Branch of Chattanooga, TN)	Richard Kennedy	423-479-1796
<b><u>Cookeville, Tennessee Sub-branch</u></b>		
Five Star Food Service, Inc. 1409 Interstate Drive Cookeville, TN 38501 (Note: Branch of Chattanooga, TN)	Richard Kennedy	931-526-4010
<b><u>Fayetteville, Tennessee</u></b>		
Lincoln County Vending, Inc. 605 Green Street Fayetteville, TN 37334	Dan Holt, Jr.	931-607-7045 931-438-8825 fax
<b><u>Humboldt, Tennessee Sub-branch</u></b>		
Burch Food Services, Inc. 33 Three Way Lane Humboldt, TN 38343 (Note: Branch of Sikeston, TN)	Steven Burch	573-471-3003 573-471-1540 fax
<b><u>Midway, Tennessee</u></b>		
Professional Vending Services, Inc.	Doug Fezell	423-639-3188



1625 Potter Town Road Midway, TN 37809		423-235-5836 fax
<b><u>Nashville, Tennessee Sub-branch</u></b>		
Five Star Food Service, Inc. 440 Allied Drive Nashville, TN 37211 (Note: Branch of Chattanooga, TN)	Richard Kennedy	706-882-7703
<b><u>Nashville, Tennessee Sub-branch</u></b>		
Five Star Food Service, Inc. 419 Allied Drive Nashville, TN 37211 (Note: Branch of Chattanooga, TN)	Richard Kennedy	706-882-7703
<b><u>Newbern, Tennessee Sub-branch</u></b>		
Burch Food Services, Inc. 823 Washington Street Newbern, TN 38059 (Note: Branch of Sikeston, TN)	Steven Burch	573-471-3003 573-471-1540 fax
<b><u>New Market, Tennessee Sub-branch</u></b>		
Five Star Food Service, Inc. 860 W. Andrew Johnson Hwy New Market, TN 37820 (Note: Branch of Chattanooga, TN)	Richard Kennedy	706-882-7703
<b><u>Paris, Tennessee Sub-branch</u></b>		
Pepsi MidAmerica Company 55 Culley Drive Paris, TN 38242 (Note: Branch of Marion, IL)	Keith Dickens	731-641-6952
<b><u>Pulaski, Tennessee</u></b>		
Franks Vending Service, Inc. 1185 West College Street Pulaski, TN 38478	Robert B. Franks	931-363-3233 931-363-8255 fax
<b><u>Sevierville, Tennessee Sub-branch</u></b>		
Five Star Food Service, Inc. 106 Industrial Park Drive Sevierville, TN 37862 (Note: Branch of Chattanooga, TN)	Richard Kennedy	706-882-7703
<b><u>Abilene, Texas</u></b>		
Big Country Vending, LLC. 5857 E. Hwy 80 Abilene, Texas 797601	Kenny Kellam	325-271-0699
<b><u>Amarillo, Texas Sub-branch</u></b>		
Imperial, Inc. 11230 S. Coulter Amarillo, TX 79119	Paul Tims Lance Whorton	918-437-1300

(Note: Branch of Tulsa, OK)		
<b><u>Beaumont, Texas</u></b>		
Moncla Investments, Inc. and Moncla's Inc. 2530 W. Cardinal Drive Beaumont, TX 77705	Ken Moncla Randy Moncla	409-840-9051 409-840-9145 fax
<b><u>Cedar Hill, Texas</u></b>		
D-FW AmeriTex, Inc. d/b/a AmeriTex Vending Company 1111 E. Wintergreen Cedar Hill, TX 75104	Johnny Wallace	972-572-5200 972-572-5400 fax
<b><u>Clute, Texas</u></b>		
Gulftex Vending & Coffee Services, Inc. 738 South Main, #2 Clute, TX 77531	Phil Sikes	979-265-4948 979-265-8350 fax
<b><u>Corpus Christi, Texas</u></b>		
Sunrise Vending Company, LLC 1401 South Padre Island Drive Corpus Christi, TX 78416	Julia Koch Kriegel Darin Duecker – Main Contact	361-854-1951 361-854-3112 fax
<b><u>Dennison, Texas Sub-branch</u></b>		
Southern Market Group 1903 Texoma Drive Dennison, TX 75020 (Note: Branch of Ardmore, OK)	Aldo Waters	580-653-2822 580-653-2841 fax
<b><u>La Feria, Texas</u></b>		
Corpus Christi Vending, Inc. d/b/a South Texas Canteen 401-B James R. Closner Drive La Feria, TX 78559	Chester Husband Donna Husband	956-797-5710 956-797-5715 fax
<b><u>Laredo, Texas</u></b>		
Astro Vending of Laredo, Inc. 1601 Commerce Drive Laredo, TX 78041	Randall & Patricia Abdallah Russell Abdallah	956-723-1807 956-723-1807 fax
<b><u>Lubbock, Texas</u></b>		
Texas Star Refreshments, LLC 8903 Avenue P Lubbock, TX 79423	Rodney Wilson David Rogers David Hilliard – Main Contact	806-722-8363 806-772-8366 fax
<b><u>Midland, Texas</u></b>		
Sunshine Vending & Coffee Service, LLC 1510 W. Montgomery Ave., Ste B Midland, TX 79701	Victor Rivas	432-238-4832
<b><u>Paris, Texas Sub-branch</u></b>		
Southern Market Group 2660 FM 79 Paris, TX 75462 (Note: Branch of Ardmore, OK)	Aldo Waters	580-653-2822 580-653-2841 fax

<b><u>Temple, Texas Sub-branch</u></b>		
Automatic Chef Canteen 400 South Main Street Temple, TX 76504 (Note: Branch of Waco, TX)	James Recks	254-754-5611
<b><u>Tyler, Texas</u></b>		
Moran Refreshments 13680 Hwy 31 W Tyler, TX 75709	Patrick Moran	903-535-2040 903-839-6855 fax
<b><u>Victoria, Texas Sub-branch</u></b>		
Sunrise Vending Company, LLC 1402 N. Elizabeth Street Victoria, TX 77901 (Note: Branch of Corpus Christi, TX)	Julia Koch Kriegel Hersey Williams – Main Contact	361-654-3126 361-854-3112 fax
<b><u>Waco, Texas</u></b>		
Automatic Chef Company P. O. Box 23009 6900 Imperial Drive Waco, TX 76712	J. Heyward Taylor James Recks – Main Contact	254-754-5611 254-754-0353 fax
<b><u>Wichita Falls, Texas</u></b>		
Canteen Company of North Texas, Inc. 4428 Bonny Drive Wichita Falls, TX 76302	James Glawe Gary Glawe	940-766-0307 940-766-2611 fax
<b><u>Wichita Falls, Texas Sub-branch</u></b>		
Southern Market Group 4706 Lakeshore Drive, Suite 100 Wichita Falls, TX 76310 (Note: Branch of Ardmore, OK)	Aldo Waters	580-653-2822 580-653-2841 fax
<b><u>Salt Lake City, Utah</u></b>		
Premier Vending, Inc. 1825 Fortune Road Salt Lake City, UT 84104	Scott Dimick	801-977-9227 801-977-9770 fax
<b><u>St. George, Utah</u></b>		
Ice Cream Factory Inc. d/b/a Southern Utah Vending 405 N. Park Street St. George, UT 84770	Russ Harkins	435-229-4467
<b><u>Chesapeake, Virginia</u></b>		
Bayshore Beverages, Inc. d/b/a Cardinal Services 914 Cavalier Blvd. Chesapeake, VA 23323	Kenny Lindauer	757-485-0051 757-485-0695 fax
<b><u>Bellingham, Washington</u></b>		
B & P Vending, Inc. 3249 Bennett Drive	Randy Sofie	360-734-7631 360-647-8772 fax

Bellingham, WA 98225		
<b><u>Port Angeles, Washington</u></b>		
Peninsula Bottling Co and Snow Valley Distributing Company, Inc. 311 S. Valley St. Port Angeles, WA 98362	Harry Hinds	360-457-3383
<b><u>Spokane Valley, Washington</u></b>		
Empire Distributing and Vending, Inc. 11402 East Montgomery Spokane Valley, WA 99206	David & Shirley Steinbach, Sr. Debbie Gibson Sherry Morse	509-926-2500 509-926-2912 fax
<b><u>Wenatchee, Washington</u></b>		
Eastern Cascade Vending Company, Inc. 410 Peters Street East Wenatchee, WA 98801	Pat Weinstein Sarah Johnson – Main Contact	509-662-7211 509-663-2164 fax
<b><u>Dresser, Wisconsin Sub-branch</u></b>		
The Bernick's Company 690 Kelley Avenue Dresser, WI 54009 (Note: Branch of Waite Park, MN)	John Torgerson	320-252-6441 320-656-2121 fax
<b><u>Fond Du Lac, Wisconsin Sub-branch</u></b>		
BE's Refreshments, Inc. 560 North Rolling Meadows Drive Fond Du Lac, WI 54937 (Note: Branch of Green Bay, WI)	Joe Eggener	920-983-2318 920-983-2329 fax
<b><u>Green Bay, Wisconsin</u></b>		
BE's Refreshments, Inc. 3330 South Ridge Road Green Bay, WI 54304	Joe Eggener	920-983-2318 920-983-2329 fax
<b><u>Green Bay, Wisconsin Sub-branch</u></b>		
BE's Refreshments, Inc. 1000 Circle Drive Green Bay, WI 54304 (Note: Branch of Green Bay, WI)	Joe Eggener	920-983-2318 920-983-2329 fax
<b><u>Sturgeon Bay, Wisconsin Sub-branch</u></b>		
BE's Refreshments, Inc. 3931 Old Hwy Road Sturgeon Bay, WI 54235 (Note: Branch of Green Bay, WI)	Joe Eggener	920-983-2318 920-983-2329 fax

## EXHIBIT I

### LIST OF FORMER FRANCHISEES

#### FORMER CANTEEN FRANCHISEES

The following list contains the last known address and telephone number of every franchisee who had a franchise terminated, canceled, not renewed, transferred or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during fiscal year 2021, or who failed to communicate with Canteen or any of its Affiliates within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Canteen Service Co. of Owensboro, Inc. P. O. Box 7185 or 712 Industrial Drive (42301) Owensboro, KY 42302-1785	Gary Schroeder	Sold to another Canteen franchisee; operated in Indiana, Kentucky, Tennessee and Ohio
Coin-Op Services, Inc. 4572 W US 223 Adrian, MI 49221	Benjamin Leonard 517-265-7070	Sold to another Canteen franchisee; operated in Indiana, Michigan and Ohio
Gulf Coast Canteen of Alabama, Inc., and Gulf Coast Canteen of Mississippi, Inc., and B&K Coffee Services, LLC  5237 Halls Mill Road, Bldg. K Mobile, AL 36619  5713 Gulf Tech Drive Ocean Springs, MS 39564	Greg Breland 251-473-4457	Sold to another Canteen franchisee; operated in Alabama, Florida and Mississippi
A & H Vending Company 212 2 <sup>nd</sup> Street NE East Grand Forks, MN 56721	James Carlson Bridget Carlson 218-773-1192 218-773-1193	Sold to another Canteen franchisee; operated in North Dakota and Minnesota
Jackson Brothers of the South, LLC 1722 S. Glenstone, Suite W, Room 301 Springfield, MO 65804	Nick Branham 417-831-0557	Sold to another Canteen franchisee; operated in Missouri, Kansas and Oklahoma

**EXHIBIT J**

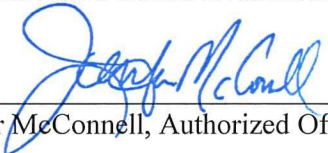
**FINANCIAL STATEMENTS**

**GUARANTEE OF PERFORMANCE**

For value received, **CONVENIENCE FOODS INTERNATIONAL, INC.**, a Delaware Corporation (the "Guarantor"), located at 2400 Yorkmont Road, Charlotte, NC 28217, absolutely and unconditionally guarantees to assume the duties and obligations of **COMPASS GROUP USA, INC. by and through its Canteen Division** ("Franchisor"), located at 2400 Yorkmont Road, Charlotte, North Carolina 28217, under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2021 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever occurs first. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

This Guarantor signs this guarantee at 2400 Yorkmont Road, Charlotte, NC on the 13th day of December, 2021.

**CONVENIENCE FOODS INTERNATIONAL, INC.**      **CONVENIENCE FOODS INTERNATIONAL, INC.**

By:   
Jennifer McConnell, Authorized Officer

By:   
Adrian Meredith, Authorized Officer



## **Independent Auditors' Consent**

Dixon Hughes Goodman LLP consents to the use in the Franchise Disclosure Document issued by Compass Group USA, Inc. on December 21, 2021, as it may be amended, of our report dated December 21, 2021, relating to the financial statements of Convenience Foods International, Inc., a wholly owned subsidiary of Compass Group USA, Inc., for the year ended September 30, 2021.

*Dixon Hughes Goodman LLP*

**Dixon Hughes Goodman LLP**  
**Charlotte, NC**





## Independent Auditors' Report

Board of Directors  
Convenience Foods International, Inc.

We have audited the accompanying financial statements of Convenience Foods International, Inc. (the "Company"), a wholly owned subsidiary of Compass Group USA, Inc., which comprise the balance sheets as of September 30, 2021, 2020 and 2019, and the related statements of operations, cash flows and equity for the years then ended, and the notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Convenience Foods International, Inc. as of September 30, 2021, 2020, and 2019 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Dixon Hughes Goodman LLP*

Charlotte, NC  
December 21, 2021

# Convenience Foods International Inc.

(A Wholly Owned Subsidiary of  
Compass Group USA, Inc.)

Financial Statements as of and for the  
Years Ended September 30, 2021, 2020, and 2019  
and Independent Auditor's Report

**CONVENIENCE FOODS INTERNATIONAL INC.**  
**(A Wholly Owned Subsidiary of Compass Group USA, Inc.)**

**TABLE OF CONTENTS**

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	<b>Page</b>
Independent Auditor's Report	1-2
Financial Statements as of and for the years ended September 30, 2021, 2020, and 2019	
Balance Sheets	3
Statements of Operations	4
Statements of Cash Flows	5
Statements of Equity	6
Notes to Financial Statements	7-9

**BALANCE SHEETS**  
**AS OF SEPTEMBER 30, 2021, 2020, and 2019**  
**(In whole dollars)**

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	2021	2020	2019
<b>ASSETS</b>			
PROPERTY AND EQUIPMENT:			
Land	\$ 1,282,325	\$ 1,282,325	\$ 1,282,325
Buildings and leasehold improvements	2,928,959	\$ 2,928,959	2,928,959
Other equipment	<u>22,282</u>	<u>\$ 22,282</u>	<u>22,282</u>
Total	4,233,566	\$ 4,233,566	4,233,566
Less accumulated depreciation	<u>(2,419,122)</u>	<u>\$ (2,384,159)</u>	<u>(2,337,522)</u>
Total property and equipment — net	<u>1,814,444</u>	<u>\$ 1,849,407</u>	<u>1,896,045</u>
OTHER LONG-TERM ASSETS:			
Deferred tax assets	<u>142,272</u>	<u>\$ 151,688</u>	<u>157,928</u>
<b>TOTAL</b>	<b><u>\$ 1,956,716</u></b>	<b><u>\$ 2,001,095</u></b>	<b><u>\$ 2,053,973</u></b>
<b>LIABILITIES AND EQUITY</b>			
CURRENT LIABILITIES:			
Accrued real estate taxes	\$ 137,359	\$ 137,779	\$ 126,807
Accrued audit fees	7,700	\$ 7,700	7,700
Intercompany payable	<u>1,121,838</u>	<u>\$ 976,109</u>	<u>841,352</u>
Total current liabilities	<u>1,266,897</u>	<u>\$ 1,121,588</u>	<u>975,859</u>
EQUITY:			
Common stock and Contributed capital	2,659,561	\$ 2,659,561	2,659,561
Accumulated deficit	<u>(1,969,742)</u>	<u>\$ (1,780,054)</u>	<u>(1,581,448)</u>
Total shareholder's equity	<u>689,819</u>	<u>\$ 879,507</u>	<u>1,078,113</u>
<b>TOTAL</b>	<b><u>\$ 1,956,716</u></b>	<b><u>\$ 2,001,095</u></b>	<b><u>\$ 2,053,973</u></b>

See notes to financial statements.

**CONVENIENCE FOODS INTERNATIONAL, INC.**  
**(A Wholly Owned Subsidiary of Compass Group USA, Inc.)**

**STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2021, 2020, 2019, and**  
**(In whole dollars)**

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	<b>2021</b>	<b>2020</b>	<b>2019</b>
OPERATING EXPENSES:			
Franchise taxes and license fees	\$ 250	\$ 250	\$ 250
Depreciation	34,962	46,637	46,637
Real estate taxes	137,359	137,779	126,807
Professional fees	<u>7,700</u>	<u>7,700</u>	<u>7,700</u>
OPERATING LOSS	(180,271)	(192,366)	(181,394)
INCOME TAX EXPENSE	<u>(9,416)</u>	<u>(6,241)</u>	<u>(6,241)</u>
NET LOSS ATTRIBUTABLE TO			
CONVENIENCE FOODS INTERNATIONAL, INC.	<u>\$ (189,687)</u>	<u>\$ (198,607)</u>	<u>\$ (187,635)</u>

See notes to financial statements.

**CONVENIENCE FOODS INTERNATIONAL, INC.**  
**(A Wholly Owned Subsidiary of Compass Group USA, Inc.)**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2021, 2020, and 2019**  
**(In whole dollars)**

	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net loss	\$ (189,687)	\$ (198,607)	\$ (187,635)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	34,963	46,637	46,637
Income Tax Expense	9,416	6,241	6,241
Changes in assets and liabilities which provided (used) cash:			
Real estate taxes	<u>(420)</u>	<u>10,972</u>	<u>2,561</u>
Net cash provided by operating activities	<u>(155,144)</u>	<u>(134,757)</u>	<u>(132,196)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Intercompany payables	<u>155,144</u>	<u>134,757</u>	<u>132,196</u>
<b>NET INCREASE (DECREASE)</b>			
<b>IN CASH AND CASH EQUIVALENTS</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

**CONVENIENCE FOODS INTERNATIONAL, INC.**  
**(A Wholly Owned Subsidiary of Compass Group USA, Inc.)**

**STATEMENTS OF EQUITY**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2021, 2020, and 2019**  
**(In whole dollars)**

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	<b>Common Stock</b>	<b>Additional Paid-In Capital</b>	<b>Accumulated Deficit</b>	<b>Total Equity</b>
BALANCE — September 30, 2019	\$ <u>1</u>	\$ <u>2,659,560</u>	\$ <u>(1,581,448)</u>	\$ <u>1,078,113</u>
Net Loss	<u>-</u>	<u>-</u>	\$ <u>(198,607)</u>	\$ <u>(198,607)</u>
BALANCE — September 30, 2020	\$ <u>1</u>	\$ <u>2,659,560</u>	\$ <u>(1,780,054)</u>	\$ <u>879,507</u>
Net Loss	<u>-</u>	<u>-</u>	\$ <u>(189,687)</u>	\$ <u>(189,687)</u>
BALANCE — September 30, 2021	\$ <u>1</u>	\$ <u>2,659,560</u>	\$ <u>(1,969,742)</u>	\$ <u>689,820</u>

See notes to financial statements.



**CONVENIENCE FOODS INTERNATIONAL, INC.**  
**(A Wholly Owned Subsidiary of Compass Group USA, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2021, 2020 AND 2019**

**1. BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES**

Convenience Foods International, Inc. (the “Company”), was established in 1996 under the name of Eurest Offshore and Remote Site Services, Inc., and is a wholly owned subsidiary of Compass Group USA, Inc. (“CGUSA”). On October 19, 2000, the Company amended its name as stated herein. On January 12, 2012, the Company guaranteed to assume the duties and obligations of CGUSA by and through CGUSA’s Canteen Vending Services Division (a wholly owned subsidiary of CGUSA) under CGUSA’s Franchise Agreements.

On February 29, 2012, CGUSA transferred land, buildings and related improvements to the Company at the value of \$2.42 million. The transfer was recorded by the Company at net book value in accordance with generally accepted accounting principles in the United States of America (“GAAP”) because CGUSA and the Company are related parties.

**Use of Estimates** — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results could differ from those estimates. Accounting estimates in the Company’s financial statements include valuation of long-lived assets.

**Land** — The Company assesses its land for impairment when indicators that the carrying values may not be recoverable are present.

**Buildings and Equipment** — Buildings and equipment owned are carried at cost less accumulated depreciation. Assets are depreciated on the straight-line method over their remaining estimated useful lives upon the transfer date. The estimated useful lives prior to the transfer are as follows:

- Buildings and improvements — 20 to 40 years
- Leasehold improvements — 2 to 10 years, limited by the lease period
- Other equipment — 5 years

**Income Taxes** — The Company’s taxable income or losses are included in the consolidated income tax return of CGUSA. The Company has not incurred any tax liabilities for the years ended September 30, 2021, 2020, and 2019.

Deferred tax assets and liabilities are determined based on the temporary difference between the financial accounting and tax basis of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. Transactions for which tax deductibility or the timing of tax deductibility is uncertain are analyzed by management based on their technical merits.

On December 22, 2017, the Tax Cuts and Jobs Act (the “Tax Act”) was signed into law. The Tax Act reduces the federal corporate tax rate to 21% from 35%, among other things, which has caused us to write-down a portion of our deferred tax asset for the year ended September 30, 2018. The Fiscal Year 2018 federal tax rate was a prorated 24.53 percent, taking into account the number of days prior to January 1, 2018 at 35 percent, and the remaining days at 21 percent. The Fiscal year 2019, 2020, and 2021 federal tax rate is 21 percent.

On March 27<sup>th</sup>, 2020, the Coronavirus Aid, Relief, and Economic Security (the “CARES Act”) was signed into law. There are no impacts to the Company’s tax position as a result of the CARES Act.

CGUSA files income tax returns in the U.S. federal jurisdiction and various state and local jurisdictions. The tax periods open to examination by the major taxing jurisdictions to which CGUSA is subject include fiscal years 2017 to 2020.

**Common Stock** — As of November 12, 1996, 1,000 shares of stock with \$1.00 par value have been authorized. None of them have been issued as of September 30, 2015.

**Financial Statement Presentation** — The Company has had no revenue generating operations for the years ended September 30, 2021, 2020 and 2019.

**Subsequent Event** — No events have occurred after September 30, 2021, but before December 31, 2021, the date the financial statements were available to be issued, that require consideration as adjustments to or disclosures in the financial statements.

## 2. RELATED-PARTY TRANSACTIONS

All treasury-related functions related to the Company, including funding of the Company’s state franchise taxes and license fees payables to the state departments, etc., are maintained by CGUSA. Cash funding provided by CGUSA on behalf of the Company is reflected in the accompanying balance sheets as an intercompany payable at September 30, 2021, 2020 and 2019, respectively. There are no stated repayment terms associated with this balance.

## 3. INCOME TAXES

The following tax provision has been recorded for the year ended September 30, 2021 based on book loss before income tax expense of (\$180,271):

Current Tax		\$ -
Deferred Tax		\$ 9,416
Provision for income taxes		\$ 9,416

The Company made no income tax payments to CGUSA nor received any income tax payments from CGUSA for the years ended September 30, 2021, 2020, and 2019.

Deferred income taxes are recorded based on differences between the tax basis of assets and liabilities of the Company and their related carrying value for financial reporting purposes as well as tax credit and operating loss carryforwards. As previously stated, The Tax Cuts and Jobs Act has caused us to write-down a portion of our deferred tax asset for the Fiscal Year 2018 period, which has been reflected below. The following represents the approximate tax effect of each significant type of temporary difference and carryforward giving rise to the deferred tax assets as of September 30, 2021, 2020, and 2019, respectively:

	2021	2020	2019
Noncurrent deferred tax assets:			
Excess of tax basis over financial statement basis of tangible property	\$ 142,272	\$ 151,688	\$ 157,928
Net noncurrent deferred tax assets:	\$ 142,272	\$ 151,688	\$ 157,928

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Report to the  
Board of Directors

# Compass Group, N.A.

September 30, 2021



## Table of Contents

Contacts.....	1
Communication with Those Charged with Governance.....	2
Appendix A - Management Representation Letter	



## Contacts

***Gary Greer, CPA***

Partner

Dixon Hughes Goodman LLP

4350 Congress Street, Suite 900

Charlotte, NC 28209

704.367.5884

[gary.greer@dhg.com](mailto:gary.greer@dhg.com)

***Bronwyn Lawrence, CPA***

Senior Manager

Dixon Hughes Goodman LLP

4350 Congress Street, Suite 900

Charlotte, NC 28209

704.644.4817

[bronwyn.lawrence@dhg.com](mailto:bronwyn.lawrence@dhg.com)



## Communication with Those Charged with Governance

December 21, 2021

Board of Directors  
Convenience Foods International, Inc.  
Charlotte, North Carolina

We have audited the financial statements of Convenience Foods International, Inc. (the “Company”) for the year ended September 30, 2021, and have issued our report thereon dated December 21, 2021. Professional standards require that we provide you with information about our responsibilities in accordance with auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 15, 2021. Professional standards also require that we communicate to you the following information related to our audit.

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Company are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management, and are based on management’s knowledge and experience about past and current events, and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management’s estimate of the property and equipment is based on experience with similar assets and expected replacement time. Management’s estimate of depreciation expense on property and equipment is based on a computation using the straight-line method over the estimated useful lives of the assets. We evaluated the key factors and assumptions used to develop the property and equipment in determining that it is reasonable in relation to the financial statements taken as



a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statements users. The most sensitive disclosure affecting the financial statements was:

The disclosure of related-party transaction in Note 2 to the financial statements. The note describes how the Company funds its operations via an intercompany payable.

#### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements.

#### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

#### **Management Representations**

We have requested certain written representations from management that are included in the management representation letter included at Appendix A.

#### **Management Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.





### Other Significant Matters, Findings, or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Convenience Foods International, Inc., and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

*Dixon Hughes Goodman LLP*

Charlotte, NC



## **Appendix A**

### **Management Representation Letter**

December 21, 2021

Dixon Hughes Goodman LLP

This representation letter is provided in connection with your audits of the financial statements of Convenience Foods International, Inc. (the "Company"), for Compass Group USA, Inc. which comprise the balance sheets as of September 30, 2021, 2020, and 2019, and the related statements of operations and combined statement of undistributed net profit (loss) for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

#### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated December 15, 2021, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. The following have been properly accounted for and disclosed in the financial statements:
  - a. Related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties
  - b. Guarantees, whether written or oral, under which the Company is contingently liable
  - c. Other liabilities or gain or loss contingencies
5. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that "near term" means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Company vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
6. Significant assumptions we used in making accounting estimates, including estimates of fair value, are reasonable.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. There are no uncorrected misstatements or omitted disclosures.

#### **Information Provided**

9. We have provided you with:

- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
10. All transactions have been recorded in the accounting records and are reflected in the financial statements.
  11. We have no knowledge of any fraud or suspected fraud affecting the Company involving:
    - a. Management.
    - b. Employees who have significant roles in internal control.
    - c. Others when the fraud could have a material effect on the financial statements.
  12. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
  13. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
  14. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
  15. There are no regulatory examinations currently in progress for which we have not received examination reports.
  16. We have disclosed to you the identity of all the Company's related parties and all the related party relationships and transactions of which we are aware.
  17. The Company has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities .
  18. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
  19. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
  20. The Company has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
  21. A valuation allowance against deferred tax assets at the balance sheet date is not considered necessary because it is more likely than not the deferred tax asset will be fully realized.
  22. You have provided the following services:
    - Advise management about appropriate accounting principles and their application and assist in preparation of the Company's financial statements

In regard to these services provided by you, we have:

- a. Assumed all management responsibilities.

- b. Overseen the service by designating an individual within senior management, who possesses suitable skill, knowledge, or experience.
  - c. Evaluated the adequacy and results of the services performed.
  - d. Accepted responsibility for the results of the services.
  - e. Evaluated and maintained internal controls, including monitoring ongoing activities.
23. With respect to the non-attest services performed by you during this engagement, we have received the deliverables from you and have stored these deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.
24. There are no:
- a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the Schedule.
  - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB
25. We acknowledge our responsibility for presenting the Schedule in accordance with the Agreement, and we believe that the Schedule, including its form and content is fairly presented in accordance with the Agreement. The methods of measurement and presentation of the Schedule have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the Schedule.
26. During 2020, the outbreak and spread of the COVID-19 virus was classified as a pandemic by the World Health Organization. The spread of the virus may disrupt the Company's business along with the business of their customers and suppliers. These disruptions could adversely affect our ability to obtain and deliver our products, resulting in lost sales. The economic uncertainty caused by the virus has not been fully determined but could have a significant impact on the Company's financial condition, results of operation, and cash flows. The Special Purpose Schedule does not reflect any adjustments as a result of the increase in economic uncertainty.

We have evaluated subsequent events through the date of this letter, which is the date the financial statements were available to be issued. No events have occurred subsequent to the balance sheets and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements .

**Convenience Foods International, Inc.**

*Richard J Rossitch*

[Richard J Rossitch \(Dec 21, 2021 16:24 EST\)](#)

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*Richard J Rossitch, Assistant Secretary*

*Tom Russell*

[Tom Russell \(Dec 21, 2021 18:31 EST\)](#)

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*Tom Russell, VP Finance*

**EXHIBIT K**

**STATE ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT**

**ADDENDUM TO THE CANTEEN DISCLOSURE DOCUMENT  
FOR THE STATE OF CALIFORNIA**

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

The California Business and Professions Code Section 20000 through 20042 provide rights to the Franchisee concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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

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

The Franchise Agreement requires binding arbitration. The arbitration will occur at the franchisor's principal place of business at the time of the arbitration demand with the costs being borne by the party found to be at fault. Franchisor's principal place of business is 2400 Yorkmont Road, Charlotte, North Carolina 28217.

Neither the franchisor nor any officer identified in Item 2 of this Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A 78a et seq. suspending or expelling such persons from membership in such association or exchange.

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

The Franchise Agreement requires the application of the laws of North Carolina. This provision may not be enforceable under California law.

Section 31125 of the California Corporations Code requires us to give you a Disclosure Document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

You must sign a general release if you renew or transfer your franchise. 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).

You must also sign a personal guarantee making you individually liable for your financial obligations under the agreement. The guarantee will place your personal assets at risk if you franchise fails.

Item 6 is hereby amended by adding the following sentence in Column 2 of the row entitled "Interest": The highest interest rate allowed by California law is 10% annually.

Item 10 is hereby amended by the addition of the following language: The highest interest rate allowed by California law is 10% annually.

Item 19 is hereby amended by the addition of the following language: The financial performance representations does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

The Department of Financial Protection and Innovation requires that the Franchisor defer the collection of all initial fees from California franchises until the Franchisor has completed all its pre-opening obligations and franchise is open for business.

Website: OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**



**ADDENDUM TO THE CANTEEN DISCLOSURE DOCUMENT FOR THE STATE OF  
CONNECTICUT**

Item 2 is supplemented as follows:

Only the foregoing persons are involved in selling the franchise.

Item 3 is amended as follows:

No person or entity disclosed in Item 1 or 2 (A) has, at any time during the previous seven fiscal years, been convicted of a felony or pleaded nolo contendere to a felony charge if such felony involved fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade; (B) has, at any time during the previous seven fiscal years, been held liable in a civil action resulting in a final judgment or has settled out of court any civil action or is a party to any civil action (ii) which was brought by a present or former purchaser-investor and which involves or involved the business opportunity relationship; (C) is subject to any currently effective state or federal agency or court injunctive or restrictive order, or is a party to a proceeding currently pending in which such order is sought, relating to or affecting business opportunity activities or the seller-purchaser-investor relationship, or involving fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade.

Item 4 is supplemented as follows:

No person or entity disclosed in Item 1 or 2 at any time during the previous seven fiscal years has: (A) Filed in bankruptcy; (B) been adjudged bankrupt; (C) been reorganized due to insolvency; or (D) been a principal, director, executive officer or partner of any other person that has so filed or was so adjudged or reorganized, during or within one year after the period that such person held such position with such other person.

If the sellers fail to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be canceled.

## **DISCLOSURE REQUIRED BY GEORGIA LAW**

The State of Georgia has not reviewed and does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

## ADDENDUM TO THE CANTEEN DISCLOSURE DOCUMENT FOR THE STATE OF ILLINOIS

Item 5 is hereby amended by the addition of the following paragraph:

Based on the franchisor's financial condition, the Illinois Attorney General's Office requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement and the franchisee has commenced doing business.

Item 17 (e) is hereby amended to delete the right on the part of Canteen (the Franchisor) to terminate the Franchise Agreement without cause.

The following paragraph is hereby added to Item 17:

The conditions under which your franchise can be terminated, and your rights upon non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act of 1987. 815 ILCS 705/19, 20 (West 2010). Any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of this State is void. 815 ILCS 705/4 (West 2010)

Item 17, subitem (t) under the headings "Integration/Merger Clause" shall be revised to reflect that the data set forth within this clause shall include the contents of the Disclosure Document and Franchise Agreement.

Item 17, subitems (v) and (w) under the headings "Choice of Forum" and "Choice of Law" shall be revised to reflect that, if this Disclosure Document states that litigation is to be conducted in a forum other than the State of Illinois, that requirement is void with respect to claims under the Illinois Franchise Disclosure Act. If this Disclosure Document states that the agreements are to be governed by a state's law other than the State of Illinois, that requirement is superseded by the governing law provisions of the Illinois Franchise Disclosure Act.

Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. 815 ILCS 705/41 (West 2010)

Illinois law shall govern the agreement(s) between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act states that any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Also, please be advised that a Guaranty of Performance signed by Convenience Foods International, Inc. is on file with the Office of the Attorney General, State of Illinois.

## **ADDENDUM TO THE CANTEEN DISCLOSURE DOCUMENT FOR THE STATE OF INDIANA**

Notwithstanding anything to the contrary set forth in the Canteen Disclosure Document, the following provisions shall supersede and apply to all Franchises offered and sold in the State of Indiana.

1. “Risk Factor” 1 on the cover page entitled “Special Risks to Consider About This Franchise” does not apply, and the Indiana franchise laws apply notwithstanding “Risk Factor” 2.
2. The Summary Column of Item 17(c) is modified by the addition of the following language at the end of the paragraph:  
  
“other than claims arising under Ind. Deceptive Franchise Practice Act.”
3. Item 17(r) may not be enforceable under the Indiana Deceptive Trade Practices Act.
4. Item 17(v) is not applicable under the Indiana Deceptive Trade Practices Act.
5. Item 17(w) Indiana franchise laws apply even though North Carolina law applies generally.

**ADDENDUM TO THE CANTEEN DISCLOSURE DOCUMENT DISCLOSURES AS REQUIRED  
BY LOUISIANA LAW**

The information contained in this disclosure statement has not been verified by the State of Louisiana. The State has not reviewed and does not approve or endorse any business opportunity. The disclosure statement contains information which should be carefully read before agreeing to purchase a business opportunity.

**ADDENDUM TO THE CANTEEN DISCLOSURE DOCUMENT DISCLOSURES AS REQUIRED  
BY MAINE LAW**

As required by Maine law, we have secured a bond in the amount of \$30,000 issued by Travelers Casualty and Surety Company of America, Hartford, CT. Before signing a contract to purchase a business opportunity, you should check with the surety company to determine the current status of the bond.

Pursuant to Maine statute, you have the right to void the contract for purchase of this business opportunity within 3 business days following the signing of the contract. You should obtain and study a copy of the law regulating the sale of business opportunities before you attempt to avoid the contract. This law is found in the Maine Revised Statutes, Title 32, Section 4698.

**DISCLOSURE REQUIRED BY MAINE LAW**

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN VERIFIED BY THE STATE OF MAINE. THE STATE HAS NOT REVIEWED AND DOES NOT APPROVE OR ENDORSE ANY BUSINESS OPPORTUNITY. THE DISCLOSURE STATEMENT CONTAINS INFORMATION WHICH SHOULD BE CAREFULLY READ BEFORE AGREEING TO PURCHASE A BUSINESS OPPORTUNITY.

**ADDENDUM TO THE CANTEEN DISCLOSURE DOCUMENT  
FOR THE STATE OF MARYLAND**

Item 5 of the Disclosure Document is amended by adding the following sentence:

All initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations under the agreements.

Item 17(f) of the Disclosure Document is amended by the addition of the following paragraph:

The Franchise Agreement and the Threshold Franchise Agreement provide for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Items 17(c) and 17(m) of the Disclosure Document is amended by the addition of the following paragraph:

The general release required as a condition of renewal and/or assignment/transfer or sale shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 17(v) of the Disclosure Document is amended by the addition of the following paragraph:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Such claims must be brought within three years after the grant of the franchise.

**ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO  
THE MICHIGAN FRANCHISE INVESTMENT LAW**

**THIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF CANTEEN REFLECTS CERTAIN REQUIREMENTS OF THE STATE OF MICHIGAN. IT IS BEING PROVIDED TO YOU AT THE SAME TIME AS THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE FEDERAL TRADE COMMISSION, AND SHOULD BE REVIEWED IN CONJUNCTION WITH THE FRANCHISE DISCLOSURE DOCUMENT, OF WHICH THIS IS MADE A PART.**

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

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

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



(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

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

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

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
Consumer Protection Agency  
Attention: Franchise  
G. Mennen Williams Building, 7<sup>th</sup> Floor  
525 West Ottawa Street  
Lansing, Michigan 48913  
Telephone Number: (517) 373-1140

**ADDENDUM TO THE CANTEEN DISCLOSURE DOCUMENT PURSUANT TO  
THE MINNESOTA FRANCHISE INVESTMENT LAW**

Minnesota law provides franchisees with certain rights regarding termination and nonrenewal of their franchises. As in effect in November 1990, Minn. Stat. Ann. Sec. 80.C.14, Subd. 3, 4, and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of a franchise agreement.

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 name.

Under Minn. Rule 2860.4400J, (1) a franchisee cannot waive any rights, (2) the franchisee cannot consent to the franchisor obtaining injunctive relief, although the franchisor may seek injunctive relief, and (3) a franchisee cannot be required to consent to waiver of a jury trial.

Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the Disclosure Document 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.

Under Minn. Rule 2860.4400D, we are prohibited from requiring you to sign a general release.

Items 5 and 7 of the Disclosure Document is amended by adding the following sentence:

The State of Minnesota requires us to defer payment of initial franchise fees owed by franchisees to the franchisor until the franchisee has started operating its business under the franchise agreement.

**ADDENDUM TO THE CANTEEN DISCLOSURE DOCUMENT FOR THE STATE OF NEW HAMPSHIRE**

**THE NEW HAMPSHIRE DISTRIBUTORSHIP DISCLOSURE ACT MAKES IT UNLAWFUL TO SELL ANY DISTRIBUTORSHIP IN THIS STATE WHICH IS SUBJECT TO THAT ACT WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY SUCH FRANCHISEE OF ANY BINDING FRANCHISE AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, WHICHEVER, OCCURS FIRST, A COPY OF THIS DISCLOSURE STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE DISTRIBUTORSHIP. IF THESE DOCUMENTS HAVE NOT BEEN PRESENTED TO YOU IN ACCORDANCE WITH THESE REQUIREMENTS, YOU MAY VOID THE AGREEMENT WITHIN 90 DAYS BY SENDING NOTICE OF YOUR INTENTION TO THE GRANTOR BY UNITED STATES MAIL, RETURN RECEIPT REQUESTED. UPON RECEIPT OF THE NOTICE, THE GRANTOR MUST REFUND ALL MONIES YOU HAVE PAID FOR THE DISTRIBUTORSHIP PLUS INTEREST. THE DISCLOSURE STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE AGREEMENT SHOULD BE CAREFULLY READ FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH GRANTOR AND FRANCHISEE.**

**ADDENDUM TO THE CANTEEN DISCLOSURE DOCUMENT AS REQUIRED BY THE  
STATE OF NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION.**

**REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled ‘Assignment of contract by franchisor’;

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

**ADDENDUM TO THE CANTEEN DISCLOSURE DOCUMENT DISCLOSURES AS REQUIRED  
BY NORTH CAROLINA LAW**

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

**ADDENDUM TO THE CANTEEN DISCLOSURE DOCUMENT AS REQUIRED BY THE STATE  
OF NORTH DAKOTA**

The following items in the Disclosure Document and paragraphs in the Franchise Agreement are amended to include this additional language to the language that appears therein:

- (1) Item 17(c) of the Disclosure Document and Section 9 of the Franchise Agreement are amended by the addition of the following language:

“Pursuant to North Dakota Law, it is unfair, unjust or inequitable to require North Dakota Franchisees to sign a general release upon renewal of the franchise agreement.”

- (2) Item 17(r) of the Disclosure Document and Section 8 of the Franchise Agreement are amended by the addition of the following language:

“Pursuant to Section 9-08-06 of the North Dakota Century Code, covenants not to compete, such as those mentioned above are generally considered unenforceable in the State of North Dakota.”

- (3) Item 17(u) of the Disclosure Document and Section 10 of the Franchise Agreement are amended by the addition of the following language:

“Pursuant to North Dakota Law, it is unfair, unjust or inequitable to require that North Dakota Franchisees must agree to the arbitration of disputes at a location that is remote from the site of the Franchisee’s business.”

- (4) Item 17(v) of the Disclosure Document and Section 10 of the Franchise Agreement are amended by the addition of the following language:

“Pursuant to North Dakota Law, it is unfair, unjust or inequitable to require North Dakota Franchisees to consent to the jurisdiction of courts outside of North Dakota.”

- (5) Item 17(i) of the Disclosure Document and Sections 10 and 11 of the Franchise Agreement are amended by the addition of the following language:

“Pursuant to North Dakota Law, it is unfair, unjust or inequitable to require North Dakota Franchisees to consent to liquidated damages or termination penalties.”

- (6) Item 17(w) of the Disclosure Document and Section 10 of the Franchise Agreement are amended by the addition of the following language:

“Pursuant to North Dakota Law, it is unfair, unjust or inequitable to require that the applicable laws of a Franchise Agreement be governed by the laws of a state other than North Dakota.”

- (7) Section 10 of the Franchise Agreement is amended by the addition of the following language:

“It is unfair, unjust or inequitable to require North Dakota franchisees to consent to a waiver of a trial by jury, or to consent to a waiver of exemplary or punitive damages.”

**ADDENDUM TO THE CANTEEN DISCLOSURE DOCUMENT AS REQUIRED BY THE STATE  
OF RHODE ISLAND**

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



**ADDENDUM TO THE CANTEEN DISCLOSURE DOCUMENT DISCLOSURES AS REQUIRED  
BY SOUTH CAROLINA LAW**

The State of South Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

**ADDENDUM TO THE CANTEEN DISCLOSURE DOCUMENT AS REQUIRED BY THE STATE  
OF SOUTH DAKOTA**

Neither Franchisor nor any person identified in Item 2 has any material arbitration proceeding pending, or has during the ten-year period immediately preceding the date of the Disclosure Document been a party to any concluded material arbitration proceedings.

Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota.

To the extent that termination of the Franchise Agreement is due to Franchisee's failure to make royalty payments, the Franchisee shall receive 30 days written notice of Franchisor's intent to terminate the Franchise Agreement and an opportunity to cure such default prior to termination.

Item 5 of the Disclosure Document is amended by the addition of the following sentence: All initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations under the agreements.

**ADDENDUM TO THE CANTEEN DISCLOSURE DOCUMENT DISCLOSURES AS REQUIRED  
BY UTAH LAW**

To protect you, the State Division of Consumer Protection has required your seller to give you this information. The State Division of Consumer Protection has not verified this information as to its accuracy. The notice may contain additional precautions deemed necessary and pertinent. The seller, in lieu of the information required by Section 13-15-4, may file with the commission and provide to prospective purchasers certified Disclosure Documents authorized for use by the Federal Trade Commission, pursuant to title 16, chapter I, subchapter D, Trade Regulation Rules, Part 436, "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures."

**ADDENDUM TO THE CANTEEN  
DISCLOSURE DOCUMENT AS REQUIRED BY THE STATE OF VIRGINIA**

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

Item 17 (e) is hereby amended to delete the right on the part of Canteen (the Franchisor) to terminate the Franchise Agreement without cause.

The following paragraph is hereby added to Item 17:

The conditions under which your franchise can be terminated may be affected by Virginia law. By statute, under §13.1-564 of the Virginia Retail Franchising Act, it shall be unlawful for a franchisor to cancel a franchise without reasonable cause or to use undue influence to induce a franchisee to surrender any right given to him by any provision contained in the franchise agreement.

**ADDENDUM TO THE CANTEEN DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF WASHINGTON**

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your Franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Item 5 of the Disclosure Document is amended by the addition of the following sentence:

“In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or disclosure document, and (b) is open for business.

Item 17(d) of the Disclosure Document is amended by the addition of the following sentence:

“A Franchisee may terminate the Franchise Agreement under any grounds permitted by law.”

Items 15, 17(q), (r) and (u) of the Disclosure Document are amended by the addition of the following language:

“Subject to State law.”

**ADDENDUM TO THE CANTEEN DISCLOSURE DOCUMENT AS REQUIRED BY THE STATE  
OF WISCONSIN**

**REGISTRATION OF THIS FRANCHISE IN WISCONSIN DOES NOT MEAN THAT THE STATE  
RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE  
DOCUMENT.**

The conditions under which the Franchise Agreement can be terminated or not renewed may be affected by the Wisconsin Fair Dealership Law, Wisconsin Statutes 1981-82, Title XIV-A, Chapter 135.

**EXHIBIT L**

**RIDERS TO THE FRANCHISE AGREEMENT FOR CERTAIN STATES**

**RIDER TO FRANCHISE AGREEMENT  
FOR THE STATE OF ILLINOIS**

This Rider to the Franchise Agreement is agreed to by and between CANTEEN and the Franchisee identified below, to amend and revise said Franchise Agreement as follows:

The last sentence in Section 1.2 as well as the entirety of Section 2.1.1 of the Franchise Agreement are deleted.

Section 3.1 of the Franchise Agreement shall be amended by adding the following sentence:

The Illinois Attorney General's Office requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement and the franchisee has commenced doing business.

Section 10.5.4 of the Franchise Agreement is amended by the addition of the following language to the original language that appears therein:

In the State of Illinois the designation of jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, except that the designation of arbitration in a forum outside of Illinois is permissible. In the State of Illinois the Illinois Franchise Disclosure Act shall prevail in construing and enforcing the Franchise Agreement. Illinois law shall govern the franchise agreement.

Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. 815 ILCS 705/41 (West 2010).

The second sentence of Section 16, of the Franchise Agreement is amended by the addition of the Disclosure Document being incorporated and made a part of the Agreement as though fully stated therein.

To the extent this Rider shall be deemed to be inconsistent with any term or conditions of said Franchise Agreement or Exhibits or attachments thereto, the terms of the Illinois Franchise Disclosure Act as stated in this Rider shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Rider, understands and consents to be bound by all of its terms, and agrees it shall become effective the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_.

CANTEEN  
(A Division of Compass Group USA, Inc.)  
A Delaware Corporation

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

FRANCHISEE

\_\_\_\_\_  
(Signature)  
\_\_\_\_\_  
(Print Name)  
\_\_\_\_\_  
(Signature)  
\_\_\_\_\_  
(Print Name)



**RIDER TO THE CANTEEN FRANCHISE AGREEMENT PURSUANT TO THE INDIANA FRANCHISE  
DISCLOSURE LAW  
AND THE INDIANA DECEPTIVE FRANCHISE PRACTICES ACT**

This Rider to the CANTEEN Franchise Agreement by and between CANTEEN and Franchisee is dated \_\_\_\_\_, 20\_\_.

1. Section 8.2.4 and 9.1.5 of the Franchise Agreement is amended by the inclusion of the following language:

Any general release is exclusive of any claims arising under the Indiana Deceptive Franchise Practices Act.

2. Section 8.2.8 of the Franchise Agreement may not be enforceable under IC 23-2-2.7-1(9).

3. Section 10.5.4 of the Franchise Agreement is modified as follows:

Indiana Franchise Acts will prevail in the event of any conflict of laws.

All initially capitalized terms not defined herein shall have the same meaning as ascribed to them in the Franchise Agreement. Except as expressly modified hereby, the Agreement shall remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this addendum concurrently with the execution of the Franchise Agreement on the day and year first above written.

CANTEEN  
(A Division of Compass Group USA, Inc.)  
A Delaware Corporation

FRANCHISEE

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

Title: \_\_\_\_\_

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

**RIDER TO THE FRANCHISE AGREEMENT AND THE THRESHOLD FRANCHISE AGREEMENT PURSUANT  
TO  
THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW**

This Rider to the Franchise Agreement and the Threshold Franchise Agreement by and between CANTEEN and Franchisee is dated \_\_\_\_\_, 20\_\_.

Section 1.2, the waiver provision of Section 14, and Section 16 of the Franchise Agreement and the Threshold Franchise Agreement is amended with the addition of the following language at the end of the Section:

All representations requiring prospective franchisees to assent to a release, estoppels 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.

The initial franchise fee provision of Section 3.1 of the Franchise Agreement and the Threshold Franchise Agreement is amended with the addition of the following language at the end of the Section:

All initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations under the agreements.

The renewal and transfer provisions of Sections 8.2 and 9.1.5 of the Franchise Agreement and the Threshold Franchise Agreement are amended with the addition of the following language at the end of each Section:

Any general release, estoppel or waiver of liability required as a condition of renewal and/or assignment/transfer or sale shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The default provision of Section 10.1.1 of the Franchise Agreement and the Threshold Franchise Agreement is amended with the addition of the following language at the end of the Section:

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

The dispute resolution provision of Section 10.5 of the Franchise Agreement and the Threshold Franchise Agreement is amended with the addition of the following language at the end of the paragraph:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Such claims must be brought within 3 years after the grant of the Franchise.

Section 18 of the Franchise Agreement and the Threshold Franchise Agreement is amended with the addition of the following sentence:

This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

All initially capitalized terms not defined herein shall have the same meaning as ascribed to them in the Franchise Agreement and the Threshold Franchise Agreement. Except as expressly modified hereby, the Agreement shall remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rider concurrently with the execution of the Franchise Agreement or the Threshold Franchise Agreement on the day and year first above written.

CANTEEN (A Division of Compass Group USA, Inc.)  
A Delaware Corporation

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

FRANCHISEE

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

**RIDER TO THE FRANCHISE AGREEMENT PURSUANT TO  
THE MINNESOTA FRANCHISE DISCLOSURE LAW**

This Rider to the Franchise Agreement by and between CANTEEN and Franchisee is dated \_\_\_\_\_, 20 \_\_\_\_.

1. Section 4.4 shall be amended by adding the following:  
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 name.
  
2. Section 10 shall be amended by adding the following:  
With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.,14 Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement.
  
3. Sections 10.5 and 10.5.6 shall be amended by adding the following:  
Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota. In addition, nothing in this 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.
  
4. Section 11.4 shall be amended by adding the following:  
Under Minn. Rule 2860.4400J, a franchisee cannot waive any rights.
  
5. Sections 8.2 and 9.1.5 shall be amended by adding the following:  
Under Minn. Rule 2860.4400D, we are prohibited from requiring you to sign a general release.
  
6. Section 3.1 shall be amended by adding the following:  
The State of Minnesota requires us to defer the payment of the initial franchise fee owed by franchisees to the franchisor until the franchisee has started operating its business under the franchise agreement.

All initially capitalized terms not defined herein shall have the same meaning as ascribed to them in the Franchise Agreement. Except as expressly modified hereby, the Franchise Agreement shall remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rider concurrently with the execution of the Franchise Agreement on the day and year first above written.

CANTEEN  
(A Division of Compass Group USA, Inc.)  
A Delaware Corporation

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

Title: \_\_\_\_\_

FRANCHISEE

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

**RIDER TO THE FRANCHISE AGREEMENT PURSUANT TO  
THE NEW YORK FRANCHISE DISCLOSURE LAW**

This Rider to the Franchise Agreement by and between CANTEEN and Franchisee is dated \_\_\_\_\_, 20\_\_\_\_.

1. Notwithstanding anything to the contrary in the Franchise Agreement, the following language shall be added to Sections 8.2 and 9.1.5:

Provided, however, that all rights enjoyed by the Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of GBL, section 687.4 and 687.5 be satisfied.

2. The following language shall be added to Section 8.5:

However, no transfer shall be made except to a transferee who in the good faith judgment of Franchisor is willing and able to assume Franchisor's obligations under this Agreement.

All initially capitalized terms not defined herein shall have the same meaning as ascribed to them in the Franchise Agreement. Except as expressly modified hereby, the Franchise Agreement shall remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rider concurrently with the execution of the Franchise Agreement on the day and year first above written.

CANTEEN  
(A Division of Compass Group USA, Inc.)  
A Delaware Corporation

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

Title: \_\_\_\_\_

FRANCHISEE

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

**RIDER TO THE CANTEEN FRANCHISE AGREEMENT AS REQUIRED BY THE STATE OF RHODE ISLAND**

This Rider to the Franchise Agreement by and between CANTEEN and Franchisee is dated \_\_\_\_\_, 20 \_\_\_\_.

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

All initially capitalized terms not defined herein shall have the same meaning as ascribed to them in the Franchise Agreement. Except as expressly modified hereby, the Franchise Agreement shall remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rider concurrently with the execution of the Franchise Agreement on the day and year first above written.

CANTEEN  
(A Division of Compass Group USA, Inc.)  
A Delaware Corporation

FRANCHISEE

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

Title: \_\_\_\_\_

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

**RIDER TO THE CANTEEN FRANCHISE AGREEMENT AS REQUIRED BY THE STATE OF SOUTH DAKOTA**

This Rider to the Franchise Agreement by and between CANTEEN and Franchisee is dated \_\_\_\_\_, 20 \_\_\_\_.

1. Section 10 of the Franchise Agreement is amended with the addition of the following language:

To the extent that such termination of the Franchise Agreement is due to Franchisee’s failure to make royalty payments, the Franchisee shall receive 30 days written notice of Franchisor’s intent to terminate the Franchise Agreement and an opportunity to cure such default prior to termination.

2. Section 10.5.4 of the Franchise Agreement is amended with the addition of the following language:

The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this agreement and all other provisions of this instrument will be and remain subject to the application, construction, enforcement and interpretation under the governing law of North Carolina.

3. The initial franchise fee provision of Section 3.1 of the Franchise Agreement and the Threshold Franchise Agreement is amended with the addition of the following language at the end of the Section: All initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations under the agreements.

All initially capitalized terms not defined herein shall have the same meaning as ascribed to them in the Franchise Agreement. Except as expressly modified hereby, the Franchise Agreement shall remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rider concurrently with the execution of the Franchise Agreement on the day and year first above written.

CANTEEN  
(A Division of Compass Group USA, Inc.)  
A Delaware Corporation

FRANCHISEE

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

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

Title: \_\_\_\_\_

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

**RIDER TO THE CANTEEN FRANCHISE AGREEMENT AS REQUIRED BY THE STATE OF VIRGINIA**

This Rider to the Franchise Agreement is agreed to by and between CANTEEN and the Franchisee identified below, to amend and revise said Franchise Agreement as follows:

Section 2.1.1 of the Franchise Agreement will not be applicable to the Franchise Agreement signed by the Virginia franchisee entering into the attached agreement.

Section 3.1 of the Franchise Agreement shall be amended by adding the following sentence: “The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement.”

To the extent this Rider shall be deemed to be inconsistent with any term or conditions of said Franchise Agreement or Exhibits or attachments thereto, the terms of the Virginia Retail Franchise Act as stated in this Rider shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Rider, understands and consents to be bound by all of its terms, and agrees it shall become effective the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_.

CANTEEN  
(A Division of Compass Group USA, Inc.)  
A Delaware Corporation

FRANCHISEE

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

Title: \_\_\_\_\_

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

## **RIDER TO THE CANTEEN FRANCHISE AGREEMENT AS REQUIRED BY THE STATE OF WASHINGTON**

This Rider to the Franchise Agreement by and between CANTEEN and Franchisee is dated \_\_\_\_\_, 20\_\_.

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

RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

All initially capitalized terms not defined herein shall have the same meaning as ascribed to them in the Franchise Agreement. Except as expressly modified hereby, the Franchise Agreement shall remain in full force and effect in accordance with its terms.



IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rider concurrently with the execution of the Franchise Agreement on the day and year first above written.

CANTEEN  
(A Division of Compass Group USA, Inc.)  
A Delaware Corporation

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

Title: \_\_\_\_\_

FRANCHISEE

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

**RIDER TO THE CANTEEN FRANCHISE AGREEMENT AS REQUIRED BY THE STATE OF WISCONSIN**

This Rider to the Franchise Agreement by and between CANTEEN and Franchisee is dated \_\_\_\_\_, 20 \_\_\_\_.

The conditions under which this Agreement can be terminated or renewed are set forth in the Wisconsin Fair Dealership Law, Wisc. Stat. 1981-82, Title XIV-A, Chapter 135.

All initially capitalized terms not defined herein shall have the same meaning as ascribed to them in the Franchise Agreement. Except as expressly modified hereby, the Franchise Agreement shall remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rider concurrently with the execution of the Franchise Agreement on the day and year first above written.

CANTEEN  
(A Division of Compass Group USA, Inc.)  
A Delaware Corporation

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

Title: \_\_\_\_\_

FRANCHISEE

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

**EXHIBIT M**

**MASTER SUBCONTRACT AGREEMENT**



## MASTER SUBCONTRACT AGREEMENT

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In consideration of the terms and conditions contained herein, Canteen One, LLC (“Canteen One”) and the undersigned subcontractor (“Subcontractor”) agree as follows:

**1. SCOPE/LICENSE.** (a) This Master Subcontract Agreement (“Agreement”) is a master agreement that will govern the provision, installation and operation (collectively, “Services”) of any vending machines, unattended vending kiosks, coffee brewers, water filtration units and any other ancillary or related equipment or amusement machines (as may be applicable) (collectively, the “Equipment”) provided by Subcontractor in any facility (“Facility”) that is subject to a Master Services Agreement (as that term is defined below) between Canteen One and its client (“Client” or “National Account”). If Canteen One elects to grant Subcontractor the right to provide the Services and Equipment in any Facility(ies), Canteen One will issue a schedule (“Schedule”) to Subcontractor, which will identify, among other things, the specific Facility(ies) at which Services and Equipment are to be provided, the specific Equipment to be provided in such Facility(ies), and the specific financial terms related thereto. Canteen One may also issue, as applicable, a term sheet (“Term Sheet”) which will identify any other specific requirements or terms and conditions that pertain to a specific Facility(ies) and/or Client/National Account. Subcontractor shall accept a Schedule and any applicable Term Sheet by written notice delivered to Canteen One within ten (10) days following Subcontractor’s receipt of such Schedule and any applicable Term Sheet. The financial terms, which may include Commissions (as defined in Section 3) as set forth in the Term Sheet, shall be reflected on the monthly Schedule. Subcontractor shall be deemed to have accepted a Schedule and any applicable Term Sheet if Subcontractor does not reject such by written notice delivered to Canteen One within ten (10) days following Subcontractor’s receipt of such Schedule and any applicable Term Sheet, and, in any event, Subcontractor shall be deemed to have accepted the Schedule and any applicable Term Sheet if Subcontractor installs or operates Equipment in any Facility identified in such Schedule after ten (10) days have elapsed following Subcontractor’s receipt of such Schedule or any applicable Term Sheet. Each Schedule and applicable Term Sheet shall be deemed to be a part of this Agreement as of the Effective Date set forth therein. Schedules and Term Sheets may be issued, reissued or amended at any time, or on a periodic basis, by Canteen One. If a Schedule or Term Sheet contains terms and conditions that are different from the terms and conditions contained herein or in a previously issued Schedule or Term Sheet, the most recently dated Schedule or Term Sheet shall be deemed to have amended this Agreement or the previous Schedule or Term Sheet and the terms and conditions of the most recently dated Schedule or Term Sheet shall prevail over the terms of this Agreement and over any prior Schedule or Term Sheet. (b) As to each Schedule, Canteen One grants to Subcontractor the right to provide Services and install and operate the Equipment identified in such Schedule within the Facility(ies) identified in such Schedule in accordance with the terms and provisions of this Agreement as may be amended by the Schedule and applicable Term Sheet. As to each Schedule, from and after the Effective Date of such Schedule, Subcontractor shall provide the Services and operate the Equipment identified in such Schedule in the Facility(ies) identified in such Schedule, and in connection therewith, shall procure and provide the products or items (“Products”) at the Price and Portion size shown in such Schedule. Subcontractor shall install Equipment in Facilities on the Installation Dates set forth in the applicable Schedule(s). (c) The right to Subcontractor granted hereunder does not include any right, and Subcontractor agrees not, to distribute goods or services bearing or utilizing any trademark, service mark, trade name, advertising or other commercial symbol of Canteen One, Client, any National Account or any of their respective affiliates. (d) This Agreement does not obligate Canteen One to issue any Schedule to Subcontractor, and the issuance of any Schedule by Canteen One to Subcontractor shall not obligate Canteen One to issue any other or subsequent Schedule to Subcontractor. Except pursuant to a Schedule issued in connection with a specific Facility, Subcontractor shall not have the right to provide Services in any Facility by virtue of this Agreement.

**2. SUBCONTRACTOR'S USE OF AFFILIATED ENTITIES, SUBCONTRACTORS OR THIRD PARTY VENDORS.** Subcontractor may use affiliated entities, subcontractors or third party vendors to provide Services or Products provided by Subcontractor provided Subcontractor (i) ensures that such parties are compliant with all applicable Laws; and (ii) obtains prior written consent from Canteen One prior to the use of such affiliated entity, subcontractor or third party vendor. Subcontractor shall ensure that its affiliated entities, subcontractors or third party vendors purchase all Products, to include fresh food items and ingredients, solely from suppliers and distributors who demonstrate, to the continuing reasonable satisfaction of Canteen One, the ability to meet Canteen One's then-current standards and specifications for such items and who possess adequate quality controls and capacity to supply Subcontractor's needs promptly and reliably. In the case when Subcontractor, its affiliated entities, subcontractors or third party vendors operate a commissary related to the provision of the Products or Services, Canteen One reserves the right to provide such parties a copy of its Quality Assurance Standards and Guidelines. The pertinent terms of this Agreement that apply to Subcontractor's affiliated entities, subcontractors or third party vendors will be included in a written agreement between Subcontractor and such parties. A list of Subcontractor's affiliated entities is to be provided to Canteen One prior to execution of this Agreement.

**3. TERM.** The right for Subcontractor to provide Services and Equipment with respect to each Facility identified in a Schedule shall commence as of the Installation Date for such Facility as such date is defined in the Schedule and shall continue until terminated as provided in Sections 15, 17 or 18 herein. The right to provide Services and Equipment with respect to any Facility shall not be extended unless as otherwise mutually agreed and set forth in a written amendment hereto.

**4. FINANCIAL TERMS.** The financial terms applicable to each Facility at which Subcontractor provides Services and Equipment shall be set forth in the Schedule or applicable Term Sheet. Subcontractor shall pay commission (the "Commission") to Canteen One as set forth in the Schedule(s) or applicable Term Sheet. Commission payments, if applicable, shall be calculated according to the Commission Rate for the Equipment (as set forth in the Schedule or applicable Term Sheet) and made for the Commission Period (as defined in the Schedule or applicable Term Sheet) on or before the Payment Due Date indicated on the Schedule(s) or the applicable Term Sheet and at such place as Canteen One may from time to time designate. Commission payments, if applicable, shall be accompanied by Commission statements in a form approved from time to time by Canteen One, and completed and signed by an authorized representative of Subcontractor. Commission calculations shall be subject to correction upon examination and audit by Canteen One as provided in Section 11. Unless otherwise provided in the Schedule(s) or applicable Term Sheet, the Commission shall be computed without deduction of any costs incurred by Subcontractor including, but not limited to, costs of providing cashless payment options (for example, credit and debit card readers, wireless communication charges, bank or credit card fees), deposits and sales/use taxes. Canteen One may, upon request, require Subcontractor to provide a security deposit, escrow arrangement, letter of credit or other credit enhancement to secure the payment of unpaid Commissions. To the extent that Canteen One shall be required to pay Subcontractor for any Services, invoices for any amounts to be paid by Canteen One to Subcontractor will be submitted within ten (10) days but not later than sixty (60) days of the delivery of the Products. Invoices received later than sixty (60) days after delivery of the Products will not be accepted by Canteen One.

**5. LAWS, REGULATIONS AND RULES/AUDIT.** Subcontractor shall, and will ensure that its affiliated entities, subcontractors and third party vendors shall, comply with all laws, ordinances, rules, regulations and restrictions, whether federal, state or local, applicable to the operation of its/their business, Equipment and the provision of the Products and Services, including but not limited to those concerning labor, taxes, disability, health and safety (collectively, "Law"). Canteen One shall have the right to audit any and all Subcontractor facilities and any and all facilities of Subcontractor's affiliated entities, subcontractors, vendors or other parties providing Products or Services to Subcontractor to ensure compliance with Laws. Subcontractor agrees, and shall ensure that its affiliated entities, subcontractors and third party vendors agree, to procure and maintain, at its/their sole expense, all necessary permits and licenses for the lawful operation of its/their business and the Equipment. Canteen One reserves the right to be given copies of all necessary permits and licenses within 24 hours after request. Canteen One and/or any Client/National Account may from time to time provide to Subcontractor written directives with respect to the servicing of the Equipment within a Facility. While on Facility premises, Subcontractor shall comply with such directives and shall at all times conduct its business in accordance with the highest recognized standards in the industry and the Client/National Account directives, which may include Subcontractor performing background checks and drug screens of its employees. Canteen One reserves the right to make reasonable modifications to the standards of

Subcontractor's operation from time to time as it may deem appropriate and to maintain uniformity as to the rules, procedures and policies applicable to all of Canteen One's subcontractors. Without limiting the types of modifications that may be made, modifications may require Subcontractor to incur expenses to acquire hardware and software in order for Subcontractor to make certain electronic data transfers to Canteen One.

**6. INDEMNIFICATION.** Subcontractor agrees to indemnify, defend and save Canteen One and each Client and National Account and their respective directors, officers, employees, subsidiaries, affiliates, landlords, agents, representatives and contractors (collectively, the "Indemnified Parties") harmless from and against any and all claims, demands, or causes of action (including attorneys' fees) arising from, or alleged to have arisen from (a) the operation of Subcontractor's business or the Equipment; (b) any actual or alleged negligence or dishonesty of, or any actual or alleged actions or omissions by, Subcontractor or any of its employees, agents or subcontractors; (c) any breach by Subcontractor of its obligations hereunder; (d) any alleged patent, copyright or trademark infringement or unauthorized use of trade secrets or other proprietary rights in connection with the Equipment; or (e) any violation of applicable law by Subcontractor in the course of performing its obligations hereunder. Canteen One may retain counsel and defend such action, suit or proceeding at Subcontractor's expense. Subcontractor shall not settle any such action, suit or proceeding without the prior written approval of Canteen One.

**7. INSURANCE.** During the term of this Agreement, Subcontractor will, at its sole cost and expense, maintain: (i) worker's compensation insurance as required by law and employer's liability insurance equal to the greater of one million dollars (\$1,000,000) or such other amount as may be required by a Client or a National Account; (ii) commercial general liability insurance (including coverage for products liability and contractual liability) on an occurrence basis with combined single limits equal to the greater of one million dollars (\$1,000,000) or such other amount as may be required by a Client or a National Account; (iii) comprehensive automobile bodily injury liability with combined single limits of not less than two million dollars (\$2,000,000) per accident; and (iv) property damage liability insurance on an occurrence basis with combined single limits of not less than two million dollars (\$2,000,000). The foregoing insurance coverages shall provide for the investigation, defense and satisfaction (by settlement or otherwise), to the extent of claims that are insurable and an obligation of indemnification assumed by Subcontractor hereunder at no cost to the Indemnified Parties, of any liability, claim, loss, cost, expense or fee asserted against or incurred by Subcontractor or the Indemnified Parties. **WITHIN FIVE (5) DAYS AFTER EXECUTION OF THIS AGREEMENT, AND FROM TIME TO TIME THEREAFTER, UPON REQUEST BY CANTEEN ONE, SUBCONTRACTOR SHALL CAUSE THE INSURER ISSUING SUCH POLICIES TO ISSUE A CERTIFICATE OF INSURANCE TO CANTEEN ONE CONFIRMING THAT SUCH POLICIES HAVE BEEN ISSUED AND ARE IN FULL FORCE AND EFFECT. TO THE EXTENT PERMISSIBLE BY LAW, SUBCONTRACTOR'S INSURANCE POLICIES SHALL INCLUDE THE INDEMNIFIED PARTIES AS ADDITIONAL INSURED THEREUNDER. INSURANCE COVERAGES PROVIDED BY SUBCONTRACTOR SHALL NOT BE CANCELLED, MODIFIED OR REDUCED WITHOUT THE SUBCONTRACTOR OR SUBCONTRACTOR'S INSURANCE COMPANY FIRST PROVIDING THIRTY (30) DAYS PRIOR WRITTEN NOTICE TO CANTEEN ONE OF SUCH PROPOSED CANCELLATION, MODIFICATION OR REDUCTION.** Subject to the terms of this Agreement, Subcontractor waives for itself and its insurers all rights of recovery against the Indemnified Parties for damages covered by such policies. Such policies shall include provisions denying to the insurer subrogation rights against the Indemnified Parties for any damages covered by such policies. All such policies shall be provided by an insurer rated A+ or better by A.M. Best and licensed to do business in each state in which a Facility is located.

**8. TAXES.** Subcontractor shall: (a) pay all taxes, assessments and permit or license fees, however characterized or described, now or hereafter imposed by any governmental authority upon its activities under this Agreement or its business generally; (b) pay all sales, use or other taxes or surtaxes, however characterized or described (excluding only Canteen One's income taxes) which may now or hereafter be imposed by any governmental authority upon Products, Product sales, Equipment, Equipment receipts, Fees, Commissions or any of the rights or privileges granted to Subcontractor under this Agreement; and (c) in its own name remit to and file with the proper governmental authorities all of the foregoing taxes, assessments, fees and necessary returns and comply with all regulations and rules promulgated by such governmental authorities. For the avoidance of any doubt in that regard, wherever and whenever permitted under the laws which impose such taxes, Subcontractor shall register and qualify to pay such taxes directly to the applicable taxing authority in its name, and shall then pay such taxes directly to such authority. Upon request,

Subcontractor shall provide to Canteen One proof of payment of all such taxes and any certificates or other documentation required to evidence or effect the “direct pay” status required hereunder. Subcontractor shall not permit any lien to be placed upon the property of Canteen One or any Client or National Account. Sales taxes for eligible coffee or pantry related Products can be submitted for payment.

**9. SETTLEMENTS.** Unless otherwise directed by Canteen One, all settlements with customers pertaining to Products, unsatisfactory Products, malfunctioning Equipment or any other issue relating to such settlements shall be made by the Client or National Account personnel at each Facility and Subcontractor shall reimburse each Client or National Account for all settlements paid. Subcontractor shall maintain adequate return records with regard to settlements.

**10. INSTALLATION.** Equipment shall be installed at Facilities by Subcontractor at Subcontractor’s sole cost and expense and any damage caused by the installation and/or movement or removal of the Equipment shall be the sole responsibility of Subcontractor. Subcontractor shall make no electrical, plumbing or structural changes or alterations in or to the Facilities without the prior written consent of Canteen One.

**11. RECORDS.** For the purpose of permitting Canteen One to verify payment of all amounts due or required to be paid hereunder and to make reports to Client and/or National Account, Subcontractor agrees that it shall during the term of the Schedule for each Facility, and for at least six (6) years thereafter, (i) keep and preserve at its office identified below, balance sheets, statements of earnings, general ledger, receipts and disbursement journals and such sales records and other supporting documentation in accordance with generally accepted accounting principals which shall disclose in detail all information required to permit Canteen One to verify payment of all amounts due or required to be paid hereunder; and (ii) as applicable, ensure Canteen One authorized access to and use of any third party reporting systems, sales reports, sales data from unattended vending kiosks, and supporting documentation. Such records shall permit verification of gross sales and refunds by Facility and Equipment. At any time after twenty-four (24) hours advance notice to Subcontractor, Canteen One or its agents and accountants shall have the right during business hours to inspect, copy and audit such financial statements and books and records. If such audit discloses amounts payable or required to be paid pursuant to the terms of this Agreement, Subcontractor shall promptly pay such amount together with the cost of the audit and late payment charges specified in Section 16.

**12. PURCHASES.** No goods or services shall be purchased, nor shall any liabilities or obligations be incurred, by Subcontractor or any person employed by or conducting business with Subcontractor in the name or upon the credit of Canteen One or any Client/National Account. Canteen One reserves the right to select Product brands and Canteen One shall be entitled to, and Subcontractor waives any right it may have to, any and all promotional monies made available by Product licensors, franchisors, manufacturers or distributors.

**13. RELATIONSHIP.** Subcontractor is an independent contractor acting in its own behalf, and neither the right granted under this Agreement nor anything contained in this Agreement shall be construed to make Subcontractor a partner, employee, agent, joint venturer, dealer or franchisee of Canteen One. Subcontractor represents and acknowledges that: (a) it is knowledgeable and experienced in the food and beverage industry; (b) the right granted to Subcontractor hereunder is granted without any express or implied representation or warranty except as those expressly set forth in this Agreement; (c) neither Canteen One nor any Client/National Account has made any warranty or representation whatsoever with respect to the economic or financial performance of the business to be conducted pursuant to this Agreement; (d) other than as set forth in the Schedule(s), no fee or other remuneration has been paid to Canteen One by Subcontractor in consideration for the right granted under this Agreement; (e) the right granted under this Agreement does not include any right, and Subcontractor agrees not to distribute goods or services bearing or utilizing any trademark, service mark, trade name, advertising or other commercial symbol of Canteen One, any Client, National Account or its affiliates; (f) Subcontractor is not in the business of purchasing, and is under no obligation to purchase any product or service from Canteen One or any Client or National Account; (g) this Agreement does not grant to Canteen One any right to exercise control over the Subcontractor’s method of operation or to provide, or for Subcontractor to request, operational, managerial, or marketing assistance, plans or systems from Canteen One; (h) this Agreement does not include any right to, nor has any representation been made by Canteen One with respect to, additional facilities of any Client or National Account, or any right by Subcontractor to provide Services and

Equipment on behalf of Canteen One in any other territories; (i) Subcontractor (or its officer(s) or director(s)) has been operating in the food and beverage industry for a period of not less than two (2) years; and (j) the gross sales to be derived by virtue of this Agreement will not exceed twenty percent (20%) of the Subcontractor's annual gross sales.

**14. THEFT OR DAMAGE.** Neither Canteen One nor any Client/National Account shall be responsible for, and Subcontractor shall assume all risk of, any theft, damage or destruction of any goods, merchandise, fixtures, Equipment or other property belonging to Subcontractor or any person employed by or conducting business with Subcontractor, or kept, stored or located at any Facility.

**15. NATIONAL ACCOUNT RELATIONSHIP.** (a) Subcontractor acknowledges that the rights granted under this Agreement are by virtue of a master services agreement between Canteen One and each Client or National Account (the "Master Services Agreement"). In the event a Master Services Agreement is terminated for any reason whatsoever by a Client or National Account, the right granted to Subcontractor with respect to the provision of Services and Equipment at Facilities of such Client or National Account shall automatically terminate as of the termination date of the Master Services Agreement. (b) Subcontractor acknowledges that Canteen One has expended substantial time, effort and expense in acquiring each Master Services Agreement, which agreement represents a significant asset of Canteen One. Subcontractor further acknowledges that in order for Canteen One to maintain its relationship with each Client/National Account strict performance by Subcontractor of the terms and provisions of this Agreement, the Schedule and any applicable Term Sheet is essential including, but not limited to, the full and prompt payment of Commissions if any, maintenance of records, and compliance with the requirements of this Agreement. Subcontractor shall not disclose to any person, business or entity, whether or not engaged in the food and beverage industry and including, but not limited to, any Client or National Account, its officers, directors, employees, agents or licensees, any details of any kind or nature contained in this Agreement or related to the conduct of business hereunder.

**16. LATE CHARGES.** To reimburse Canteen One for administrative and reporting costs incurred as a result of late payments of Commissions if any, in the event a Commission payment shall not be received by Canteen One on or before its due date, Subcontractor agrees to pay Canteen One a late payment charge equal to \$5.00 for each piece of Equipment for each Commission Period for which Commission is not paid.

**17. DEFAULT.** (a) The following shall constitute Events of Default hereunder: (i) Subcontractor shall (A) make an assignment for the benefit of creditors or authorizes, initiates or consents to the initiation against it of any proceeding for a moratorium or for relief under the United States Bankruptcy Code or any similar state law or otherwise procures a stay of enforcement against it of creditors' remedies generally; or (B) terminate its business or otherwise ceases to function as a going concern; (ii) Subcontractor shall default in the making of any payment required herein; (iii) Subcontractor shall fail to maintain required insurance coverage; (iv) Subcontractor shall fail to perform any of the other terms, conditions, covenants or provisions herein contained on the part of Subcontractor to be performed, and said failure of performance shall remain uncured for a period of ten (10) days after written demand for performance by Canteen One; (v) Subcontractor shall fail for the second time to perform any term, covenant, condition or provision required herein on the part of Subcontractor to be performed regardless of whether Subcontractor shall have timely cured the prior failure or performance; or (vi) the occurrence of a default by Subcontractor pursuant to any other agreement by and between Canteen One and Subcontractor. Upon the occurrence of an Event of Default, Canteen One, in addition to all other remedies available to it at law or in equity, may by written notice to Subcontractor, terminate this Agreement or any Schedule or applicable Term Sheet in connection with any or all of the Facilities.

**18. TERMINATION.** (a) Notwithstanding anything to the contrary contained in Sections 3 or 17, Canteen One may terminate this Agreement as to any or all of the Facilities at any time upon twenty (20) days prior written notice to the Subcontractor and Subcontractor may terminate this Agreement as to any or all of the Facilities at any time upon ninety (90) days prior written notice to Canteen One. (b) Upon termination, Subcontractor shall immediately remove the Equipment from each affected Facility and, for a period of two (2) years thereafter, Subcontractor shall not directly or indirectly: (i) engage in the provision of the Services or the installation, operation, or management of Equipment in any affected Facility; (ii) act as a manager, consultant, or contractor with respect to Equipment in any affected Facility; or (iii) communicate, orally or in writing, with the Client/National Account of any affected Facility or their respective officers, directors, employees, agents, managers, contractors, consultants or licensees with respect to Equipment in



such Facility. If Subcontractor shall fail to so remove the Equipment, Canteen One or its designee shall have the right to remove the Equipment and store the same at Subcontractor's sole expense and Canteen One and the designee shall not be liable for any damage to the Equipment arising out of or related to such removal or storage. Subcontractor agrees that its failure to perform any obligation or duty which it has agreed to perform pursuant to Subsections 15(b) and 18(b) shall cause irreparable harm to Canteen One, for which there is no adequate remedy at law. It is further agreed by Subcontractor that an order of specific performance or for equitable or injunctive relief against it in the event of its default pursuant to Subsections 15(b) or 18(b) would be equitable and would not result in a hardship to the Subcontractor. Accordingly, in the event of a default by Subcontractor of Subsections 15(b) or 18(b), Canteen One, in addition to whatever other remedies are or might be available at law or in equity, shall have the right either to compel specific performance by, or to obtain injunctive relief against, Subcontractor to enforce the provisions of Subsections 15(b) or 18(b). (c) The right of termination as provided in this Agreement is absolute, and the parties have considered the possibility of expenditures necessary for performance of the terms of this Agreement and the possible losses and damages incident to them in the event of termination. Subcontractor acknowledges that any funds expended or expenses incurred for labor, promotion, vehicles, Equipment or other items with regard to its performance under this Agreement are expended or incurred with the understanding that this Agreement may be terminated with respect to any Facility at any time. **IT IS UNDERSTOOD AND AGREED THAT NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR DAMAGES IN ANY FORM BY REASON OF ANY TERMINATION OF THIS AGREEMENT IN ACCORDANCE WITH THE TERMS HEREOF INCLUDING, BUT NOT LIMITED TO, ANY CLAIMS RELATING TO OR ARISING OUT OF SUBCONTRACTOR'S EXPECTED FUTURE PERFORMANCE UNDER THIS AGREEMENT.** Notwithstanding any termination of this Agreement, each of the parties shall be required to carry out any provision which contemplates performance subsequent to such termination and such termination shall not affect any liability or other obligation which shall have accrued prior to such termination including, but not limited to, any liability for loss or damage on account of a prior default.

**19. MODIFICATIONS.** No modification of the body of this Agreement shall be effective unless in writing signed by both parties. A Schedule may only be amended by the written agreement of Canteen One and Subcontractor or the issuance of a subsequent Schedule by Canteen One in accordance with the terms of Section 1(a).

**20. GENERAL.** (a) **Equal Employment Opportunity Certification.** The parties shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities and prohibit discrimination against all individuals based on their race, color, religion, sex, or national origin. Moreover, these regulations require the parties take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, national origin, protected veteran status or disability. (b) **Information Technology.** In connection with the Services being provided hereunder, Subcontractor may need to operate certain information technology systems ("Subcontractor Systems"), which the parties expressly agree will not interface with or connect to Client's networks or information technology systems. Subcontractor shall be solely responsible for all Subcontractor Systems, including taking the necessary security and privacy protections as are reasonable under the circumstances. If Subcontractor serves as the merchant-of-record for any credit or debit card transactions in connection with any of the Services provided hereunder, then Subcontractor will be responsible for complying with all applicable laws, regulations and payment card industry data security standards related to the protection of cardholder data ("Data Protection Rules"). Subcontractor shall indemnify, defend and hold Canteen One, Client and the National Accounts harmless from all claims and liabilities of any nature that may arise in connection with the Subcontractor Systems, to include any claims for violation or non-compliance with Data Protection Rules. (c) Requests and other communications from one of the parties to the other shall be given in writing and shall be considered to have been duly given or served if sent by United States mail, first-class, addressed to the respective party at its address set forth below or to such other address as such party may hereafter designate by written notice to the other party. (d) This Agreement shall be binding upon and inure to the benefit of Subcontractor and Canteen One, and their respective successors and permitted assigns. This Agreement may not be directly or indirectly assigned, transferred, delegated or subcontracted, in whole or in part by Subcontractor, without the prior written consent of Canteen One. In the event Subcontractor is a partnership, corporation, limited liability company or other entity, the transfer in one transaction, or a series of transactions, of fifty percent (50%) or more of the aggregate equity or voting control of Subcontractor shall constitute an assignment of this Agreement. (d) In the event that any provision of this Agreement or an word, phrase, clause, sentence or other provision thereof

should be held to be unenforceable or invalid for any reason, such provision or portion thereof shall be modified or deleted in such a manner so as to make this Agreement as modified legal and enforceable to the fullest extent permitted under applicable laws. The laws of the State of North Carolina shall govern and be applicable to this Agreement and any interpretation or construction thereof. Any dispute shall be submitted to binding arbitration in accordance with the American Arbitration Association, Commercial Arbitration Rules in Mecklenburg County, North Carolina or a court of competent jurisdiction within the State of North Carolina. (e) Terms not defined in the body of this Agreement shall have the meaning ascribed to them in the Schedule(s) and/or Term Sheet(s). This writing is intended by the parties as the final and binding expression of their understandings and agreements with respect to the content contained herein and is complete and exclusive of the terms thereof and supersedes all other prior negotiations, representations and agreements between the parties hereto. Without limiting the foregoing, the parties acknowledge and agree that prior Master Subcontract Agreement between them that may have been executed previously ("Prior Agreement"), shall be null and void and the terms of this Agreement shall supersede and replace the Prior Agreement.

SUBCONTRACTOR NAME: \_\_\_\_\_

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

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

CANTEEN ONE, LLC  
4150 Olson Memorial Highway, Suite 200  
Minneapolis, MN 55422

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

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

**EXHIBIT N**

**TABLE OF CONTENTS OF  
FOOD SAFETY MANUAL**

## TABLE OF CONTENTS OF FOOD SAFETY MANUAL

- 1. Introduction & Overview (3 Pages)**
  - 1.1 Food Safety Overview
  - 1.2 Canteen and Compass Group Food Safety: Quality Assurance Team & Resources
  - 1.3 Canteen Food Safety Champions
- 2. Training Requirements (2 Pages)**
  - 2.1 Warehouse Manager/Food Safety Champion Training Requirements
  - 2.2 Associate/Route Driver Food Safety Training Requirements
- 3. Third Party Assessment Program (3 Pages)**
  - 3.1 Canteen Warehouse Branch Third Party Assessment Program
  - 3.2 Third Party Assessment Process
  - 3.3 Actions for Failed Assessments
  - 3.4 Corrective Actions
  - 3.5 Assessment Dispute
  - 3.6 Monthly Internal Food Safety Facility Assessment
- 4. Regulatory Requirements (3 Pages)**
  - 4.1 Organizational Chart
  - 4.2 Bio-Terrorism Registration
  - 4.3 Business and Tax License
  - 4.4 Health Department Permits
  - 4.5 Regulatory Inspections
- 5. Crisis Management (5 Pages)**
  - 5.1 Crisis Kit Instructions
  - 5.2 Emergency Contact List
  - 5.3 Crisis Management Hotline
  - 5.4 Canteen Crisis Management Responses
  - 5.5 Product Recalls, Market Withdrawals and Product Safety Alerts
- 6. Staff Requirements (5 Pages)**
  - 6.1 Associate Health
  - 6.2 Eating, Drinking and Using Tobacco
  - 6.3 Personal Hygiene
  - 6.4 Handwashing
  - 6.5 Personal Item and Medicine Storage
  - 6.6 First Aid Supplies
- 7. Pest Control Program (3 Pages)**
  - 7.1 Pest Control Operator
  - 7.2 Pest Exclusion
  - 7.3 Pest Activity
- 8. Chemical Management Program (4 Pages)**
  - 8.1 Approved Chemicals
  - 8.2 Safety Data Sheets

- 8.3 Chemical Storage
- 8.4 Chemical Use
- 8.5 Chemical Container Reuse

**9. Purchasing and Product Requirements (3 Pages)**

- 9.1 Sourcing Products / Canteen Vendor Verification Process
- 9.2 Emergency Purchases
- 9.3 Local Purchases of Non-Food Maintenance Items
- 9.4 FDA Calorie Labeling Policy (Vending)
- 9.5 Labeling and Dating

**10. Product Receiving (6 Pages)**

- 10.1 Package Condition
- 10.2 Receiving Temperature
- 10.3 Thermometers Requirements
- 10.4 Receiving Process
- 10.5 Night Drops / Key Drops

**11. Product Handling and Storage (6 Pages)**

- 11.1 General Food Storage
- 11.2 Facilities to Maintain Product Temperature
- 11.3 Cold Storage
- 11.4 Frozen Storage
- 11.5 Slacking (Thawing) – Frozen to Fresh Merchandising
- 11.6 Product Rotation
- 11.7 Requirements for Merchandise that is Spoiled, Damaged, Expired or Unfit for Sale
- 11.8 Food Held for Donation

**12. Transportation, Delivery and Servicing a Location (8 Pages)**

- 12.1 Truck Cleanliness and Sanitation
- 12.2 Transporting Food at Proper Temperatures
- 12.3 FIFO/FEFO Process
- 12.4 Vending, Market and OCS/Pantry Location Inspection
- 12.5 Vending and Service Area Cleaning Procedures
- 12.6 Ave C Micro Market Cleaning Procedures
- 12.7 OCS/Pantry Cleaning Procedures
- 12.8 Returned Equipment

**13. Facility Sanitation (4 Pages)**

- 13.1 Facility Cleaning Schedule
- 13.2 Facility Cleaning Procedures
- 13.3 Utility Sink
- 13.4 Cleaning Waste Receptacles
- 13.5 Clean-Up of Vomiting and Diarrheal Events

**14. Facility Requirements (8 Pages)**

- 14.1 Facility Construction
- 14.2 Preventive Maintenance
- 14.3 Restrooms

- 14.4 Handwashing Facility
- 14.5 Lighting
- 14.6 Water Supply and Sewage Disposal
- 14.7 Private Water Systems
- 14.8 Hot Water Supply Requirements
- 14.9 Plumbing and Cross Connection Control
- 14.10 Waste Management
- 14.11 Ventilation
- 14.12 Warewashing Facilities

**15. Food Defense (3 Pages)**

- 15.1 Food Defense Team
- 15.2 Employee Training
- 15.3 Food Defense Plan Requirements

**16. Record Retention (1 Page)**

- 16.1 Records Retention

**APPENDICES (138 pages)**

**EXHIBIT O**  
**FORM OF GENERAL RELEASE**

**FORM OF GENERAL RELEASE**

( \_\_\_\_\_ )

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned (“Franchisee”), jointly and severally, on behalf of themselves and their affiliates and other entities owned or controlled by them, and their heirs, executors, successors and assigns (collectively, the “Franchisee Parties”), hereby release and discharge **CANTEEN, a division of Compass Group USA, Inc.** (“Franchisor”), its affiliates and subsidiaries and their respective officers, directors, employees, agents and representatives, and their heirs, executors, successors and assigns (collectively, the “Franchisor Parties”) of and from any and all claims, demands, actions and causes of action (collectively, “Claims”, and individually, a “Claim”), whether known or unknown, contingent or otherwise, which the Franchisee Parties, or any one or more of them, have had, may now have, or in the future may have, against the Franchisor Parties, or any one or more of them, which are based upon any existing facts or occurrences as of the date of execution hereof, as specified below, and are based upon, arise out of or are in any way connected with (1) that certain Franchise Agreement, dated \_\_\_\_\_, by and between Franchisor and any one or more Franchisees (the “Franchise Agreement”), or (2) the CANTEEN franchise granted pursuant to the Franchise Agreement (the “Franchise”), including without limitation any Claim based upon, arising out of or in any way relating to the sale, ownership, operation or management of the Franchise.

Franchisees jointly and severally represent and warrant that they have not assigned, transferred, conveyed or otherwise encumbered any Claim, and agree to indemnify and hold harmless the Franchisor Parties from and against any and all losses, liabilities, damages, judgments, costs and expenses (including without limitation reasonable attorney’s fees) suffered or incurred by any one or more of the Franchisor Parties as a result of any breach of any representation or warranty contained in this Release.

This Release has been voluntarily and knowingly executed by Franchisees after they have had the opportunity to consult with legal counsel of their choice. Franchisees represent that they have the authority to execute and deliver this Release.

This Release may be executed in multiple counterparts, all of which shall constitute one and the same Release. The failure by any Franchisee listed below to execute this Release shall not invalidate this Release or any similar Release that may be executed by any other listed party. This Release has been delivered in, and shall be interpreted and construed under the laws of, the State of North Carolina without regard to its conflict of laws principles.

The parties agree that any action based upon, arising out of or in any way relating to or connected with this Release shall be brought and settled finally by binding arbitration administered by the American Arbitration Association in accordance with the provisions of its Commercial Arbitration Rules, and the parties do hereby waive any and all questions regarding personal jurisdiction or venue for the purposes of carrying out this provision.

IN WITNESS WHEREOF, each of the undersigned has duly caused this Release to be executed as of the \_\_ \_\_ day of \_\_\_\_\_, 20\_\_.

Signed, sealed and delivered in the presence of:

**FRANCHISEES:**

\_\_\_\_\_  
NOTARY PUBLIC

My commission expires:

\_\_\_\_\_  
[NOTARIAL SEAL]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**EXHIBIT P**

**FORM OF PROMISSORY NOTE**

**EXHIBIT P**  
**FORM OF PROMISSORY NOTE**  
**(secured by Security Agreement)**

*Charlotte, North Carolina*

\$ \_\_\_\_\_

\_\_\_\_\_, 20\_\_\_\_

**FOR VALUE RECEIVED**, the undersigned, jointly and severally, (collectively hereinafter referred to herein as “**Franchisee**”), promises to pay to **COMPASS GROUP USA, INC.**, (“**Compass**”) at the office of Compass at 2400 Yorkmont Road, Charlotte, North Carolina 28217, the principal sum of \_\_\_\_\_ **and** \_\_\_/100 **DOLLARS** (\$\_\_\_\_\_). This Note may be prepaid in full or in part at any time without penalty or premium.

The principal amount shall due and payable in monthly installments of \_\_\_\_\_ dollars in accordance with the amortization schedule attached hereto as Exhibit A, each payable on the last calendar day of each month , beginning \_\_\_\_\_, 20\_\_\_\_ and continuing regularly thereafter until the expiration of \_\_\_\_\_ months thereafter. On the last calendar day of the \_\_\_\_\_month following the date hereof, Franchisee shall pay all outstanding principal due under this Note and all accrued and unpaid interest then due. This Note shall be satisfied by payment to Compass in cash of all principal and interest owing under this Note.

If (a) payment to be made pursuant to this Note becomes past due for a period in excess of ten (10) days, notice of default may be given to Franchisee at the address set forth above of this Note by certified mail and if such default is not cured within ten (10) days after such notice of default is given, or (b) Franchisee fails to comply with any provision or obligation of this Note, the Security Agreement (defined below), that certain Asset Purchase Agreement, dated as of \_\_\_\_\_, 20\_\_\_\_, by and between Compass, as seller, and Franchisee, as purchaser (the “**Asset Purchase Agreement**”), the Franchise Agreement (as such term is defined in the Asset Purchase Agreement) or any other agreement between Franchisee and Compass and such failure shall continue for a period of thirty (30) days after notice thereof, an event of default shall be deemed to exist (an “**Event of Default**”). Upon the occurrence of an Event of Default, the unpaid principal of this Note shall bear interest at the rate of eight per cent (8%) per annum after an Event of Default beginning on the date that an Event of Default is deemed to exist until all outstanding principal due under this Note and all accrued and unpaid interest then due is paid.

This Note is secured by that certain Security Agreement dated as of \_\_\_\_\_ by and between Franchisee and Compass (as amended, modified or supplemented from time to time, the “**Security Agreement**”) and the security interests more fully described therein. Any failure by Franchisee to comply with the terms, covenants or conditions of the Security Agreement shall automatically constitute an Event of Default under this Note. If any Event of Default remains unsatisfied or uncured after thirty (30) days following notice of such Event of Default, all the unpaid principal and interest due under this Note shall become immediately due and payable to Compass without further notice.

All parties to this Note, including Franchisee and any sureties, endorsers, or guarantors hereby waive protest, presentment, notice of dishonor, and notice of acceleration of maturity and agree to continue to remain bound for the payment of principal, interest and all other sums due under this Note notwithstanding any change or changes by way of release, surrender, exchange, modification or substitution of any security for this Note or by way of any extension or extensions of time for the payment of principal and interest; and all such parties waive all and every kind of notice of such change or changes and agree that the same may be made without notice or consent of any of them.

Upon the occurrence of an Event of Default of this Note, Compass may employ an attorney to enforce the rights and remedies of Compass and Franchisee hereby agrees to pay to Compass reasonable attorneys’ fees actually incurred, plus all other reasonable expenses incurred by Compass in exercising any of the rights and remedies of Compass upon default. The rights and remedies of Compass as provided in this Note and any instrument securing this Note shall be cumulative and may be pursued singly, successively, or together against any funds, property or security held by Compass for payment or security, in the sole discretion of Compass. The

failure to exercise any such right or remedy shall not be a waiver or release of such rights or remedies or the right to exercise any of them at another time.

THIS NOTE IS TO BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NORTH CAROLINA.

In the event that any provision of this Note is deemed to be invalid by reason of the operation of any law, or by reason of the interpretation placed thereon by any court or arbitrator, this Note shall be construed as not containing such provision and the invalidity of such provision shall not affect the validity of any provision hereof, and any and all other provisions hereof which otherwise are lawful and valid shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the day and year first above written.

**FRANCHISEE:**

[“ \_\_\_\_\_”]

[“ \_\_\_\_\_”]

By: \_\_\_\_\_ (SEAL)

\_\_\_\_\_

[“ \_\_\_\_\_”]

[“ \_\_\_\_\_”]

\_\_\_\_\_

\_\_\_\_\_

**EXHIBIT Q**

**FORM OF SECURITY AGREEMENT**

## FORM OF SECURITY AGREEMENT

**THIS SECURITY AGREEMENT** (this “Security Agreement”) is made and entered into as of \_\_\_\_\_, by \_\_\_\_\_, (collectively, the “Grantors”), and **COMPASS GROUP USA, INC.**, a Delaware corporation (the “Lender”).

### WITNESETH:

**WHEREAS**, the Grantors and the Lender have entered into that certain Promissory Note dated as of \_\_\_\_\_, \_\_\_\_\_ (as amended, supplemented or replaced from time to time, collectively, the “Promissory Note”); and

**WHEREAS**, as collateral security for payment and performance of its obligations under the Promissory Note, the Grantors are willing to grant to the Lender a security interest in certain of its personal property and assets pursuant to the terms of this Security Agreement; and

**WHEREAS**, the Lender is unwilling to enter into the Promissory Note unless the Grantors enters into this Security Agreement;

**NOW, THEREFORE**, in order to induce the Lender to enter into Promissory Note, and in further consideration of the premises and the mutual covenants contained herein, the parties hereto agree as follows:

**1. Certain Definitions.** Terms used in this Security Agreement, not otherwise expressly defined herein, including, without limitation, “Event of Default”, shall have such meanings used in the Promissory Note. Other terms used in this Security Agreement, not otherwise expressly defined herein or in the Promissory Note, and for which meanings are provided in the Uniform Commercial Code of the State of North Carolina (the “UCC”), shall have such meanings. The parties agree that with respect to terms that describe items or types of Collateral, the parties intend to and do hereby give effect, upon their respective effective dates, to revisions to the UCC effective after the date hereof to the extent, but only to the extent, such revisions either (i) provide meanings of terms not previously defined as items or types of property or (ii) expand the items of or interests in property that are included within a previously defined term, with the effect that each of such terms describing items or types of property shall at all times be interpreted in its broadest sense.

**2. Grant of Security Interest.** The Grantors hereby grant as collateral security for the payment, performance and satisfaction of all of the Grantors’ obligations under the Promissory Note, to the Lender a continuing security interest in and to, and collaterally assigns to the Lender, the following property of the Grantors or in which the Grantors have or may have or acquire an interest or the power to transfer rights therein, whether now owned or existing or hereafter created, acquired or arising and wheresoever located:

(a) All goods, including all machinery, equipment, motor vehicles, parts, supplies, apparatus, appliances, tools, furniture, furnishings, inventory and articles of tangible personal property listed on Schedule A attached hereto, and all computer programs embedded in any of the foregoing and all supporting information relating to such computer programs (collectively referred to hereinafter as “Equipment”); and

(b) All proceeds, products and replacements of, accessions to, and substitutions for, any of the foregoing, including without limitation proceeds of insurance policies insuring any of the foregoing.

All of the property and interests in property described in subsections (a) and (b) are herein collectively referred to as the “Collateral.”

**3. Perfection.** At the time of execution of this Security Agreement, the Grantors shall have furnished the Lender with properly executed financing statements in form, number and substance suitable for

filing, sufficient under applicable law, and satisfactory to the Lender in order that upon the filing of the same the Lender, shall have a duly perfected security interest in all Collateral. All financing statements (including all amendments thereto and continuations thereof), control agreements, certificates, acknowledgments, stock powers and other documents, electronic identification, restrictive legends, and instruments furnished in connection with the creation, enforcement, protection, perfection or priority of the Lender's security interest in Collateral, including such items as are described above in this Section 3, are sometimes referred to herein as "Perfection Documents." The delivery of possession of items of or evidencing Collateral, causing other Persons to execute and deliver Perfection Documents as appropriate, the filing or recordation of Perfection Documents, the establishment of control over items of Collateral, and the taking of such other actions as may be necessary or advisable in the determination of the Lender to create, enforce, protect, perfect, or establish or maintain the priority of, the security interest of the Lender in the Collateral is sometimes referred to herein as "Perfection Action."

#### **4. Maintenance of Security Interest; Further Assurances.**

(a) The Grantors will from time to time at their own expense, deliver specific assignments of Collateral or such other Perfection Documents, and take such other or additional Perfection Action, as the Lender may reasonably request in connection with the administration or enforcement of this Security Agreement or related to the Collateral or any part thereof in order to carry out the terms of this Security Agreement, to perfect, protect, maintain the priority of or enforce the Lender's security interest in the Collateral, or otherwise to better assure and confirm unto the Lender its rights, powers and remedies hereunder. Without limiting the foregoing, the Grantors hereby irrevocably authorize the Lender to file (with, or to the extent permitted by applicable law, without the signature of the Grantors appearing thereon) financing statements (including amendments thereto and initial financing statements in lieu of continuation statements) or other Perfection Documents (including copies thereof) showing the Grantors as "debtor" at such time or times and in all filing offices as the Lender may from time to time determine to be necessary or advisable to perfect or protect the rights of the Lender hereunder, or otherwise to give effect to the transactions herein contemplated. The Grantors hereby irrevocably ratify and acknowledge the Lender's authority to have effected filings of Perfection Documents made by the Lender prior to the date hereof.

(b) With respect to any and all Collateral, the Grantors agree to do and cause to be done all things necessary to perfect, maintain the priority of and keep in full force the security interest granted in favor of the Lender, including, but not limited to, the prompt payment upon demand therefor by the Lender of all fees and expenses (including documentary stamp, excise or intangibles taxes) incurred in connection with the preparation, delivery, or filing of any Perfection Document or the taking of any Perfection Action to perfect, protect or enforce a security interest in Collateral in favor of the Lender. All amounts not so paid when due shall constitute additional obligations and (in addition to other rights and remedies resulting from such nonpayment) shall bear interest from the date of demand until paid in full at the Default Rate.

(c) The Grantors agree to maintain among its books and records appropriate notations or evidence of, and to make or cause to be made appropriate disclosure upon its financial statements of, the security interest granted hereunder to the Lender.

(d) The Grantors agree that, in the event any proceeds (other than goods) of Collateral shall be or become commingled with other property not constituting Collateral, then such proceeds may, to the extent permitted by law, be identified by application of the lowest intermediate balance rule to such commingled property.

**5. Receipt of Payment.** In the event an Event of Default shall occur and not be cured within any applicable cure period and the Grantors (or any of its affiliates, subsidiaries, stockholders, directors, officers, employees or agents) shall receive any proceeds of Collateral, including without limitation monies, checks, notes, drafts or any other items of payment, the Grantors shall hold all such items of payment in trust for the Lender, and as the property of the Lender, separate from the funds and other property of the Grantors, and no later than the

first Business Day following the receipt thereof, at the election of the Lender, the Grantors shall cause such Collateral to be forwarded to the Lender for its custody, possession and disposition on behalf of the Lender in accordance with the terms hereof and of the Promissory Note.

**6. Preservation and Protection of Collateral.**

(a) The Lender shall be under no duty or liability with respect to the collection, protection or preservation of the Collateral, or otherwise, except to the extent expressly contemplated under Section 23. The Grantors shall be responsible for the safekeeping of its Collateral, and in no event shall the Lender have any responsibility for (i) any loss or damage thereto or destruction thereof occurring or arising in any manner or fashion from any cause, (ii) any diminution in the value thereof, or (iii) any act or default of any carrier, warehouseman, bailee or forwarding agency thereof or other Person in any way dealing with or handling such Collateral.

(b) The Grantors agree (i) to pay when due all taxes, charges and assessments against the Collateral in which it has any interest, unless being contested in good faith by appropriate proceedings diligently conducted and against which adequate reserves have been established in accordance with GAAP applied on a Consistent Basis and evidenced to the satisfaction of the Lender and provided that all enforcement proceedings in the nature of levy or foreclosure are effectively stayed, and (ii) to cause to be terminated and released all liens on the Collateral. Upon the failure of the Grantors to so pay or contest such taxes, charges, or assessments, or cause such Liens to be terminated, the Lender at its option may pay or contest any of them or amounts relating thereto (the Lender having the sole right to determine the legality or validity and the amount necessary to discharge such taxes, charges, liens or assessments) but shall not have any obligation to make any such payment or contest. All sums so disbursed by the Lender, including reasonable attorneys' fees, court costs, expenses and other charges related thereto, shall be payable on demand by the Grantors to the Lender and shall be additional obligations secured by the Collateral, and any amounts not so paid on demand (in addition to other rights and remedies resulting from such nonpayment) shall bear interest from the date of demand until paid in full at the Default Rate.

**7. Status of Grantors and Collateral Generally.** The Grantors represent and warrant to, and covenants with, the Lender, with respect to itself and the Collateral as to which it has or acquires any interest, that:

(a) It is (or as to Collateral acquired after the date hereof will be upon the acquisition of the same) and will continue to be, the owner of the Collateral, free and clear of all liens, other than the security interest hereunder in favor of the Lender and in favor of SunTrust bank, and that it will at its own cost and expense defend such Collateral and any products and proceeds thereof against all claims and demands of all at any time claiming the same or any interest therein, except for those of SunTrust Bank, adverse to the Lender. Upon the failure of the Grantors to so defend, the Lender may do so at its option but shall not have any obligation to do so. All sums so disbursed by the Lender, including reasonable attorneys' fees, court costs, expenses and other charges related thereto, shall be payable on demand by the Grantors to the Lender and shall be additional obligations secured by the Collateral, and any amounts not so paid on demand (in addition to other rights and remedies resulting from such nonpayment) shall bear interest from the date of demand until paid in full at the Default Rate.

(b) It shall not (i) sell, assign, transfer, lease, license or otherwise dispose of any of, or grant any option with respect to, the Collateral, except for the sale of inventory and equipment in the ordinary course of business, (ii) create or suffer to exist any lien upon or with respect to any of the Collateral except for the security interests created by this Security Agreement and any lien on collateral pursuant to a loan made by SunTrust Bank, or (iii) take any other action in connection with any of the Collateral that would materially impair the value of the interest or rights of the Grantors in the Collateral taken as a whole or that would materially impair the interest or rights of the Lender.

(c) It has full power, legal right and lawful authority to enter into this Security Agreement and to perform its terms, including the grant of the security interests in the Collateral herein provided for.

(d) No authorization, consent, approval or other action by, and no notice to or filing with, any governmental authority or any other Person is required either (i) for the grant by the Grantors of the security interests granted hereby or for the execution, delivery or performance of this Security Agreement by the Grantors, or (ii) for the perfection of or the exercise by the Lender, of its rights and remedies hereunder, except for action required by the Uniform Commercial Code to perfect the security interest conferred hereunder.

(e) Except for financing statements and other Perfection Documents filed in conjunction with the SunTrust loan, no effective financing statement or other Perfection Document similar in effect, nor any other Perfection Action, covering all or any part of the Collateral purported to be granted or taken by or on behalf of the Grantors (or by or on behalf of any other Person and which remains effective as against all or any part of the Collateral) has been filed in any recording office, delivered to another Person for filing (whether upon the occurrence of a contingency or otherwise), or otherwise taken, as the case may be, except such as may have been filed for the benefit of, delivered to, or taken in favor of, the Lender in connection with the security interests conferred hereunder.

(f) Schedule 7(f) attached hereto contains true and complete information as to each of the following: (i) the exact legal name of the corporate Grantor as it appears in its organizational documents as of the date hereof and at any time during the five (5) year period ending as of the date hereof (the "Covered Period"), (ii) the jurisdiction of formation and form of organization of such Grantor, and the identification number of the Grantor in its jurisdiction of formation (if any), (iii) the address of the chief executive office of the corporate Grantor as of the date hereof and at any time during the Covered Period, and (iv) all trade names or trade styles used by such Grantor as of the date hereof and at any time during the Covered Period. No corporate Grantor shall change its name, change its jurisdiction of formation (whether by reincorporation, merger or otherwise), change the location of its chief executive office, utilize any additional location where Collateral may be located, change or use any additional or different trade name or style, except in each case upon giving not less than thirty (30) days' prior written notice to the Lender and taking or causing to be taken at the Grantors' expense all such Perfection Action, including the delivery of such Perfection Documents, as may be reasonably requested by the Lender to perfect or protect, or maintain the perfection and priority of, the Lien of the Lender in Collateral contemplated hereunder.

(g) The Grantors shall not engage in any consignment transaction in respect of any of the Collateral, whether as consignee or consignor.

**8. Inspection.** The Lender (by any of its officers, employees and agents), shall have the right upon prior notice to an executive officer of the Grantors, and at any reasonable times during the Grantors' usual business hours, to inspect the Collateral, all records related thereto (and to make extracts or copies from such records), and the premises upon which any of the Collateral is located, to discuss the Grantors' affairs and finances with any Person and to verify with any Person the amount, quality, quantity, value and condition of, or any other matter relating to, the Collateral and, if an Event of Default has occurred and is continuing, to verify the amount, quality, value and condition of, or any other matter relating to, the Collateral with any account debtors. Upon or after the occurrence and during the continuation of an Event of Default not cured within any applicable cure period, the Lender may at any time and from time to time employ and maintain on the Grantors' premises a custodian selected by the Lender who shall have full authority to do all acts necessary to protect the Lender's interest. All expenses incurred by the Lender, by reason of the employment of such custodian shall be paid by the Grantors on demand from time to time and shall be added to the obligations secured by the Collateral, and any amounts not so paid on demand (in addition to other rights and remedies resulting from such nonpayment) shall bear interest from the date of demand until paid in full at the Default Rate.



**9. Casualty and Liability Insurance Required.** The Grantors shall maintain casualty and liability insurance of a type and amount customarily kept in its industry. The Net Proceeds (defined below) of the insurance kept on the Collateral pursuant to this Security Agreement shall be applied by the Grantors (i) toward satisfaction of the claim or liability with respect to which such insurance proceeds may be paid, and (ii) if an Event of Default has occurred and is ongoing, toward payment of the outstanding principal and accrued and unpaid interest due under the Promissory Note. “Net Proceeds” when used with respect to any insurance proceeds shall mean the gross proceeds from which such proceeds, award or other amount, less all taxes, fees and expenses (including reasonable attorneys’ fees) incurred in the realization thereof.

**10. Rights and Remedies Upon Event of Default.** Upon and after an Event of Default not cured within any applicable cure period, the Lender shall have the following rights and remedies in addition to any rights and remedies set forth elsewhere in this Security Agreement, all of which may be exercised with or, if allowed by law, without notice to a Grantors:

(a) All of the rights and remedies of a secured party under the UCC or under other applicable law, all of which rights and remedies shall be cumulative, and none of which shall be exclusive, to the extent permitted by law, in addition to any other rights and remedies contained in this Security Agreement;

(b) The right to foreclose the liens and security interests created under this Security Agreement by any available judicial procedure or without judicial process;

(c) The right to (i) enter upon the premises of a Grantors through self-help and without judicial process, without first obtaining a final judgment or giving the Grantors notice or opportunity for a hearing on the validity of the Lender’s claim and without any obligation to pay rent to the Grantors, or any other place or places where any Collateral is located and kept, and remove the Collateral therefrom to the premises of the Lender or any agent of the Lender, for such time as the Lender may desire, in order effectively to collect or liquidate the Collateral, and (ii) require the Grantors or any bailee or other agent of the Grantors to assemble the Collateral and make it available to the Lender at a place to be designated by the Lender that is reasonably convenient to both parties; and

(d) The right to sell all or any Collateral in its then existing condition, or after any further manufacturing or processing thereof, at such time or times, at public or private sale or sales, with such notice as may be required by law, in lots or in bulk, for cash or on credit, with or without representations and warranties, all as the Lender, in its sole discretion, may deem advisable. The Lender shall have the right to conduct such sales on a Grantors’ premises or elsewhere and shall have the right to use a Grantors’ premises without charge for such sales for such time or times as the Lender may see fit. The Lender may, if it deems it reasonable, postpone or adjourn any sale of the Collateral from time to time by an announcement at the time and place of such postponed or adjourned sale, and such sale may, without further notice, be made at the time and place to which it was so adjourned. The Grantors agree that the Lender has no obligation to preserve rights to the Collateral against prior parties or to marshal any Collateral for the benefit of any Person. The Lender is hereby granted a license or other right to use, without charge, the Grantors’ labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale and selling any Collateral and a Grantors’ rights under any license and any franchise agreement shall inure to the Lender’s benefit. If any of the Collateral shall require repairs, maintenance, preparation or the like, or is in process or other unfinished state, the Lender shall have the right, but shall not be obligated, to perform such repairs, maintenance, preparation, processing or completion of manufacturing for the purpose of putting the same in such saleable form as the Lender shall deem appropriate, but the Lender shall have the right to sell or dispose of the Collateral without such processing and no Grantors shall have any claim against the Lender for the value that may have been added to such Collateral with such processing. In addition, the Grantors agree that in the event notice is necessary under applicable law, written notice mailed to the corporate Grantor in the manner specified herein ten (10) days prior to the date of public sale of any of the Collateral or prior

to the date after which any private sale or other disposition of the Collateral will be made shall constitute commercially reasonable notice to the Grantors. All notice is hereby waived with respect to any of the Collateral which threatens to decline speedily in value or is of a type customarily sold on a recognized market. The Lender may purchase all or any part of the Collateral at public or, if permitted by law, private sale, free from any right of redemption which is hereby expressly waived by the Grantors and, in lieu of actual payment of such purchase price, may set off the amount of such price against the obligations.

The net cash proceeds resulting from the collection, liquidation, sale, or other disposition of the Collateral shall be applied first to the expenses (including all reasonable attorneys' fees) of retaking, holding, storing, processing and preparing for sale, selling, collecting, liquidating and the like, and then to the satisfaction of all obligations under the Promissory Note. The Grantors shall be liable to the Lender, and shall pay to the Lender, on demand any deficiency which may remain after such sale, disposition, collection or liquidation of the Collateral.

**11. Attorney-in-Fact.** The Grantors hereby appoints the Lender as the Grantors' attorney-in-fact for the purposes of carrying out the provisions of this Security Agreement and taking any action and executing any instrument which the Lender may deem necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest; provided, that the Lender shall have and may exercise rights under this power of attorney only upon the occurrence and during the continuance of an Event of Default. Without limiting the generality of the foregoing, upon the occurrence and during the continuance of an Event of Default, the Lender shall have the right and power

(a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(b) to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with clause (a) above;

(c) to endorse the Grantors' name on any checks, notes, drafts or any other payment relating to or constituting proceeds of the Collateral which comes into the Lender's possession or the Lender's control, and deposit the same to the account of the Lender, on account and for payment of the obligations.

(d) to file any claims or take any action or institute any proceedings that the Lender may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Lender, with respect to any of the Collateral; and

(e) to execute, in connection with any sale or other disposition of Collateral provided for herein, any endorsement, assignments, or other instruments of conveyance or transfer with respect thereto.

**12. Reinstatement.** The granting of a security interest in the Collateral and the other provisions hereof shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the obligations is rescinded or must otherwise be returned by the Lender or is repaid by the Lender in whole or in part in good faith settlement of a pending or threatened avoidance claim, whether upon the insolvency, bankruptcy or reorganization of the Grantors or otherwise, all as though such payment had not been made. The provisions of this Section 12 shall survive repayment of all of the obligations and the termination or expiration of this Security Agreement in any manner.

**13. Certain Waivers by the Grantors.** The Grantors waive to the extent permitted by applicable law (a) any right to require the Lender or any other obligee of the obligations to (x) proceed against any Person or entity, (y) proceed against or exhaust any Collateral or other collateral for the obligations, or (z) pursue any other remedy in its power; (b) any defense arising by reason of any disability or other defense of any other Person, or by reason of the cessation from any cause whatsoever of the liability of any other Person or entity, (c) any right of subrogation, (d) any right to enforce any remedy which the Lender or any other obligee of the obligations now

has or may hereafter have against any other Person and any benefit of and any right to participate in any collateral or security whatsoever now or hereafter held by the Lender. The Grantors authorize the Lender and each other obligee of the obligations without notice (except notice required by applicable law) or demand and without affecting its liability hereunder or under the Promissory Note from time to time to: (i) take and hold security, other than the Collateral herein described, for the payment of such obligations or any part thereof, and exchange, enforce, waive and release the Collateral herein described or any part thereof or any such other security; and (ii) apply such Collateral or other security and direct the order or manner of sale thereof as the Lender or obligee in its discretion may determine.

The Lender may at any time deliver (without representation, recourse or warranty) the Collateral or any part thereof to the Grantors and the receipt thereof by the Grantors shall be a complete and full acquittance for the Collateral so delivered, and the Lender shall thereafter be discharged from any liability or responsibility therefor.

**14. Continued Powers.** Until the obligations under the Promissory Note are satisfied, the power of sale and other rights, powers and remedies granted to the Lender hereunder shall continue to exist and may be exercised by the Lender at any time and from time to time irrespective of the fact that any of the obligations or any part thereof may have become barred by any statute of limitations or that any part of the liability of the Grantors may have ceased.

**15. Other Rights.** The rights, powers and remedies given to the Lender by this Security Agreement shall be in addition to all rights, powers and remedies given to the Lender by virtue of any statute or rule of law. Any forbearance or failure or delay by the Lender in exercising any right, power or remedy hereunder shall not be deemed to be a waiver of such right, power or remedy, and any single or partial exercise of any right, power or remedy hereunder shall not preclude the further exercise thereof; and every right, power and remedy of the Lender shall continue in full force and effect until such right, power or remedy is specifically waived in accordance with the terms hereof.

**16. Anti-Marshaling Provisions.** The right is hereby given by the Grantors to the Lender, to make releases (whether in whole or in part) of all or any part of the Collateral agreeable to the Lender without notice to, or the consent, approval or agreement of other parties and interests, including junior lienors, which releases shall not impair in any manner the validity of or priority of the liens and security interests in the remaining Collateral conferred hereunder, nor release the Grantors from personal liability for the obligations. Notwithstanding the existence of any other security interest in the Collateral held by the Lender, the Lender shall have the right to determine the order in which any or all of the Collateral shall be subjected to the remedies provided in this Security Agreement. The Grantors hereby waive any and all right to require the marshaling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein.

**17. Entire Agreement.** This Security Agreement, together with the Promissory Note, constitutes and expresses the entire understanding between the parties hereto with respect to the subject matter hereof, and supersedes all prior negotiations, agreements and understandings, inducements, commitments or conditions, express or implied, oral or written, except as contained in the Promissory Note. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof. Neither this Security Agreement nor any portion or provision hereof may be changed, altered, modified, supplemented, discharged, canceled, terminated, or amended orally or in any manner other than as provided in the Promissory Note.

**18. Third Party Reliance.** The Grantors hereby consent and agree that all issuers of or obligors in respect of any Collateral, and all securities intermediaries, warehousemen, bailees, public officials and other Persons having any interest in, possession of, control over or right, privilege, duty or discretion in respect of, any Collateral shall be entitled to accept the provisions hereof as conclusive evidence of the right of the Lender, to exercise its rights hereunder with respect to the Collateral, notwithstanding any other notice or direction to the contrary heretofore or hereafter given by the Grantors or any other Person to any of such Persons.

**19. Binding Agreement; Assignment.** This Security Agreement, and the terms, covenants and conditions hereof, shall be binding upon and inure to the benefit of the parties hereto, and to their respective successors and assigns, except that the Grantors shall not be permitted to assign this Security Agreement or any interest herein or in the Collateral or any part thereof, or otherwise, pledge, encumber or grant any option with respect to the Collateral or any part thereof. Without limiting the generality of the foregoing sentence of this Section 19, the Lender may assign to one or more Persons, or grant to one or more Persons participations in or to, all or any part of its rights and obligations under this Security Agreement; and to the extent of any such assignment or participation such other Person shall, to the fullest extent permitted by law, thereupon become vested with all the benefits in respect thereof granted to the Lender herein. All references herein to the Lender shall include any successor thereof or permitted assignee, and any other obligees from time to time of the obligations.

**20. Severability.** The provisions of this Security Agreement are independent of and separable from each other. If any provision hereof shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision hereof, but this Security Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

**21. Counterparts.** This Security Agreement may be executed in any number of counterparts each of which when so executed and delivered shall be deemed an original, and it shall not be necessary in making proof of this Security Agreement to produce or account for more than one such counterpart executed by the Grantors against whom enforcement is sought.

**22. Termination.** Subject to the provisions of Section 12, this Security Agreement and all obligations of the Grantors hereunder (excluding those obligations and liabilities that expressly survive such termination) shall terminate without delivery of any instrument or performance of any act by any party on the date the obligations under the Promissory Note are satisfied. Upon such termination of this Security Agreement, the Lender shall, at the request and sole expense of the Grantors, promptly deliver to the Grantors such termination statements and take such further actions as the Grantors may reasonably request to terminate of record, or otherwise to give appropriate notice of the termination of, any lien conferred hereunder.

**23. Indemnification.** The Grantors agree to indemnify and hold harmless the Lender and each of its affiliates, and their respective officers, directors, employees, agents, and advisors (each, an "Indemnified Party"), from and against any and all claims, damages, losses, liabilities, costs, and expenses (including, without limitation, reasonable attorneys' fees) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation or proceeding or preparation of defense in connection therewith) this Security Agreement, any of the transactions contemplated herein except to the extent such claim, damage, loss, liability, cost, or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 23 applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Grantors, any of their respective directors, shareholders or creditors, or an Indemnified Party or any other Person, or any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated. The Grantors agree that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to it, any of its subsidiaries or affiliates, or any security holders or creditors thereof arising out of, related to or in connection with the transactions contemplated herein, except to the extent that such liability is found in a final non-appealable judgment by a court of competent jurisdiction to have directly resulted from such Indemnified Party's gross negligence or willful misconduct. The Grantors agree not to assert any claim against the Lender, any of its affiliates, or any of their respective directors, officers, employees, attorneys, agents, or advisers, on any theory of liability, for special, indirect, consequential, or punitive damages arising out of or otherwise relating to this Security Agreement or any of the transactions contemplated herein. The agreements in this Section 23 shall survive repayment of all of the obligations and the termination or expiration of this Security Agreement in any manner.

24. **Notices.** Any notice required or permitted hereunder shall be given by hand-delivery or United States Mail, return receipt requested to the following:

To Lender: Compass Group USA, Inc.  
2400 Yorkmont Road  
Charlotte, NC 28217  
Attn: Treasurer  
Copy to: VP and General Counsel

To Grantors: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

25. **Governing Law; Waivers.**

(a) THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NORTH CAROLINA APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE; PROVIDED THAT (i) WITH RESPECT TO THOSE INSTANCES IN WHICH THE APPLICABLE CHOICE OF LAWS RULES OF SUCH STATE, INCLUDING SECTION 9-103 OF THE UCC, REQUIRE THAT THE MANNER OF CREATION OF A SECURITY INTEREST IN SPECIFIC COLLATERAL OR THE MANNER OR EFFECT OF PERFECTION OR NONPERFECTION OR THE RULES GOVERNING PRIORITY OF SECURITY INTERESTS ARE TO BE GOVERNED BY THE LAWS OF ANOTHER JURISDICTION, THEN THE LAWS OF SUCH OTHER JURISDICTION SHALL GOVERN SUCH MATTERS, AND (ii) IN THOSE INSTANCES IN WHICH THE LAWS OF THE JURISDICTION IN WHICH COLLATERAL IS LOCATED GOVERN MATTERS PERTAINING TO THE METHODS AND EFFECT OF REALIZING ON COLLATERAL, SUCH LAWS SHALL BE GIVEN EFFECT WITH RESPECT TO SUCH MATTERS.

(b) THE GRANTORS HEREBY EXPRESSLY AND IRREVOCABLY AGREE AND CONSENT THAT ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREIN MAY BE INSTITUTED IN ANY STATE OR FEDERAL COURT SITTING IN THE COUNTY OF MECKLENBURG, STATE OF NORTH CAROLINA, UNITED STATES OF AMERICA AND, BY THE EXECUTION AND DELIVERY OF THIS SECURITY AGREEMENT, EXPRESSLY WAIVES ANY OBJECTION THAT IT MAY HAVE NOW OR HEREAFTER TO THE LAYING OF THE VENUE OR TO THE JURISDICTION OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND IRREVOCABLY SUBMITS GENERALLY AND UNCONDITIONALLY TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING.

(c) THE GRANTORS AGREE THAT SERVICE OF PROCESS MAY BE MADE BY PERSONAL SERVICE OF A COPY OF THE SUMMONS AND COMPLAINT OR OTHER LEGAL PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING, OR BY REGISTERED OR CERTIFIED MAIL (POSTAGE PREPAID) TO THE ADDRESS OF SUCH PARTY PROVIDED IN SECTION 24 OR BY ANY OTHER METHOD OF SERVICE PROVIDED FOR UNDER THE APPLICABLE LAWS IN EFFECT IN THE STATE OF NORTH CAROLINA.

(d) NOTHING CONTAINED IN SUBSECTIONS (b) OR (c) HEREOF SHALL PRECLUDE THE LENDER FROM BRINGING ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT IN THE COURTS OF ANY PLACE WHERE ANY OTHER PARTY OR ANY OF SUCH PARTY'S PROPERTY OR

**ASSETS MAY BE FOUND OR LOCATED. TO THE EXTENT PERMITTED BY THE APPLICABLE LAWS OF ANY SUCH JURISDICTION, THE GRANTORS HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF ANY SUCH COURT AND EXPRESSLY WAIVES, IN RESPECT OF ANY SUCH SUIT, ACTION OR PROCEEDING, THE JURISDICTION OF ANY OTHER COURT OR COURTS WHICH NOW OR HEREAFTER, BY REASON OF ITS PRESENT OR FUTURE DOMICILE, OR OTHERWISE, MAY BE AVAILABLE UNDER APPLICABLE LAW.**

**(e) IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER OR RELATED TO THIS SECURITY AGREEMENT OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR THAT MAY IN THE FUTURE BE DELIVERED IN CONNECTION WITH THE FOREGOING, EACH PARTY HEREBY AGREES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY AND HEREBY EXPRESSLY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT SUCH PERSON MAY HAVE TO TRIAL BY JURY IN ANY SUCH ACTION, SUIT OR PROCEEDING.**

**(f) THE GRANTORS HEREBY EXPRESSLY WAIVE ANY OBJECTION IT MAY HAVE THAT ANY COURT TO WHOSE JURISDICTION IT HAS SUBMITTED PURSUANT TO THE TERMS HEREOF IS AN INCONVENIENT FORUM.**

IN WITNESS WHEREOF, the parties have duly executed this Security Agreement on the day and year first written above.

**GRANTORS:**

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_ (SEAL)

\_\_\_\_\_

[ \_\_\_\_\_ ]

[ \_\_\_\_\_ ]

\_\_\_\_\_

\_\_\_\_\_

**LENDER:**

**COMPASS GROUP USA, INC.,** a Delaware corporation

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

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

Title: \_\_\_\_\_

### State Effective Dates

The following states have franchise laws that 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 document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>STATE</b>	<b>EFFECTIVE DATE</b>
CALIFORNIA	Pending
HAWAII	n/a
ILLINOIS	Pending
INDIANA	Pending
MARYLAND	Pending
MICHIGAN	Pending
MINNESOTA	Pending
NEW YORK	Pending
NORTH DAKOTA	Pending
RHODE ISLAND	Pending
SOUTH DAKOTA	Pending
VIRGINIA	Pending
WASHINGTON	Pending
WISCONSIN	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**ITEM 23**

**RECEIPTS**

The last two pages of this Disclosure Document are identical pages acknowledging receipt of this entire document (including the exhibits). Please sign and return to us one copy and please keep the other copy along with this Disclosure Document.

**(THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY)**



**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 Canteen offers you a franchise, it must provide this Disclosure Document to you at least 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. However, New York requires 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, and Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever comes first.

If Canteen 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 the appropriate state agency listed on Exhibit G.

The franchise seller(s) for this offering is:

Scott Denhard VP, Business Development	2400 Yorkmont Road, Charlotte, NC 28217	704.328.1263

**Issuance Date: December 20, 2021**

Canteen authorizes the respective state agencies identified on Exhibit G to receive service of process for it in the particular state.

I received a Disclosure Document dated December 20, 2021 that included the following Exhibits:

- A. Franchise Agreement
- B. Asset Purchase Agreement
- C. Vending Threshold Franchise Agreement
- D. Lease Agreement
- E. Assignment of Lease
- F. Confidentiality Agreement
- G. List of State Agencies/Agents for Service of Process
- H. List of Existing Franchisees
- I. List of Former Franchisees
- J. Financial Statements and Guarantee of Convenience Foods International, Inc.
- K. State Addenda to the Franchise Disclosure Document
- L. Riders to the Franchise Agreement for Certain States
- M. Master Subcontract Agreement
- N. Table of Contents of Food Safety Manual
- O. Form Release
- P. Promissory Note
- Q. Security Agreement

\_\_\_\_\_  
**(Signature of Prospective Franchisee)**

Date Received: \_\_\_\_\_  
**(Do not leave blank)**

Print Name: \_\_\_\_\_

Company Name: \_\_\_\_\_

You may return the signed receipt either by signing, dating, and mailing it to Canteen at 2400 Yorkmont Road, Charlotte, NC 28217, or by faxing a copy of the signed and dated receipt to Canteen at (704) 295-5130.

**RECEIPT**

**Canteen’s Copy**

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 Canteen offers you a franchise, it must provide this Disclosure Document to you at least 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. However, New York requires 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, and Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever comes first.

If Canteen 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 the appropriate state agency listed on Exhibit G.

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**(Signature of Prospective Franchisee)**

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