

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

Franchisee

Date of Agreement



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

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

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

1. INTRODUCTION

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

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

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

2. GRANT AND TERM OF FRANCHISE

A. Grant of Franchise

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

B. Term of Franchise

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

3. RENEWAL OF FRANCHISE

A. Option to Renew

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

B. Manner and conditions of Renewal

Franchisee must:

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

Franchisee _____
Franchisor _____

3. execute the then-current CBI Franchise Agreement for new franchisees as of the date of expiration of the term of this agreement;
4. be in complete compliance with this Agreement, including payment of all fees due, the requirements described in the Manuals and all other agreements and policies in effect between CBI and you;
5. be current with all financial obligations to third parties, including your landlord and other vendors of products or services to you;
6. upgrade, remodel and refurbish your Candy Bouquet Store both exterior and interior to comply with CBI's then-current standards as described in the current Training and Operations Manual.

CBI will send all agreements relating to renewal of the franchise for your review and execution upon your request. Your failure to follow the manner of renewal outlined above will be deemed an election by you not to enter into a renewal of your franchise. The current Franchise Agreement used for renewal may contain provisions that are different from your original agreement, including financial terms.

There are no other terms or conditions under which CBI may refuse to renew the Agreement.

4. EXCLUSIVE TERRITORY

A. Defined

The following geographic territory will be defined as your "Exclusive Territory" and Grant of Franchise. This territory is also referenced in an attached map. Your exclusive territory is defined as the area that you purchased. All contract territory must be contiguous.

STATE	COUNTY	ZIP

Franchisee _____
Franchisor _____

B. Protected Area

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

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

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

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

C. Limitation of Area

CBI can sell a franchise in any territory outside or contiguous to your exclusive territory. CBI will not market, advertise or sell candy bouquet arrangements direct through other forms of distribution. CBI does maintain a web site for the benefit of all franchisees with links to those franchisees that maintain their own web site. CBI retains the right to implement a national marketing and advertising program for the benefit of all CBI franchisees. You agree, however, not to market or sell, permit the marketing or selling of Candy Bouquet products, or distribute sales materials, advertising materials or the like, by you or your agents outside of your Exclusive Territory, unless specifically authorized in accordance with this agreement. No purchases from CBI's Distribution Center will be sent to you from CBI to anywhere outside of your exclusive territory.

5. INITIAL PAYMENTS TO FRANCHISOR

A. Initial Franchise Fee

The total amount of your initial franchise fee for the territory defined in Section 4 A of this Franchise Agreement is _____. Upon the signing of this Agreement, you agree to pay to CBI 25% of your initial franchise fee in the amount of _____. This signed Agreement and your 25% payment must be sent to CBI and upon receipt your training date will be scheduled. Your 25% payment will retain your Exclusive Territory for a period of four (4) months beginning on _____, being the date your payment was received by CBI. The balance, or 75%, of your initial franchise fee in the amount of _____ must be paid at the time you report to CBI headquarters educational facility for training. The 75% payment is payable by cashiers check or credit card and must be in U.S. dollars. Your franchise fee payments are not refundable.

B. Opening Inventory

You will purchase an opening inventory of candy and supplies at a cost of approximately \$2,000. You may choose to purchase additional inventory supplies. All opening inventory purchased from CBI's distribution center during your initial training period must be paid for before the final day of the training period. Payment must be in U.S. funds.

Credit and Payment Terms

After your opening inventory purchase and upon approval from CBI you will be extended a \$1,000 credit limit in

Franchisee _____
Franchisor _____

CBI's warehouse. You are required to have a current credit card number and signed authorization form on file to secure purchases over that credit limit. Credit terms are Net 30. Purchases from CBI's wholesale warehouse are payable via electronic funds transfer, check, or credit card within 30 days of billing. Credit limits may be increased or decreased at the sole discretion of CBI.

All franchisees located outside the US and Canada are required to secure Export-Import Insurance from the Export-Import Bank of the United States in order to receive Net 30 privileges. All orders placed without such insurance must be paid in full prior to shipment.

C. Training, Site Selection and Opening Costs and Charges

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

D. Non-refundability of Fees and Purchases

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

6. ROYALTY FEES AND OTHER CHARGES

A. Royalty Fees

There are no royalty fees paid to CBI.

B. Association Fees

You are required to pay CBI an additional monthly Association fee. These monthly fees are due and payable in monthly payments via credit card, check, or electronic funds transfer within 30 days of billing. The amount payable is determined by the population size of your Exclusive Territory and is summarized in the table that follows.

Monthly Association Fee Based On Population*

Population	Monthly Association Fee
1 - 5,000	\$55
5,001 - 10,000	\$70
10,001 - 20,000	\$85
20,001 - 40,000	\$100
40,001 - 60,000	\$115
60,001 - 80,000	\$135

Population	Monthly Association Fee
80,001 - 100,000	\$145
100,001 - 125,000	\$165
125,001 - 150,000	\$195
150,001 - 200,000	\$235
200,001 - 250,000	\$275
250,001 - and up	\$1.25 per 1000

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

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

FRANCHISOR will charge a late fee of \$15 for accounts that are over their Net 30 terms. The company has the right to terminate this Franchise Agreement if the Association fee is 30 days overdue from date of billing.

C. Advertising Fees

There are no advertising fees paid to CBI.

Franchisee _____
Franchisor _____

D. Transfer Fee

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

Transferring of any part of your Exclusive Territory for another Exclusive Territory can only be done with written permission from CBI, signing a new Franchise Agreement, and payment of a transfer fee.

E. Exit Fee

When exiting the franchise system before your contract has expired, you must give at least 3 months advanced notice and pay an exit fee of \$500 for every year that is left on your contract.

Years left on contract	Exit Fee
4 years to 5 years	\$2,500
3 years to 4 years	\$2,000
2 years to 3 years	\$1,500
1 year to 2 years	\$1,000
0 to 1 year	\$500
After renewal	\$0

7. STORE LOCATION

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

8. STORE DEVELOPMENT

A. Initial Development

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

B. Equipment, fixtures, furniture and signs

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

C. Store or Location Opening

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

9. TRAINING

A. Initial Training

You must enroll and complete all training programs and classes that CBI requires for the operation of your CANDY BOUQUET store. The initial training class will last four and one half (4 1/2) days. This training is done at one time on consecutive days. The actual time may vary depending upon the artistic, creative and business skills of you and your employees. These training programs and classes will be furnished at such times as CBI designates. All training will take place at CBI's headquarters and educational facility, located in Little Rock, Arkansas. There will be no separate charge for training you and one other person. All training programs and classes must be completed to our satisfaction. You will be responsible for your own travel, living expenses and compensation of you and your employee incurred during these training programs and classes. The majority owner of your operation is required to attend the initial training classes. The initial training will be provided and is required within 90 days of sending your signed Franchise Agreement and your 25% deposit. Any training date extension must be agreed to in writing. If multiple units are opened, Franchisee's employees will be trained by the Franchisee. All Franchisee's employees will be trained after they have signed and dated CBI's Employee Non Disclosure and Non Competition Agreement and it is on file for inspection by CBI.

B. Training of Employees

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

C. Additional Training

Additional training is not required, but is available for you and your employees to attend supplemental or additional training programs that may be offered from time to time by us during the term of this franchise at CBI's Headquarters and Educational facility. You will not be charged for such training programs but you will be responsible for the travel, living expenses and compensation for you and your employees while attending these training programs. We will attempt to keep you informed of developments within the CANDY BOUQUET system and invite you and your employees to attend, at your cost, all seminars and other Franchisee-related functions that we may sponsor. CBI has an optional Advanced Certification Program at no additional cost. Upon completion of these programs you will be present with a \$250 gift certificate to the CBI warehouse and a silver pin in recognition of you accomplishment. These will be presented to you at the annual convention.

10. OPERATING ASSISTANCE

A. Advice and Guidance

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

B. Operating Problems

We may advise you from time to time of operating problems of the CANDY BOUQUET store disclosed by reports

Franchisee _____
Franchisor _____

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

11. STORE PRODUCTS AND SERVICE

There is no official requirement as to the type of Candy Bouquets and what a location must carry as a specific inventory, with the exception of our basic patterns for wire service between Franchisees. Inventory will ultimately be determined by market conditions within your Exclusive Territory. CBI does have suggestions as to the type bouquets that should be carried initially. CBI strongly recommends that you use the candies that are included in the CBI's wholesale price list.

A. Referrals and Servicing of Referrals

You agree that if you refer an order to another Candy Bouquet store, you will collect payment for the order. You further agree that you will then forward 80% of the payment for the sale to the Candy Bouquet store servicing the order within 30 days. You may contact the Candy Bouquet Franchise Advisory Council for inclusion on the preferred referral list. You agree to follow CBI's design pattern.

B. Supplies and Materials

In order to maintain quality control, you agree to stock the materials and supplies necessary to assemble and sell the candy bouquet arrangements, including but not limited to candy, brochures, Logo items, wire, floral tape, cellophane, styrofoam, artificial flowers and grasses, floral containers, baskets, ribbons, balloons and other necessary supplies. To ensure quality control, CBI requires that you also stock seasonal kits. Further, to maintain quality control you are restricted, and therefore you agree not to purchase any type of pre-owned or used inventory from any source. We will provide you with a list of suppliers for inventory items not provided by CBI that are needed to stock and operate your store. Neither CBI, nor any of its affiliates will derive income from your purchases, except candy and supplies purchased from CBI's warehouse or preferred vendors.

Other than the above, you are under no obligation to buy any other items from CBI. Most of the necessary supplies to open a Candy Bouquet franchise operation will be offered to you at wholesale prices by CBI. As a service to you, CBI will offer smaller quantities at competitive prices. When you purchase equipment or supplies from CBI, or from CBI preferred vendors, CBI profits from these purchases.

C. Restriction on Goods and Services

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

D. Advertising

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

Mass media advertising is permitted provided your Exclusive Territory is within the mass media's primary market area. If more than one Candy Bouquet Exclusive territory is within the mass media's market area, then the originator of the advertising must offer the other Candy Bouquet franchisees within the market area the right to cooperate in

Franchisee _____
Franchisor _____

the advertising effort. Mass media includes newspaper, radio, television and yellow page ads, and other forms of advertising that may go beyond your exclusive territory.

CBI has found that soliciting business on auction or referral type sites such as EBay are not conducive to quality control. You are therefore, restricted from using these types of sites to solicit your products.

CBI allows you to have a personalized website, however, CBI must approve all Internet or web advertising portals in writing. Submission for approval must be done in writing with an attached print version of the advertisement.

12. OPERATING PROCEDURES AND REQUIREMENTS

A. Operating Procedures

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

1. The safety, maintenance, cleanliness, sanitation, function and appearance of the store premises and its equipment, fixtures, furniture, decor and signs;
2. Qualifications, dress, grooming, general appearance and demeanor of you and your employees;
3. Quality, design, size and uniformity, and manner of assembly and sale, of all candy bouquets and other items.
4. Methods and procedures relating to receiving, preparing and delivering customer orders;
5. Use of exterior and interior signs, posters, displays, and similar items;
6. The handling of customer complaints; and
7. Compliance with our identity programs, as these may exist from time to time.
8. Immediate notification to CBI of any changes in address, telephone numbers, email address, and shipping address.
9. Checking email, phone, fax, or applicable messages at least every 24 hours to ensure order and inquiries are responded to within a reasonable time frame.

B. Compliance with Laws and Other Business Practices

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

C. Prices To Be Determined By Franchisee

We will suggest price guidelines for all Candy Bouquet items offered by your Store. You may determine, in your sole discretion, the prices to charge for the items to be sold in your Store. We do have "uniform bouquets " for wire service purposes; CBI and/or a Franchise Advisory Committee will suggest the prices for these wire service items.

D. Training and Operations Manual

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

Franchisee _____
Franchisor _____

E. New Concepts and Designs

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

F. You Must Directly Supervise Store

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

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

G. Insurance

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

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

H. Store Hours

Franchisees must maintain at least 39 hours of store operations weekly, and be open on Saturdays for a minimum of four hours, unless working from a home based operation or under hours set by lease agreements. Suggested hours are 10:00 a.m. - 5:00 p.m. weekdays and 10:00 a.m. - 2:00 p.m. Saturdays. This section does not apply to home based operations, but reasonable hours with an answering machine and a separate home phone for business must be maintained.

I. English Language Requirement

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

13. RECORDS AND REPORTS

Bookkeeping and Record-Keeping

You agree to establish bookkeeping and record keeping systems conforming to state and federal requirements. CBI suggests using a computerized accounting package such as Quick Books or Quicken. Although you are not required to own a computer, you are required to have access to a computer with modem and Internet access. We also strongly suggest using a Certified Public Accountant for bookkeeping and record keeping and Internal Revenue Service tax filings.

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

14. PROPRIETARY MARKS AND COPYRIGHTS.

A. Usage

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

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

B. Infringements

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

C. Modification or Discontinuance of Trademark

If it becomes advisable at any time in our sole discretion for you to modify or discontinue use of any Trademark and/or use one or more additional or substitute Trademarks, you agree to do so. You agree to use your own legal counsel or other advisor to determine if the Candy Bouquet name and Trademark is a valid and useable mark within your Exclusive Territory at this specific time.

Franchisee _____
Franchisor _____

15. INSPECTIONS

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

16. TERMINATIONS AND EXPIRATION.

A. Termination by You

You may not terminate this Agreement other than as described in Section 16 B3 or if CBI has committed a material breach of the Franchise Agreement.

B. By CBI upon your default

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

1. You fail to pay any franchise association fees, invoices, or other amounts due to CBI within thirty (30) days after receiving written notice that such fees are overdue;
2. You abandon the franchise by failing to operate the business for five (30) consecutive days during which FRANCHISEE is required to operate the business under the terms of the Franchise Agreement, or any shorter period after which it is reasonable under the facts and circumstances for FRANCHISOR to conclude that FRANCHISEE does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake, or other similar cause beyond your control;
3. You give CBI 3 months advanced notice that you wish to terminate the franchise and CBI agrees in writing; and you pay an exit fee of \$500 for every year that is left on your contract (5 years- \$2,500; 4 years- \$2,000; 3 years- \$1,500; 2 years \$1,000; 1 year- \$500; after 5 year renewal- \$0
4. You make any material misrepresentations relating to the acquisition of the franchise business, or you engage in conduct that reflects materially and unfavorably upon the operation and reputation of the franchise business or system;
5. You fail, for a period of ten (10) days after notification of non-compliance, to comply with any federal, state, or local law or regulation applicable to the operation of the franchise;
6. After curing any failure in accordance with the Franchise Agreement, you engage in the same non-compliance whether or not such non-compliance is corrected after notice;
7. You repeatedly fail to comply with one or more requirements of the Franchise Agreement, whether or not corrected after notice. **FAILURE BY YOU TO HAVE EMPLOYEES, FRIENDS, ACQUAINTANCES, SALESMEN, FAMILY MEMBERS, OR ANYONE WORKING AND/OR IN CONTACT WITH CANDY BOUQUET OPERATIONS IN ANY MANNER, SIGN THE EMPLOYEE NON-DISCLOSURE AND NON-COMPETITION AGREEMENT;**
8. You declare bankruptcy, the Franchised business or business premises of the franchise are seized, taken over, or foreclosed by a government official in the exercise of his duties, or seized, taken over, or foreclosed by a creditor, lien holder, or lessor, provided that a final judgment against FRANCHISEE remains unsatisfied for 30 days (unless a supersedes or other appeal bond has been filed, or a levy of execution has been made upon the license granted by the Franchise Agreement or upon property used in the franchised business, and it is not discharged within five (5) days of such levy);
9. You are convicted of a felony or any other criminal misconduct that is relevant to the operation of the franchise;
10. You make a reasonable determination that continued operations of the franchise by you will result in an imminent danger to public health or safety;
11. You fail to comply with the opening date provisions of Section 8C of this Franchise Agreement.
12. You fail to obtain or maintain insurance required by CBI and you do not correct this requirement within forty-eight (48) hours after written notice is delivered to you;

13. You breach any term, provision, covenant, condition, or obligation of the Franchise Agreement and you do not correct this failure within thirty-days (30) after written notice is delivered;
14. You fail to pay when due any amount owed to CBI, or any creditor or supplier of your store (other than amounts being bona fide disputed through appropriate proceedings) and you do not correct such failure within thirty (30) calendar days after written notice is delivered to you;
15. Your lease or sublease for your store is canceled due to breach with the landlord due to non-payment, abuse, misuse, criminal or crime of moral turpitude or a crime that substantially impairs the goodwill and image of CBI;
16. You make an unauthorized assignment of this Franchise Agreement or misrepresent the Franchise;
17. You fail to disclose the opening of another store location within your Exclusive Territory or any territory;
18. You fail to maintain opening hours as in accordance with this agreement.
19. You fail to purchase the required items from CBI.

C. Your Obligations Upon Termination or Expiration

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

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

D. Franchisor's Obligations Upon Termination or Expiration

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

17. COVENANTS NOT TO COMPETE AND TRADE SECRETS NONDISCLOSURE AGREEMENT

A. In-Term Covenant

You and your owners agree that, during the term of this Agreement, neither you nor your owners will, directly or indirectly for the benefit of you or your owners, or through or on behalf of or in conjunction with any other person, partnership or corporation, own, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in other candy, florist or gift store business (except for other CANDY BOUQUET stores in which

Franchisee _____
Franchisor _____

you or your owners have an ownership interest) without CBI's prior written consent.

B. Post-Term Covenant

You and your owners agree that, for a period of ten (10) years [Indiana franchises: three (3) years] after termination or expiration of this Agreement, or the date on which you cease to operate your store, whichever is later, neither you nor your owners, or through or on behalf of or in conjunction with any other person, partnership or corporation, will own, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any other candy, floral service or gift store business located at the premises of your store, within your Exclusive Territory, or within twenty-five (25) miles of any other CANDY BOUQUET store (except for other CANDY BOUQUET stores in which you or your owners shall have an ownership interest). [For Indiana franchises, the scope of the covenant shall be limited to premises of your Store and within your Exclusive Territory only]. The prevailing party of any legal action enforcing this covenant is entitled to recover costs and expenses including reasonable attorney's fees. Covenants not to compete may not be enforceable in California and in some states.

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

C. Ownership of Public Companies

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

D. Solicitation of Employees

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

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

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

18. ASSIGNMENT

A. Assignment By CBI

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

B. Assignment By You

This Agreement is personal to you and your owners. Accordingly, neither you nor any of your owners may assign or transfer this Agreement, any interest in this Agreement or if you are a corporation or partnership, any interest in the corporation or partnership except as specifically authorized under this Agreement. Any attempted assignment to

transfer not in accordance with this Agreement shall have no effect and shall constitute a breach of this Agreement.

C. Assignment to Corporation or Partnership

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

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

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

D. Assignment or Transfer to Others

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

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

E. Transfer upon Death or Incapacity

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

Franchisee _____
Franchisor _____

F. Offering Your Franchise For Sale

You agree not to offer your Candy Bouquet business for sale without prior written consent from CBI. You agree not to place "For Sale" or similar signs at or in the general vicinity of the retail location of your Candy Bouquet store or use any words in any advertising that identifies the business offered for sale as a "Candy Bouquet Store or Franchise", without CBI's written consent.

19. CONTRACT INTERPRETATION AND ENFORCEMENT

A. Effect of Waivers

No waiver by us of any breach, or a series of breaches, of this Agreement shall constitute a waiver of any subsequent breach of performance of any of your obligations under this Agreement. Our acceptance of any payment from you or the failure, refusal or neglect by us or you to exercise any right under this Agreement or to insist upon full compliance of your obligations under this Agreement or with any specification, standard or operating procedure or rule will not constitute a waiver of any provision of this Agreement.

B. Cost of Enforcement

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

C. Indemnification of Franchisor

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

D. Construction and Severability

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

E. Modification of Agreement

This Agreement constitutes the entire agreement between us (all of the parties to this Agreement) and supersedes all prior and contemporaneous, oral or written, agreements or understandings between or among us regarding the subject matter of this Agreement. No modification, waiver, termination, rescission, discharge or cancellation of this Agreement shall affect the right of any party to enforce any claim or right under this Agreement, whether or not liquidated, which occurred prior to the date of such modification, waiver, termination, rescission, discharge or cancellation.

F. Arbitration

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

location of any such arbitration shall be in Little Rock, Arkansas. The franchise agreement requires binding arbitration. This provision may not be enforceable under California law. Unless otherwise agreed in writing by CBI and you, the performance of each party's obligations under this Agreement shall be continued in full by the parties pending resolution of their dispute in an arbitration proceeding.

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

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

G. Governing Laws

An exception to the following are for those states listed in the State Authority Disclosure Addendum to the Franchise Agreement shown on pages 17 and 18.

1. This agreement takes effect upon its acceptance and execution by you. This Agreement shall be interpreted and construed under the laws of the State of Arkansas, which laws shall prevail in the event of any conflict of law.
2. The parties agree that any litigation arising out of, or relating to this Agreement, shall take place in Pulaski County, Arkansas and the parties hereby submit to the exclusive jurisdiction of the state and deferral courts located in Pulaski County, Arkansas and waive all questions of personal jurisdiction and venue with respect to any litigation
3. No right or remedy conferred upon or reserved by CBI or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted but each shall be cumulative of every other right of remedy.
4. Nothing herein contained shall bar CBI's right to obtain injunctive relief against actual, threatened or slanderous conduct that will cause it loss or damage under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

H. Notices

All written notices permitted or required to be delivered by the provisions of this Agreement or of the Operating Manual shall be deemed so delivered when delivered to you by hand or three (3) days after having been placed in the United States Mail by Registered or Certified Mail, and addressed to us at our most current principal business address or to you at the most current principal business address or home address of which we have been notified in writing.

I. Independent Contractors

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

J. Standard of Reasonableness

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

Franchisee _____
Franchisor _____

K. Acknowledgment

You acknowledge and agree that:

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

L. Binding Effects

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

M. Effective Date of this Agreement

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

N. Force Majeure

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

FRANCHISOR:

FRANCHISEE:

BY: _____

BY: _____

DATED: _____

DATED: _____

WITNESS: _____

Franchisee _____
Franchisor _____

STATE AUTHORITY DISCLOSURE ADDENDUM TO THE FRANCHISE AGREEMENT

IN THE STATES LISTED BELOW THE RESPECTIVE DECLARATION OF GOVERNING LAW SHALL BE EFFECTIVE WITH RESPECT TO THIS FRANCHISE AGREEMENT.

CALIFORNIA:

WITHIN THE STATE OF CALIFORNIA, CALIFORNIA LAW WILL GOVERN THIS DOCUMENT. ANY ARBITRATION BETWEEN CANDY BOUQUET INTERNATIONAL, INC. AND A FRANCHISEE WILL BE CONDUCTED IN THE STATE OF CALIFORNIA. CALIFORNIA'S STATE AUTHORITY IS THE CALIFORNIA DEPARTMENT OF CORPORATIONS, 320 WEST 4TH STREET, LOS ANGELES, CALIFORNIA 90013-2344.

HAWAII:

WITHIN THE STATE OF HAWAII, HAWAII LAW WILL GOVERN THIS DOCUMENT. ANY ARBITRATION BETWEEN CANDY BOUQUET INTERNATIONAL, INC. AND A FRANCHISEE WILL BE CONDUCTED IN THE STATE OF HAWAII. HAWAII'S STATE AUTHORITY IS THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, 1010 RICHARDS ST., HONOLULU, HI 96813.

ILLINOIS:

WITHIN THE STATE OF ILLINOIS, ILLINOIS LAW WILL GOVERN THIS DOCUMENT. ANY ARBITRATION BETWEEN CANDY BOUQUET INTERNATIONAL, INC AND A FRANCHISEE WILL BE CONDUCTED IN THE STATE OF ILLINOIS. ILLINOIS' STATE AUTHORITY IS THE ILLINOIS ATTORNEY GENERAL'S OFFICE, 500 SOUTH SECOND STREET, SPRINGFIELD, ILLINOIS 62706. THE STATE OF ILLINOIS PROVIDES FOR A 14-DAY DISCLOSURE PERIOD WHICH TAKES PRECEDENCE OVER THE 10-DAY PERIOD NOTED ON THE RECEIPT PAGE (EXHIBIT H-1)

INDIANA:

WITHIN THE STATE OF INDIANA, INDIANA LAW WILL GOVERN THIS DOCUMENT. ANY ARBITRATION BETWEEN CANDY BOUQUET INTERNATIONAL, INC. AND A FRANCHISEE WILL BE CONDUCTED IN THE STATE OF INDIANA. INDIANA'S STATE AUTHORITY IS THE OFFICE OF THE ATTORNEY GENERAL, 302 WEST WASHINGTON ST., RM E111, INDIANAPOLIS, IN 46204

MARYLAND:

WITHIN THE STATE OF MARYLAND, MARYLAND LAW WILL GOVERN THIS DOCUMENT. A FRANCHISEE IS PERMITTED TO BRING A LAWSUIT IN MARYLAND FOR CLAIMS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW 14216[C][25]. MARYLAND'S STATE AUTHORITY IS THE OFFICE OF THE ATTORNEY GENERAL, SECURITIES DIVISION, 200 ST. PAUL PLACE, BALTIMORE, MARYLAND 21202. ANY REPRESENTATIONS MADE BY CANDY BOUQUET INTERNATIONAL, INC. 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.

MICHIGAN:

WITHIN THE STATE OF MICHIGAN, MICHIGAN LAW WILL GOVERN THIS DOCUMENT. ANY ARBITRATION BETWEEN CANDY BOUQUET INTERNATIONAL, INC. AND A FRANCHISEE WILL BE CONDUCTED IN THE STATE OF MICHIGAN. MICHIGAN'S STATE AUTHORITY IS THE STATE OF MICHIGAN, DEPARTMENT OF ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE, 670 LAW BUILDING, 525 W. OTTAWA ST., LANSING, MICHIGAN 48913, PHONE NUMBER (517) 373-7117.

MINNESOTA:

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FRANCHISOR:

FRANCHISEE:

BY: _____

BY: _____

DATED: _____

DATED: _____

WITNESS: _____

