

10. Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.
11. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
12. Under California law, an agreement between a seller and a buyer regarding the price at which the buyer can resell a product (known as vertical price-fixing or resale price maintenance) is illegal. Therefore, requirements on franchisees to sell goods or services at specific prices set by the franchisor may be unenforceable.
13. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
- ~~14. An impound condition has been imposed. All initial fees payable by you shall be paid into an escrow account with Zions Bancorporation, National Association, (the "Depository"), and shall remain impounded with the Depository, until our initial obligations to you are complete, you are open for business, and we receive a written order from the California Commissioner of the Department of Financial Protection and Innovation authorizing the release of funds.~~
14. ~~15.~~ OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

**AMENDMENT TO THE PARIS BAGUETTE FAMILY, INC. FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF CALIFORNIA**

In recognition of the requirements of the California Franchise Investment Law, the parties to the attached Paris Baguette Family Inc. Franchise Agreement (the "Franchise Agreement") hereby agree as follows:

~~1. Sections 4.A of the Franchise Agreement (Initial Franchise Fees), shall be amended by supplementing it with the following:~~

~~Payment of all initial fees payable by Franchisee shall be paid into an escrow account with Zions Bancorporation, National Association, (the "Depository"), and shall remain impounded with the Depository, until after all of Franchisor's initial obligations to Franchisee are complete and Franchisee is open for business and until the Depository receives a written order from the California Commissioner of the Department of Financial Protection and Innovation authorizing the release of funds.~~

~~2. Franchisee shall be provided with a Purchase Receipt in the form attached hereto as Exhibit A.~~

1. ~~3.~~ Both the governing law and choice of law for franchisees operating outlets located in California, will be the California Franchise Investment Law and the California Franchise Relations Act regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the franchise agreement or amendment to or any agreement to the contrary is superseded by this condition.

2. ~~4.~~ The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

3. ~~5.~~ No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

4. ~~6.~~ Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this California Amendment to the Franchise Agreement in duplicate on the date indicated below.

**PARIS BAGUETTE FAMILY INC., a Delaware corporation**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**FRANCHISEE:**

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

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

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

**EXHIBIT A**

1. Name and Address of **Buyer/Franchisee**:

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

2. Name of **Individual** Receiving Payment for Franchisor: \_\_\_\_\_

3. General **Location** of Franchise Involved and **Total Purchase Price**:

4. Amount of **Payment Received**: \$ \_\_\_\_\_

5. Name and Address of **Depository**: Zions Bancorporation, National Association

\_\_\_\_\_  
550 S. Hope Street  
\_\_\_\_\_  
Suite 2875  
\_\_\_\_\_  
Los Angeles, CA 90071

6. **Date of Payment**: \_\_\_\_\_

These funds will only be released to the franchisor upon order of the Commissioner upon a showing pursuant to Commissioner's Rule 310.113.4, Title 10, CA Code of Regulations, that the franchisor has fulfilled its obligation under the Franchise Agreement. **NO FUNDS MAY BE RELEASED FROM THE IMPOUND ACCOUNT UNDER ANY CIRCUMSTANCES TO ANY PARTY (INCLUDING THE FRANCHISEE) WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER.**

**PARIS BAGUETTE FAMILY INC., a Delaware corporation**

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

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

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

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

**FRANCHISEE:**

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

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

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

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

**AMENDMENT TO THE PARIS BAGUETTE FAMILY INC. AREA DEVELOPMENT AGREEMENT  
REQUIRED BY THE STATE OF CALIFORNIA**

In recognition of the requirements of the California Franchise Investment Law, the parties to the attached Paris Baguette Family Inc. Area Development Agreement (the "Area Development Agreement") hereby agree as follows:

- ~~1. Sections 2.A of the Area Development Agreement (Area Development Fees), shall be amended by supplementing it with the following:~~

~~The payment of the development and initial fees shall be paid into an escrow account with Zions Bancorporation, National Association, (the "Depository"), and shall remain impounded with the Depository, and released on a per unit basis, once all of Franchisor's initial obligations to Franchisee attributable to a specific unit in the development schedule are complete for that unit and the unit is opened.~~

- ~~2. Franchisee shall be provided with a Purchase Receipt in the form attached hereto as Exhibit A.~~

1. ~~3.~~ Both the governing law and choice of law for franchisees operating outlets located in California, will be the California Franchise Investment Law and the California Franchise Relations Act regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the franchise agreement or amendment to or any agreement to the contrary is superseded by this condition.

2. ~~4.~~ The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

3. ~~5.~~ Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this California Amendment to the Franchise Agreement in duplicate on the date indicated below.

**PARIS BAGUETTE FAMILY INC., a Delaware corporation**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**AREA DEVELOPER:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

EXHIBIT A

1. Name and Address of **Buyer/Developer**:

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

1. Name of **Individual** Receiving Payment for Franchisor: \_\_\_\_\_

2. General **Location** of Franchise Involved and **Total Purchase Price**:

3. Amount of **Payment Received**: \$ \_\_\_\_\_

4. Name and Address of **Depository**: Zions Bancorporation, National Association

\_\_\_\_ 550 S. Hope Street  
\_\_\_\_ Suite 2875  
\_\_\_\_ Los Angeles, CA 90071

5. **Date** of Payment: \_\_\_\_\_

These funds will only be released to the franchisor upon order of the Commissioner upon a showing pursuant to Commissioner's Rule 310.113.4, Title 10, CA Code of Regulations, that the franchisor has fulfilled its obligation under the Franchise Agreement. **NO FUNDS MAY BE RELEASED FROM THE IMPOUND ACCOUNT UNDER ANY CIRCUMSTANCES TO ANY PARTY (INCLUDING THE FRANCHISEE) WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER.**

**PARIS BAGUETTE FAMILY INC., a Delaware corporation**

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

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

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

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

**AREA DEVELOPER:**

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

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

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

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

**ADDENDUM TO THE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Statutes, Sections 80C.01 through 80C.22 (the “Minnesota Franchise Act”), and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce (Minn. Rules 2860.0100 through 2860.9930), the Franchise Disclosure Document of Paris Baguette Family Inc. for use in the state of Minnesota shall be amended to be consistent with the following:

**1. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

**2. ~~1.~~** In Item 6, the “Remarks” column of the “Insufficient Funds Fee” shall be amended by adding the following language:

With respect to franchises operating in Minnesota, the Insufficient Funds Fee shall be capped at \$30 pursuant to Minnesota Statutes, Section 604.113.

**3. ~~2.~~** In Item 17, sections (c), (f), and (k) of each chart, under the headings “Requirements for Franchisee to Renew or Extend,” “Termination by Franchisor With Cause,” and “Transfer by Franchisee – Defined”, respectively, shall be amended by adding the following language at the end of each section:

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 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 nonrenewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

4. ~~3.~~ In Item 17, sections (c) and (m) of the Franchise Agreement chart, under the headings “Requirements for Franchisee to Renew or Extend,” and “Conditions for Franchisor Approval of Transfer,” respectively, shall be amended by adding the following language at the end of each section:

Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release of liability under the Minnesota Franchise Act. Accordingly, the general release will not apply to any liability under the Minnesota Franchise Act to the extent applicable.

5. ~~4.~~ In Item 17, sections (u), (v), (w) and (x) of each chart, under the headings “Dispute Resolution by Arbitration or Mediation,” “Choice of Forum,” “Choice of Law” and “Liquidated Damages”, respectively, shall be amended by adding the following language at the end of each section:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction to the extent applicable.

6. ~~5.~~ No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

7. ~~6.~~ Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act, and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, are met independently without reference to this Addendum to the Disclosure Document.

\* \* \*

| Provision                                                                 | Section in Franchise Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------------------------|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| q. Non-competition covenants during the term of the franchise             | Section 10.C<br>Attachment B   | <u>Subject to applicable state law</u> , you or your owners (if an entity), and spouses of owners, are prohibited from owning, maintaining, operating, engaging in, being employed by, having any financial or beneficial interest in, advising, consulting with, assisting or making loans to a Competing Business. "Competing Business" means a company that owns, operates, licenses or franchises a bakery/cafe style restaurant that offers baked goods such as breads, croissants, baguettes, pastries and cakes, along with coffee, tea and other beverages. A Competing Business shall also include a company that produces or manufactures baked goods. A Competing Business includes, but is not limited to, Panera Bread, Einstein Bros Bagels, Pret a Manger, Le Pain Quotidien, Paul French Bakery and Cafe, Au Bon Pain, La Madeleine Country French Café, Corner Bakery Cafe, Somedays Bakery, 85°C Bakery Café and Tous Les Jour. |
| r. Non-competition covenants after the franchise is terminated or expires | Section 10.C<br>Attachment B   | <u>Subject to applicable state law</u> , you or your owners (if an entity), and spouses of owners are prohibited from (i) owning, maintaining, operating, engaging in, being employed by, having any financial or beneficial interest in, advising, consulting with, assisting or making loans to a Competing Business within a ten (10) mile radius of the Location of any Cafe for a period of two (2) years; (ii) soliciting our customers; or (iii) disparage us or the System in any way.                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| s. Modification of the agreement                                          | Section 19. B                  | You must comply with the Manuals as periodically amended. The Franchise Agreement may only be modified or amended in writing signed by all parties.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| t. Integration/merger clause                                              | Section 19. B                  | Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Nothing in the agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| u. Dispute resolution by arbitration or mediation                         | Section 19.G<br>Section 19.H   | Except for actions brought by us, all disputes must be submitted to internal dispute resolution, then mediation and then arbitration in New York, New York.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| v. Choice of forum                                                        | Section 19.I<br>Section 19.M   | New York, New York (subject to state law)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| w. Choice of law                                                          | Section 19. L                  | Delaware (subject to state law)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| x. Liquidated damages                                                     | Section 18. D                  | You agree to pay us liquidated damages if we terminate you for cause or if you cease to operate the Franchise prior to the expiration of the term.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

| Provision                                                                   | Section in Area Development Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| k. "Transfer" by area developer – definition                                | Section 8(B).                         | Includes transfer of any interest in the Area Developer Agreement or in Developer or its owners.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| l. Franchisor approval of Transfer by area developer                        | Not applicable.                       | We have the right to approve all transfers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| m. Conditions for franchisor approval of transfer                           | Not applicable.                       | Approval to sell or transfer may be conditioned upon the following: (i) satisfaction of all monetary obligations to us, our parent, affiliate or predecessor, or suppliers; (ii) the timely cure of all existing defaults under any agreement between us; (iii) execution of a transfer agreement and general release (subject to state law); (iv) providing us with a copy of the executed purchase agreement relating to the proposed transfer and (v) the transferee must have paid to us the transfer fee. The proposed transferee must sign guarantee and must have demonstrated to us that he or she meets our standards, possesses good moral character, business reputation and credit rating, has the aptitude and adequate financial resources to fulfill the obligations under the Area Development Agreement. At our option, the transferee may be required to sign our then current form of Area Development Agreement. |
| n. Franchisor's right of first refusal to acquire Area Developer's business | Not applicable.                       | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| o. Franchisor's option to purchase Area Developer's business                | Not applicable.                       | If the Area Development Agreement is terminated by either party or you cease to do business for any reason, then we have the right, but not the obligation, to purchase your assets.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| p. Death or disability of area developer                                    | Section 8(B).                         | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| q. Non-competition covenants during the term of the franchise               | Section 9(B).                         | <u>Subject to applicable state law</u> , the owners and spouses of owners, are prohibited from operating or having an interest in a Competing Business.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| r. Non-competition covenants after the franchise is terminated or expires   | Section 9(B).                         | <u>Subject to applicable state law</u> , your owners and their spouses are prohibited from (i) owning, maintaining, operating, engaging in, being employed by, having any financial or beneficial interest in, advising, consulting with, assisting or making loans to a Competing Business within a 10-mile radius of the Location of any Cafe for a period of 2 years; (ii) soliciting our customers; or (iii) disparage us or the System in any way.                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

| <b>Provision</b>                                  | <b>Section in Area Development Agreement</b> | <b>Summary</b>                                                                                                                                                                                                                                                                   |
|---------------------------------------------------|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| s. Modification of the agreement                  | Section 12(B).                               | You must comply with the Manuals as periodically amended. The Area Development Agreement may only be modified or amended in writing signed by all parties.                                                                                                                       |
| t. Integration/merger clause                      | Section 12(B).                               | Only the terms of the Area Development Agreement and other related written agreements are binding (subject to applicable state law). Nothing in the agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document. |
| u. Dispute resolution by arbitration or mediation | Section 12(F), (G) and (H).                  | Except for actions brought by us, all disputes must be submitted to internal dispute resolution, then mediation and then arbitration in New York, New York.                                                                                                                      |
| v. Choice of forum                                | Sections 12(H).                              | New York, New York (subject to state law)                                                                                                                                                                                                                                        |
| w. Choice of law                                  | Section 12(I).                               | Delaware (subject to state law)                                                                                                                                                                                                                                                  |

#### **ITEM 18 PUBLIC FIGURES**

We do not use any public figure to promote the franchise.

REMAINDER LEFT INTENTIONALLY BLANK