

Form B – Franchisor’s Costs and Sources of Funds

FRANCHISOR’S COSTS AND SOURCE OF FUNDS

1 Disclose the Franchisor’s total costs for performing its pre-opening obligations to provide goods or services in connection with establishing each franchised business, including real estate, improvements, equipment, inventory, training and other items stated in the offering

Category	Costs
Real Estate	<u>0</u>
Improvements	<u>0</u>
Equipments	<u>0</u>
Inventory	<u>0</u>
Training	<u>\$1,750</u>
Other (describe)	
Confidential Manuals and other start up assistance and materials	<u>\$250</u>
Totals	<u>\$2,000</u>

2 State separately the sources of all required funds

Training	Initial franchise fee paid by franchisee and prior general operating revenues
Confidential Manuals and other start up assistance and materials	Initial franchise fee paid by franchisee and prior general operating revenues

FRANCHISE DISCLOSURE DOCUMENT**RECEIVED****ANDERSEN**
Bread

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DEPARTMENT OF
BUSINESS OVERSIGHT
SAN FRANCISCO**DENMARK BAKERY SYSTEMS, INC
dba ANDERSEN BREAD**A California Corporation Company
30703 San Clemente Street
Hayward California 94544
(510) 429 7100**E mail ksuzuki@andersenbakery.com
URL www.andersenbakery.com**

As an Andersen Bread franchisee you will operate an outlet providing all natural authentic Delightfully European baked goods at the highest standard of quality and freshness within a fast and friendly environment

The total investment necessary to begin operation of an Andersen Bread retail outlet ranges from \$287 000 to \$503 000 This includes \$25 000 that must be paid to the franchisor and its affiliates

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

You may wish to receive your disclosure document in another format that is more convenient for you To discuss the availability of disclosures in different formats contact Kazunori Suzuki at 30703 San Clemente Street Hayward California 94544 telephone (510) 429 7100

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

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

The issuance date is **July 3, 2014**

CA

STATE COVER PAGE

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

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

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

Please consider the following RISK FACTORS before you buy this franchise.

WE MAY REQUIRE YOU TO MAKE ADDITIONAL INVESTMENTS FOR EQUIPMENT, SUPPLIES AND INVENTORY IN THE FUTURE WHICH MAY COST UP TO \$25,000 PER YEAR.

IF WE DECIDE TO UPDATE THE POINT OF SALE SYSTEM, YOU WILL RECEIVE A 90 DAY NOTICE AND IT MAY COST UP TO \$20,000. YOU WILL NOT BE REQUIRED TO REPLACE THE SYSTEM MORE FREQUENTLY THAN ONCE EACH YEAR.

IF YOU ENTER INTO A MULTI-OUTLET AGREEMENT WITH US AND FAIL TO MAINTAIN YOUR DEVELOPMENT SCHEDULE, YOU WILL LOSE YOUR TERRITORY EXCLUSIVITY.

WE RESERVE THE RIGHT TO COMPETE WITH YOU IN ALTERNATIVE CHANNELS OF DISTRIBUTION.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date See the next page for state effective dates.

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