

## ADDITIONAL DISCLOSURES FOR THE MULTI-STATE FRANCHISE DISCLOSURE DOCUMENT OF BOTTLE & BOTTEGA, INC.

The following are additional disclosures for the Franchise Disclosure Document of Bottle & Bottega, Inc. required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently, without reference to these additional disclosures.

## **CALIFORNIA**

- 1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
- 2. OUR WEBSITE, www.bottleandbottega.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT www.corp.ca.gov.
- 3. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF CORPORATIONS BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.
- 4. The second sentence of the second paragraph in Item 1 of the Disclosure Document is deleted and replaced with the following:

On December 22, 2009, we converted the entity to an Illinois corporation, Bottles & Brushes, Inc., and in 2011 we changed our name to Bottle & Bottega, Inc.

5. The fifth paragraph in Item 1 of the Disclosure Document is deleted and replaced with the following:

We franchise the operation of businesses specializing in providing interactive art entertainment events to public, private and corporate groups both in a studio and through a mobile business that will travel to off-site public or private locations (the "Business"). As part of the mobile component of the Business, you will offer the interactive art programs and classes to third parties within your territory, but off-site from your Studio. If you purchase a franchise, you will be the owner of the Business, with staff to assist in teaching and operation of the business. You may also institute interactive art and entertainment programs and private parties at your Studio (defined below) or at off-site private or hosted locations to instruct children.

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6. The following paragraph is added at the end of Item 3 of the Disclosure Document:

Except as disclosed above, neither we nor any person identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. Section 78a et seq., suspending or expelling such person from membership in such association or exchange.

7. The Item 6 chart rows entitled "Related Promotional Costs," "Annual conference," and "Audit by us" are replaced with the following:

Related Promotional Costs	Varies per promotion	On demand	You must participate, at your expense, in any loyalty programs, prize promotions, and/or any other such promotional campaign that we designate.  We are not able to estimate a range for the promotional costs because, as of the date of this Disclosure Document, we have not implemented any loyalty programs, prize promotions, and/or any other promotional campaign
Annual conference	Non-refundable fee per attendee, based on proportionate share of our out- of-pocket costs	Before 1st day of the conference	You must also pay for travel, meals and lodging  We are not able to estimate a range for the annual conference costs because, as of the date of this Disclosure Document, we have not held an annual conference
Audit by us	Amount due plus costs and expenses of audit	On demand	If an audit discloses an underpayment of Gross Sales due to us of 5% more, you must pay us the amount in error plus our costs and expenses for the audit.  We are not able to estimate a range for the audit costs because, as of the date of this Disclosure Document, we have not conducted an audit



8. The following sentence is added at the end of Paragraph 5 of the Section entitled "Continuing Obligations" in Item 11 of the Disclosure Document:

We are not able to estimate a range for the additional capital you might need to invest because, as of the date of this Disclosure Document, we have not implemented modifications to the System.

9. The following sentence is added at the end of the Section entitled "Initial Training Program" in Item 11 of the Disclosure Document:

The additional courses, seminars, and other training programs are held on an as needed basis and will take place either at our Regional Training Studio in Chicago, IL or online. We are not able to state or estimate the duration, of these additional courses, seminars, and other training programs because, as of the date of this Disclosure Document, we have not conducted or held additional training courses, seminars, and other training programs.

10. The last sentence of the first paragraph in Item 12 is deleted and replaced with the following:

While there is no minimum territory size, we typically will define a territory to include approximately 100,000 households based on the 2010 US Census data.

11. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

<u>California Law Regarding Termination and Nonrenewal</u>. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination or nonrenewal of the franchise. If the Franchise Agreement contains any provision that is inconsistent with the law, and the law applies, then the law will control.

<u>Termination Upon Bankruptcy</u>. The Franchise Agreement provides for termination upon bankruptcy. These provisions might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)

<u>Covenant not to Compete</u>. The Franchise Agreement contain a covenant not to compete which extend beyond the termination of the franchise. This provision may not be enforceable under California law.

<u>Applicable Law.</u> The Franchise Agreement requires application of the laws of the State of Illinois. This provisions might not be enforceable under California law.

Arbitration. The Franchise Agreement requires binding arbitration. The arbitration will be conducted in the Chicago, Illinois metropolitan area with the costs being borne as the arbitrator determines. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of

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