

FRANCHISE DISCLOSURE DOCUMENT



espressamente illy Americas, inc.
 a Delaware corporation
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We grant the right to operate ESPRESSAMENTE ILLY Italian-style coffee bars that specialize in serving espresso, cappuccino and coffee related products, light snack food, and other items (the "Retail Locations").

The total investment necessary to begin operation of an ESPRESSAMENTE ILLY Retail Location is between US\$433,900 to US\$1,604,220. This includes the US\$60,000 to US\$105,000 that must be paid to us or our affiliate. If you sign a Development Agreement authorizing multiple Retail Locations, you must pay an additional US\$40,000 Development Fee.

This Disclosure Document summarizes certain provisions of your Retail Location 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, us or any affiliate in connection with the proposed sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mr. Carlo Badioli at 800 Westchester Avenue, Suite S438, Rye Brook, New York 10573 or (914) 253-8141.

The terms of your contract will govern your relationship with us. 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, D.C. 20580. You can also visit the FTC's home page 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: April 25, 2014

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a 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 C** for information about ESPRESSAMENTE, 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 RETAIL LOCATION AGREEMENT, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Risk Factors:

Please consider the following RISK FACTORS before you sign the Retail Location Agreement:

- *1. THE RETAIL LOCATION AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN THE STATE IN WHICH WE HAVE OUR PRINCIPAL PLACE OF BUSINESS WHEN THE DISPUTE ARISES, WHICH IS CURRENTLY NEW YORK. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN NEW YORK THAN IN YOUR OWN STATE.
- *2. THE RETAIL LOCATION AGREEMENT STATES THAT THE LAW OF THE STATE IN WHICH WE HAVE OUR PRINCIPAL PLACE OF BUSINESS WHEN THE DISPUTE ARISES, WHICH IS CURRENTLY NEW YORK, GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THERE MAY BE OTHER RISKS CONCERNING THE RETAIL LOCATION.

Local law may supersede these retail location agreement provisions. Certain states require the superseding provisions to appear in an addendum to this disclosure document (see Exhibits I and J of this Disclosure Document).

Effective Date: See the next page for state effective dates.

EFFECTIVE DATES

The following states require that the Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATES	EFFECTIVE DATE
California	
Hawaii	Not Applicable
Illinois	
Indiana	Not Applicable
Maryland	Not Applicable
Michigan	
Minnesota	Not Applicable
New York	
North Dakota	Not Applicable
Rhode Island	Not Applicable
South Dakota	Not Applicable
Virginia	
Washington	
Wisconsin	Not Applicable

This Disclosure Document is exempt from the following states having business opportunities laws, with the following effective dates:

STATES	EFFECTIVE DATE
Florida	
Kentucky (one-time filing)	Not Applicable
Nebraska (one-time filing)	Not Applicable
Texas (one-time filing)	April 21, 2011
Utah	Not Applicable

In all other states, the effective date of this Disclosure Document is the issuance date of April 25, 2014.

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