

FRANCHISE DISCLOSURE DOCUMENT



SEATTLE'S BEST COFFEE LLC

a Washington Limited Liability Company 2401 Utah Ave. South, Suite 800 Seattle, Washington 98134 (206) 318-1575 aekberg@starbucks.com <u>www.seattlesbest.com</u>

The franchises described in this disclosure document are for retail cafes and kiosks specializing in the preparation and sale of SEATTLE'S BEST COFFEE[®] ("SBC") proprietary brand coffee products and beverages and related products.

The total investment necessary to begin operation of a single SBC cafe ranges from \$267,200 to \$454,000. The total investment necessary to begin operation of a single SBC kiosk ranges from \$240,700 to \$407,000. This includes \$42,000 to \$63,000 that must be paid to SBC or its affiliates.

This disclosure document summarizes certain provisions of your Master Franchise Agreement and other information in plain English. Read the 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 license sale or grant. 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 Adam Ekberg, corporate counsel, at Seattle's Best Coffee, LLC, 2401 Utah Avenue South, Suite 800, Mail Stop S-LA3, Seattle, WA 98134, (206) 318-6383.

The terms of your contract will govern your license 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 accountant.

Buying a license 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 home page at <u>www.ftc.gov</u> for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There also may be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: December 21, 2009



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 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 FRANCHSIE, 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:

THE MASTER FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN WASHINGTON. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE THAN TO LITIGATE WITH US IN WASHINGTON THAN IN YOUR OWN STATE.

THE MASTER FRANCHISE AGREEMENT STATES THAT WASHINGTON LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

WE USE THE SERVICES OF ONE OR MORE FRANCHISE BROKERS OR REFERRAL SOURCES TO ASSIST US IN SELLING OUR FRANCHISE. A FRANCHISE BROKER OR REFERRAL SOURCE REPRESENTS US, NOT YOU. WE PAY THIS PERSON A FEE FOR SELLING OUR FRANCHISE OR REFERRING YOU TO US. YOU SHOULD BE SURE TO DO YOUR OWN INVESTIGATION OF THE FRANCHISE.

The state effective dates appear on the next page.



STATE EFFECTIVE DATES

The following states require that the Franchise 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 Franchise 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:

STATE	EFFECTIVE DATE
California	Exempt from Registration
Hawaii	December 22, 2009
Illinois	December 23, 2009
Indiana	Exempt from Registration
Maryland	March 12, 2010
Michigan	January 21, 2010
Minnesota	December 28, 2009
New York	Exempt from Registration
North Dakota	January 7, 2010
Rhode Island	December 22, 2009
South Dakota	December 22, 2009
Virginia	January 20, 2010
Washington	Exempt from Registration
Wisconsin	December 23, 2009

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