

Attachment 2

CMG Brands, LLC
9229 West Sunset Blvd., Ste 950
West Hollywood, CA 90069

CO-BRANDING

In most situations, a co-branding partner will also serve as a licensee, however both brands will be displayed on the product. This allows for a marketing synergy whereby each brand brings an added value to the other. In some circumstances, we may charge a lower permission/royalty fee if we feel as though a particular co-branding campaign will increase our brand equity. We may also create a revenue sharing plan whereby royalties are paid, but the advanced royalty due is lower than what we would charge a typical licensee. This is especially true when the primary goal of a co-branding campaign is to increase the value and consumer awareness of a brand and the secondary goal is to generate revenue.

1. Coach

- a. With stores on Rodeo Drive and in the Beverly Center, the Coach brand, like Beverly Hills, connotes luxury and quality. The Rodeo Drive store was Coach's first freestanding flagship store in Southern California, and was opened seven years ago with the intention of expanding their market in Southern California and capitalizing on the prestige of Rodeo Drive. A previous licensee of CMG, we would pursue Coach in a co-branding campaign under which Coach would be the exclusive handbag of the Beverly Hills Centennial, allowing Coach to use the Beverly Hills shield on its handbags to commemorate the event.

2. Cartier

- a. A world renowned French company celebrated for their fine jewelry and wrist watches. They have become a part of Beverly Hills with their premiere location on Rodeo Drive. A previous licensee of CMG, we would pursue Cartier to create a charm, pendant and/or brooch using the Beverly Hills shield to commemorate the Centennial.

3. Montblanc

- a. A previous licensee of CMG, Montblanc has a number of limited edition pens inspired by historical milestones, landmark architectures and eminent characters. With locations on Rodeo Drive and the Beverly Center, they have become a part of Beverly Hills and like the city, they are a symbol of luxury. A previous licensee of CMG, we would pursue Montblanc to use the Beverly Hills shield on a limited edition pen to be sold in 2014 to commemorate the centennial.

4. Marchesa

- a. Brand specializing in high-end womenswear, handbags, and due to a recent partnership with Lenox, dinnerware. Marchesa products are sold in high end departments stores worldwide including Neiman Marcus, Bergdorf Goodman, Saks Fifth Avenue and Net-A-Porter. As a previous licensee of CMG, we would pursue Marchesa to use the Beverly Hills shield in the womenswear, handbags or dinnerware lines.

5. Tiffany & Co.

- a. Luxury jewelry and silverware corporation. Their Rodeo Drive location is so widely known and visited that the corporation produced a Rodeo Drive charm bracelet. A previous licensee of CMG, we would pursue Tiffany & Co. to create a similar charm bracelet or similar item using the Beverly Hills shield. Smaller accessories such as Tiffany key rings, money clips, sterling silver mirrors, and pens branded with the Beverly Hills shield may also sell well with customers visiting the Rodeo Drive

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location who want to purchase a Beverly Hills Tiffany's item at a price point under \$200.

6. Carolina Herrera

- a. Fashion designer favorited by the high-fashion crowd and First Ladies. Her products are sold in stores that include Neiman Marcus, Bergdorf Goodman, Saks Fifth Avenue and Nordstrom. She has several lines that create products such as fragrances, eyewear, shoes, handbags, jewelry and scarves. A past licensee of CMG, we would pursue the designer to use the Beverly Hills shield in any of the above mentioned categories.

7. The Walt Disney Company

- a. Mass media corporation headquartered in Burbank, CA, known worldwide for its film studio and accompanying products and theme parks. Disney has previously collaborated with Dooney & Bourke, Jerome Rousseau, Valentino, Marchesa, Elie Saab, Missoni, Oscar de la Renta, Escada, Versace, Roberto Cavalli, Ralph & Russo and Barneys. Disney is the studio behind Beverly Hills Chihuahua, and be interested in licensing the Beverly Hills shield for related merchandise, including a line of pet products.

8. Build-A-Bear

- a. American retailer that sells customized, collectable plush bears. Build-A-bear has previously collaborated with other brands such as Disney and the MLB. A previous licensee of CMG, we would pursue Build-A-Bear to create a special edition Beverly Hills bear using the shield to commemorate the Centennial.

9. Dolce & Gabbanna

- a. A luxury fashion house that produces mens' and womens' fashion, handbags, eyewear, shoes, jewelry and leather goods. They are also moving into high-end technology cases, with a D&G leather iphone case available for \$175. A previous licensee of CMG, we would pursue Dolce & Gabbanna to use the Beverly Hills shield on any of the above mentioned products.

10. Wolfgang Puck Companies (cookbook)

- a. Wolfgang Puck restaurants in Beverly Hills include Cut and Spago. Other Wolfgang Puck restaurants with a Los Angeles presence include Chinois (Santa Monica), Wolfgang Puck at the Hotel Bel-Air (Los Angeles), WP24 (located at the Ritz Carlton in downtown Los Angeles), and Red Seven (West Hollywood). Wolfgang Puck found success in Los Angeles with his first restaurant, Spago, and has been enmeshed in the Los Angeles restaurant scene for nearly 40 years. Puck has written six cobooks to date. We would pursue Wolfgang Puck Companies to publish a cookbook to commemorate the Centennial with recipes for upscale California cuisine.

11. Sprinkles Cupcakes

- a. Sprinkles flagship bakery is located in the heart of Beverly Hills. The Bakery began in Beverly Hills, and is considered the first cupcake bakery. The bakery is loved by tourists and locals alike, and is associated heavily with Beverly Hills. We would pursue Sprinkles in a co-branding campaign where, for a permission fee, the bakery could use a fondant version of the Beverly Hills shield on top of the cupcakes to celebrate the city's centennial.

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LICENSEES

A licensee is granted a license to use our client's intellectual property and in consideration, pays a royalty fee based on the number of units sold, or a permission fee that allows the client to use the property for a particular use (i.e. in an ad campaign or as set dressing). CMG has relationships with hundreds of current and past licensees. Below is a partial list of licensees that we could pursue with regards to Beverly Hills merchandise and campaigns.

1. APPAREL:

a. Zara

- i. Clothing and accessories retailer with a large online presence and over 1700 brick and mortar stores worldwide, including locations at The Grove and Third Street Promenade, and numerous stores in China, Japan, South Korea, Taiwan and Hong Kong. Parent company Inditex is the largest global clothing retailer.
- ii. Past CMG Licensee

b. Pull and Bear

- i. European-based retailer with nearly 800 stores worldwide including China, South Korea and The UK.
- ii. Past CMG Licensee

c. H&M

- i. Swedish-based retailer with over 2,600 stores worldwide including the Beverly Center, Third Street Promenade and Sunset Boulevard and numerous stores in Dubai, China, Japan, South Korea, Hong Kong and the UK. H&M is the second largest global clothing retailer and has a growing web presence.
- ii. H&M has done numerous collaborations with high-end designers including Karl Lagerfeld, Roberto Cavalli, Comme des Garçons, Jimmy Choo, Stella McCartney, Versace and Lanvin.
- iii. Past CMG Licensee

2. FOOTWEAR

a. Vans

- i. Southern-California based footwear, apparel and accessory brand. Shoes sold in high end stores such as Kitson, Barneys, Steven Alan, Nordstrom and Urban Outfitters. Vans also has a presence in Asia with stores in China, Hong Kong, Taiwan and Japan.
- ii. Past CMG Licensee

b. Converse

- i. American footwear company with a large online shop and retail store on the Third Street Promenade. Several new premium options including both leather and canvas shoes have been added by Converse for the brand's ongoing collaborative effort with Jack Purcell. Converse.com has a "design your own" shoe option which includes various prints, and also has other branded shoes available including DC Comics and Dr. Seuss. Including a print of the Beverly Hills shield may be a good fit and likely a popular option, especially among teens and young adults.
- ii. Past CMG Licensee

3. MISCELLANEOUS

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- a. **Hudson News & Paradies**
 - i. CMG has existing relationships with both Hudson News and Paradies, two of the largest airport retail store developers with locations in LAX and Burbank airports, respectively. We would propose a line of mid-range merchandise including but not limited to glassware, quality apparel, bathrobes, towels, tote bags, stainless steel coffee tumblers and engraved photo frames.
- b. **Electronic Accessories**
 - i. CMG has existing relationships with several licensees that produce high quality iphone and ipad cases and headphones with distribution channels that include Bloomingdales, Best Buy and the Apple store.
- c. **Chocolates & Confections**
 - i. CMG has existing relationships with licensees that manufacture gourmet chocolates and truffles with domestic distribution and licensees that manufacture cupcakes, gelato, ice cream, sorbet and cheesecakes with worldwide distribution.
- d. **Jewelry**
 - i. CMG has existing relationships with licensees that produce jewelry and jewelry boxes. We would propose a line that includes items such as charm bracelets, necklaces and jewelry boxes.
- e. **Fragrance & Cosmetics**
 - i. CMG has existing relationships with high end cosmetics and fragrance licensees with worldwide distribution. Past products include nail products, makeup (eye, lip and face) products and accessories such as makeup brushes, tools and cosmetic bags.
- f. **Wine & Spirits**
 - i. CMG has existing relationships with licensees that produce wine, champagne and other spirits, including high-end scotch. We would propose a line of fine wine and spirits that includes the Beverly Hills shield.
- g. **Products for Asian markets**
 - i. CMG has existing relationships with licensees that produce branded plates, table wear, chocolate, bathrobes, blankets, pillows, towels, swimwear, slippers, passport and business card holders, electronic accessories and apparel with distribution channels in Asia.

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PRICING STRUCTURE

1. Licensing:

- a. Includes the entire licensing process from beginning to end including marketing and promoting the brand, pitching potential licensees, fielding inquiries regarding use of the mark, negotiating deal terms, drafting the agreements, managing royalty reports and conducting royalty audits with licensees.
- b. Fee Structure:
 - i. 30% of the gross receipts actually received under license agreements that are identified by the client and deal terms are negotiated by CMG.
 - ii. 31.5 % of the gross receipts actually received under license agreements that are identified by CMG and deal terms are negotiated by CMG.