

UNIT FRANCHISE DISCLOSURE DOCUMENT



Cartridge World North America, LLC

Nevada Limited Liability Company

3917 Mercy Drive

McHenry, Illinois 60050

(815) 321-4400

www.cartridgeworld.com

www.cartridgeworld.com/home/contactus

You will operate a franchised Cartridge World® business (a “Unit Franchise”) which will provide products and services related to printer (and other) cartridges, inkjet cartridges, laser cartridges, toner, computer hardware (including printers) and software, ancillary products and services, and such additional products and services as we may specify.

The total investment necessary to begin operation of a Unit Franchise is from ~~\$70,300~~68,300 to ~~\$153,800~~151,800. This includes an Initial Franchise Fee of \$40,000 and a Training Fee of ~~\$10,000~~8,000 that must be paid to us. If you sign a Multi-Unit Agreement, the total investment to begin the operation of your second and, if applicable, your third Unit Franchise is from \$67,300 to \$123,800. This includes an Initial Franchise Fee of \$20,000 that must be paid to us.

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 governmental agency has verified the information contained in this Disclosure 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 Ms. ~~Michelle Keck, our Director of Operations~~Tina Ricchio, our Franchise Support Specialist, at 3917 Mercy Drive, McHenry, Illinois 60050; (815) 321-4400.

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, 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.

Date of Issuance: March 31, ~~2017~~2017, as amended August 30, 2017.

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 FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Risk Factors:

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION OR LITIGATION ONLY IN ILLINOIS. OUT-OF-STATE MEDIATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE OR LITIGATE WITH US IN ILLINOIS THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT REQUIRES THAT ILLINOIS 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.
3. YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY. SEE ITEM 12 OF THIS DISCLOSURE DOCUMENT FOR ADDITIONAL INFORMATION.
4. YOUR SPOUSE OR DOMESTIC PARTNER MUST SIGN A SPOUSAL CONSENT WHICH PLACES YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.
5. THE FRANCHISOR WILL USE THE REASONABLE BUSINESS JUDGMENT STANDARD IN ITS RELATIONSHIP WITH FRANCHISEES. THIS MEANS THAT THE FRANCHISOR IS NOT REQUIRED TO CONSIDER YOUR PARTICULAR ECONOMIC AND OTHER BUSINESS INTERESTS WHEN EXERCISING ITS JUDGMENT.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may 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 is our agent and 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.

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

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:

STATES	EFFECTIVE DATE
California	May 22, 2017 <u>2017, as amended</u>
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	Not Registered
Michigan	Not Registered
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	Not Registered

In the other states in the Direct Franchising Area, the effective date of this Franchise Disclosure Document is the issuance date of March 31, 2017, as amended August 30, 2017.

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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Franchisor

To simplify the language in this Disclosure Document, “CWNA,” “Franchisor,” “we,” “us” and “our” refers to Cartridge World North America, LLC. “You” or “your” means or refers to the person who enters into a franchise agreement (a “Unit Franchise Agreement”) for the establishment and operation of a Cartridge World® franchise (a “Unit Franchise”). (In this Disclosure Document, “you” means the person or legal entity with whom we enter into an agreement. The term “you” also refers to the direct and indirect owners of a corporation, partnership, limited liability company, or limited liability partnership that signs a Unit Franchise Agreement as the “Unit Franchisee”).

We are the franchisor of the right to operate franchised businesses using the Cartridge World® marks (the “Marks”) and the business system for the establishment and operation of Unit Franchises (the “System”) in the United States. We were formed as a limited liability company in the State of Nevada in June 2002. In 2011, we restructured our operations by closing our warehouse facilities and moving our headquarters from Emeryville, California to Spring Grove, Illinois to eliminate certain infrastructure costs. In December 2014, we moved our principal place of business to its current location at 3917 Mercy Drive, McHenry, Illinois 60050, which serves as the North American headquarters for our operations. We conduct business under our corporate name and under “Cartridge World®.” We have no company-owned Master Franchises or Unit Franchises, although we have the right to own and operate them in certain areas in the United States (see below in this Item and Item 20).

We began offering Master Franchises for Unit Franchises in late 2002. The first Master Franchisee began offering Unit Franchises in the United States in February 2003. Master Franchisees enter into Unit Franchise Agreements directly with Unit Franchisees to own and operate Unit Franchises. The Unit Franchise Agreements for Unit Franchises are with a Master Franchisee, not with us. Master Franchisees may not offer Unit Franchises in any franchise registration state until such time as they have effective franchise registrations for offering Unit Franchises. As of the date of this Disclosure Document, we had ~~17~~16 Master Franchisees ~~with~~and 24 active Master Franchise Territories covering most of the United States.

In 2007, we began offering Unit Franchises in areas in which no Master Franchisee was licensed to operate by us. Those areas are currently the states of Louisiana, New Mexico, Kentucky, West Virginia and certain counties in California and western Texas (the “Direct Franchising Area”). As of August 2017, the Direct Franchising Area also includes the states of Illinois, Iowa, Minnesota, North Dakota, South Dakota and Wisconsin. We have replaced a former Master Franchisee which operated in those states and are now directly servicing Unit Franchises in those states. Before we sell a Unit Franchise in the Direct Franchising Area or grant a Master Franchise in a territory located in the Direct Franchising Area, we will first comply with all state and federal laws applicable to the sale of franchises. If we sell any Unit Franchises in the Direct Franchising Area before granting the Master Franchise for an area in the Direct Franchising Area, we will assign any existing Unit Franchise Agreements in that area to the applicable Master Franchisee.

From July 2012 until December 2013, we offered and sold Express Franchises which are businesses that do not operate from a fixed retail location but instead offer the Products and Services by going directly to customers in a defined territory. We sold a total of two Express Franchises, one of which is still operational in the State of Vermont (see Item 20 and Exhibit D-1). We no longer offer or sell Express Franchises.

Except as described in this Item, we do not offer any other franchises, and do not engage in any business activity other than the franchising and supporting of the Master Franchises and Unit Franchises. We have never offered franchises in any other line of business.

Our agents for service of process are listed in Exhibit C to this Disclosure Document.

Parents, Predecessors and Affiliates

CWNA is a wholly-owned subsidiary of Cartridge World International, Inc. (“CW International”), a Delaware corporation formed in July 2007 with its principal place of business at 3917 Mercy Drive, McHenry, Illinois 60050. CW International was a wholly-owned subsidiary of Cartridge World Australia Holdings Pty. Ltd. (“CW Holdings”), which was formed in New South Wales, Australia in July 2007, with its principal business address at Ground Level, 200 Greenhill Road, Eastwood, South Australia 5063, Australia. In May 2015, the ownership of CW International was acquired by Cartridge World Global Holding Co. Limited (“CW Global”), a Hong Kong entity formed on May 7, 2015 with its principal business address at Room 1501-1508, Millennium City 5, 418 Kwun Tong Road, Kwun Ton, Kowloon, Hong Kong. CW Global is a wholly-owned subsidiary of Renjency Trading (H.K.) Co. Limited, a Hong Kong entity formed on February 6, 2007 with its principal business address at L-75 Peninsula Centre, 67 Mody Road, TST East, Kowloon, Hong Kong.

CW International, CW Holdings and CW Global have not offered and do not offer franchises in any line of business. CWNA and CW International do not currently sell products or services to Unit Franchises or Master Franchisees in the United States, but have the right to do so in the future.

CWNA’s affiliate, Cartridge World Australia Pty. Ltd. (“CW Australia”), was also a wholly-owned subsidiary of CW Holdings. CW Australia was formed in New South Wales, Australia in July 2007 under the name CW Austnewco Pty. Ltd. and purchased the assets of Cartridge World Pty. Ltd. (“CW PTY”) as of July 31, 2007. CW PTY first began franchising in 1997 under the name Australian Cartridge Co. and changed its name in 1999 to Cartridge World Pty. Ltd. The ownership of CW Australia was also acquired by CW Global in May 2015.

CW PTY licensed to CWNA the rights to grant Cartridge World® franchises in North America, Central America and South America using the Marks and the System in 2002. Outside of the Americas, as of December 31, 2016, CW Australia had 22 master franchisee-owned Master Franchise Territories and one area development territory which cover a number of countries.

Cartridge World, Ltd. (“CW UK”) is an affiliate of CWNA. CW UK is incorporated under the laws of England and Wales with its registered address at Oakwood Park Business Centre, Fountains Road, Bishop Thornton, Harrogate, North Yorkshire, HG3 3JN, UK. CW UK was a wholly-owned subsidiary of CW Holdings. The ownership of CW UK was also acquired by CW Global in May 2015. CW UK has been a Master Franchisee of CW Australia for the United Kingdom, Cyprus, Malta, and the Channel Islands since 2000, and had 61 franchised Unit Franchises as of December 31, 2016.

Cartridge World France, SARL (“CW France”) is an affiliate of CWNA. CW France is a French company with its registered address at Parc Mure, 128, Bis Avenue Jean Jaurès, 94200 Ivry sur Seine, France. CW France was owned by CW Australia (99.256%) and CWNA (.744%). However, 100% of the ownership of CW France was acquired by Cartridge World HQ (UK) Limited pursuant to a Sale and Purchase Agreement, dated November 11, 2016. CW France has been a Master Franchisee of CW Australia for France since 2004, and had 99 franchised and company-owned Unit Franchises as of December 31, 2016.

As used in this Disclosure Document, unless the context requires otherwise, “Cartridge World” refers to CWNA, and/or any or all of its parents, subsidiaries and affiliates.

Franchise Offered

We offer, and award to qualified applicants, the right to operate franchised businesses using the Marks and the System. Please see Exhibit A-1 to this Disclosure Document for a copy of the current form of the Unit Franchise Agreement. Capitalized terms that are not defined in this Disclosure Document have the meanings that are given in the Unit Franchise Agreement.

The System is characterized by certain trademarks and logos, operating systems, training and marketing concepts, the Operations Manuals, distinctive color schemes and other elements, and includes methods for marketing and operating businesses that offer home and office printing solutions. The solutions offered by Unit Franchises include individual and bundled printer inkjet cartridges, laser cartridges, printers, printer service and repair, and such other products and services as we may specify (the “Products and Services”) from street fronts, malls and other fixed retail business locations (“Premises”), and also by the sale and delivery of the Products and Services on a wholesale basis directly to the business locations of their customers and clients. Unit Franchisees market their Unit Franchises as providing “Trusted Business Solutions” to customers on a business-to-business (“B2B”) and a business-to-customer (“B2C”) basis.

We can also employ and allow others to use the System in other venues, such as kiosks in retail outlets or other distribution opportunities, as well as with national account (“Special Account”) programs, with our prior approval (see Item 12).

Multi-Unit Agreement (“MUA”)

We allow qualified individuals to enter into a MUA, a current form of which is attached as Exhibit A-2, providing for the opening of multiple Unit Franchises.

Industry-Specific Regulations

There are no industry specific laws or regulations that apply only to Unit Franchises. However, there are laws that apply to businesses in general, and you are responsible for complying with them in the operation of your Unit Franchise, including local, state and federal business, retail sales, zoning and similar regulations and licensing requirements, and any applicable environment related laws and regulations. You should consult with your attorney and local, state and federal government agencies before buying your Unit Franchise or any business to determine all legal requirements that you must comply with to consider their effects on you and cost of compliance. It is your sole responsibility, on an ongoing basis, to investigate and satisfy all local, state and federal laws, since they vary from place to place and can change over time.

Competition

We believe that the market for the sale, servicing and support of printers and consumables is developed, and continues to develop and evolve. The technology of the Products and Services can change rapidly and materially. For this reason, it is especially difficult to foresee how this industry and our business model will need to evolve to keep pace with changes in products and services, methods of distribution, technical needs, consumer interest, competitive products and services, pricing, product and service demand, and other marketplace forces that can significantly impact the viability of the industry and our System and those people and companies associated with it, including the Unit Franchise offered with this Disclosure Document.

The primary market for the Products and Services is individual consumers and businesses looking for a convenient, efficient and economical way of meeting their demands for varied home and office printing solutions. You will compete with other businesses offering products and services similar to those offered by a Unit Franchise, including original equipment manufacturers, small local businesses, larger local and regional copier dealers, industrial operations with production line type refill services, other printing solution franchises and Internet-based providers, as well as office supply stores and big box retailers.

We (and our Master Franchisees) may currently offer Unit Franchise Agreements in other states on economic and other terms that differ from those offered under this Disclosure Document. Also, there may be instances where we have varied, or will vary, the terms on which we offer Unit Franchises to suit the circumstances of a particular transaction.

ITEM 2 **BUSINESS EXPERIENCE**

CWNA

Unless otherwise indicated, the following officers currently maintain offices in McHenry, Illinois.

Global Chief Executive Officer and Director

Rod Young

Rod Young has been the Global CEO for CW Global since October 2016. He held the same position with CW Holdings from July 2010 until July 2015. Mr. Young has been a Director of CWNA since March 2017. He was a Senior Board Advisor with CW Global from July 2015 until October 2016.

Chief Executive Officer, Global Chief Technical & Officer and Director

Mark Pinner

Mark Pinner has been CWNA's Chief Executive Officer and Global Chief Technical & Training Officer since October 2016. Mr. Pinner has been a Director of CWNA since March 2017. Before joining CWNA as its Chief Technology Officer in April 2009, Mark Pinner was the CEO of Clone UK Limited (Kent, England) from March 2006 until October 2008.

Global Vice President and Global Chief Operating Officer

Peter Lim

Peter Lim joined CW Global as its Global Chief Operating Officer based in Hong Kong in April 2016, and became its Global Vice President in October 2016. Before that, he was Head of Prince George's Park Residence at the National University of Singapore (May 2015 – April 2016) and Operations Director for Ascend Industries Pte Ltd in Singapore (March 2006 – May 2015).

Director of Operations

Michelle Keck

~~Michelle Keck was promoted to Director of Operations for CWNA in September 2014. She joined CWNA in September 2011 as its Supply Chain/Contracts Manager. Before that, Ms. Keck worked as a Buyer for PolyScience (Nile, Illinois) from June 2010 to August 2011, a Purchasing Manager for Gudel, Inc. (Ann Arbor, Michigan) from August 2008 until May 2010, and a Purchasing Manager for Bielomatik, Inc. (New Hudson, Michigan) from June 2007 until July 2008.~~

Finance Manager

Eric George

Eric George became CWNA's Finance Manager in February 2017. He joined CWNA in January 2012 as a Senior Accountant, a position he held until he was promoted to Finance Manager.

Marketing Director**Alan White**

Alan White has been CWNA's Marketing Director since March 2016. He has also been the Marketing Manager for CW UK in Harrogate, North Yorkshire, England, since October 2008.

Sale Support Manager**Michael R. Babcock**

Michael Babcock has been Sales Support Manager for CWNA since January 2016. He was Director of Franchise Development for CW Supply, Inc., Spring Grove, Illinois, from July 2013 until August 2015. Before that, Mr. Babcock was Director of Strategic Accounts for IPW, Denver, Colorado, from June 2011 until July 2013. He owned and operated PuroClean Water and Fire Restoration in Crystal Lake, Illinois from June 2006 until June 2011.

Director**Edwin Lui**

Edwin Liu has been a Director of CWNA since July 2015. He has also been the Global Chief Financial Officer for CW Global based in Hong Kong since July 2015. Before that, he held the following positions with CW Australia: General Manager – Asia & Middle East (December 2013 to July 2015) and Asia Regional Manager (April 2010 to December 2013).

Franchise Support/Executive Assistant**Tina Ricchio**

Tina Ricchio has been a Franchise Support Specialist and Executive Assistant at CWNA since September 2015. Before that, she was an Administrative Assistant in the Credit/Collection & Fraud Department at LTD Commodities, LLC in Bannockburn, Illinois from September 1998 to September 2015.

ITEM 3 **LITIGATION**

Steven Yeffa v. Cartridge World North America, LLC, Superior Court of the State of California, City and County of Alameda (Case No. RG-11563501). Filed March 1, 2011. The plaintiff, a former executive at CWNA, filed this complaint against CWNA, alleging that CWNA breached the employment contract with the plaintiff when it terminated his employment in May 2010, breached the covenant of good faith and fair dealing in doing so, and engaged in unfair business practices by failing to timely pay the plaintiff for accrued vacation time, failing to provide plaintiff with his personnel file, and purporting to terminate him for cause where there was no cause. The plaintiff sought compensatory and punitive damages, as well as attorneys' fees, for these claims. A confidential settlement of this matter involving the payment of \$145,000 by CWNA to the plaintiff was reached by the parties on February 2, 2012.

Half Price Books, Records, Magazines, Incorporated ("Plaintiff") v. Todd Kuentler, Maggie Kuentler, Group 23, Inc., Group 523 LLC, Group 2323, LLC, Group 52323 LLC (collectively, the "Unit Franchisee"), Cartridge World North America, LLC and Flexbone, LLC (the "Master Franchisee"), United States District Court, Northern District of Texas, Dallas Division (Civil Action No. 3:16-CV-02658-C). Complaint filed August 8, 2016, Amended Complaint filed September 28, 2016; and Second Amended Petition filed February 16, 2017. Plaintiff, a customer of the Unit Franchisee, commenced this action against the Unit Franchisee alleging felony theft, civil conversion, fraud, negligent misrepresentation, unjust enrichment, negligence, gross negligence, tortious interference and conspiracy, and against CWNA alleging negligence, unjust enrichment, negligent misrepresentation and gross negligence. The Unit Franchisee was operating the Unit Franchise pursuant to a Unit Franchise Agreement with the Master

Franchisee. Plaintiff is seeking actual damages in excess of \$1,000,000, exemplary damages, treble damages, attorneys' fees and costs. CWNA denied the allegations in the Amended Complaint, asserted multiple affirmative defenses including failure to name an indispensable party, acts or omissions by third parties over whom CWNA has no right of control, and superseding or intervening acts beyond the scope of control of CWNA, and cross-claimed for indemnity and contribution against the Unit Franchisee in its Answer to Amended Complaint and Cross Claims, filed October 12, 2016. The Master Franchisee was added as a named defendant and additional causes of action against CWNA and the Master Franchisee for vicarious liability and respondeat superior, negligent hiring and joint action were alleged in the Second Amended Petition filed on February 16, 2017. As of the date of this Disclosure Document, this action was in the pre-trial stage and discovery had commenced.

Cartridge World Midwest, LLC and Cartridge World Midwest Services, LLC ("Claimants") v. Cartridge World North America, LLC; JAMS Case No. 1340014424; Demand for Arbitration in Chicago, Illinois filed by Claimants on April 25, 2017. Claimants are single member limited liability companies owned by Steven Vollmer ("Vollmer"). Cartridge World Midwest, LLC ("CWM") ~~is~~ was a Master Franchisee under a Master Franchise Agreement with CWNA, dated November 15, 2003 (the "Agreement"), for ~~the~~ Master Franchise Territory that ~~currently includes~~ included the states of Minnesota, North Dakota, South Dakota, Wisconsin and portions of Illinois and Iowa (the "Territory"). During the term of the Agreement, the assets of certain Unit Franchises in the Territory operated pursuant to Unit Franchise Agreements with CWM (the "Vollmer Agreements") were acquired by Cartridge World Midwest Services, LLC ("CWMS"). On December 22, 2016, CWNA sent a notice of default letter notifying Claimants and Vollmer of multiple breaches of the Agreement and cross defaults of the Vollmer Agreements. A notice of termination letter, dated April 21, 2017, was sent by CWNA notifying CWM of the termination of the Agreement, effective May 1, 2017. On April 25, 2017, Claimants served CWNA with a Demand for Arbitration on claims ~~of~~ including breach of contract, breach of implied covenant of good faith and fair dealing, violation of franchise relationship laws and declaratory relief, ~~and a Motion for Emergency Relief, including a TRO and/or preliminary injunction preventing the termination of the Agreement pending a full hearing on the merits. CWNA agreed to stay the termination of the Agreement until the June 23, 2017 hearing date on Claimants' motion for preliminary injunctive relief. As of the date of this Disclosure Document, pre-hearing discovery had commenced.~~ On July 31, 2017 the parties entered into a confidential settlement agreement (the "Settlement Agreement"). The Settlement Agreement contains no admission of fault or wrongdoing by CWNA. The Settlement Agreement provides for the purchase by CWNA of the CWM business for \$345,000 payable in installments. As a result of the Settlement Agreement, CWNA services the Unit Franchises in the Territory.

In the Ink, LLC, individually and a Trustee on behalf of the Cartridge World Franchisees Legal Fund Trust, S&V, Inc., Dauphin Enterprises, Inc., Dauphin Enterprises, II, Inc., Cartridge World St. Cloud, LLC, His Ink, LLC, Jeffrey and Rebecca Faul, GNI, LLC, TTS Enterprises, Inc., Navigate, Inc., Toner and Inc., and Douglas Watson ("Claimants") v. Cartridge World Midwest, LLC and Cartridge World North America, LLC; JAMS Case No. 1430014645; Demand for Arbitration in Chicago, Illinois filed by Claimants on August 14, 2017. Claimants operate Unit Franchises in a territory that was licensed to former Master Franchisee Cartridge World Midwest, LLC ("CWM"). On August 14, 2017 Claimants served CWM and CWNA with a Demand for Arbitration on claims including breach of contract, breach of the implied covenant of good faith and fair dealing, unjust enrichment, promissory estoppel and declaratory relief for, among other things, the alleged failure by CWNA and CWM to provide services and support to Claimants and to properly administer the national marketing fund. The Claimants are seeking unspecified compensatory and consequential damages, rescission of their Unit Franchise Agreements, and attorneys' fees and costs. CWNA filed a Motion to Dismiss on August 28, 2017 for improper joinder of parties, lack of arbitrable claims, and lack of standing.

[Wesley Hara \(“Claimant”\) v. Hawaiian Ink, LLC and Cartridge World North America, LLC; JAMS Case No. \(Not yet assigned\); Demand for Arbitration in San Francisco, California filed by Claimant on August 30, 2017. Claimant operates a Unit Franchise in a master franchise territory licensed to Hawaiian Ink, LLC \(“Hawaiian Ink”\). On or about August 30, 2017, Claimant served Hawaiian Ink and CWNA with a Demand for Arbitration on claims including breach of contract, breach of the implied covenant of good faith and fair dealing, unjust enrichment, promissory estoppel and declaratory relief for, among other things, the alleged failure by Hawaiian Ink and CWNA to provide services and support to Claimant and to properly administer the national marketing fund. The Claimant is seeking unspecified compensatory and consequential damages, rescission of its Unit Franchise Agreement, and attorneys’ fees and costs. CWNA has yet to respond to the Demand for Arbitration but intends to vigorously defend this matter.](#)

Franchisor-Initiated Actions

[Cartridge World North America, LLC v. Cartridge World Midwest, LLC, Cartridge World Midwest Services, LLC, and Steven Vollmer. FAMS Case No. 11MO401 filed by CWNA on March 28, 2011 in San Francisco, California. This ~~action~~arbitration matter involved the same parties as the \[Vollmer\]\(#\) arbitration matter disclosed ~~in the preceding paragraph of this Item~~above. CWNA alleged that CWM, CWMS and Vollmer committed numerous violations of the Agreement and the Vollmer Agreements, which included not using their best efforts to sell and promote Unit Franchises within the Territory, missing documentation regarding Unit Franchise transfers, closings, and relocations, failure to submit ACH data and manipulating existing data, Unit Franchise audit failures, and missing insurance documentation. CWNA sought to terminate the Agreement. This arbitration matter was inactive while settlement discussions took place. No binding arbitration sessions were scheduled. This matter was superseded by the ~~pending~~ arbitration between the same parties disclosed above in this Item.](#)

Other than the actions listed above, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Fees

Unit Franchise Agreement

On signing the Unit Franchise Agreement, you must pay us an Initial Franchise Fee of \$40,000.

The Initial Franchise Fee is payable in a lump sum when you sign the Unit Franchise Agreement, and will be fully earned and non-refundable.

On signing the Unit Franchise Agreement, you must pay us a Training Fee of ~~\$10,000~~[8,000](#).

The Training Fee is payable in a lump sum when you sign the Unit Franchise Agreement, and will be fully earned and non-refundable.

We participate in the International Franchise Association’s VetFran program, and offer a 15% discount on our Initial Franchise Fee to qualified veterans.

MUA

If you sign a MUA along with your first Unit Franchise Agreement, you will pay us an Initial Franchise Fee of \$20,000 for each Unit Franchise required to be opened under the MUA when you sign the Unit Franchise Agreements for the second and, if applicable, third Unit Franchise. Neither you nor we are obligated under the MUA to enter into such additional Unit Franchise Agreements. Our grant of the second and, if applicable, third Unit Franchise is subject to certain conditions as described in Item 12 of this Disclosure Document.

You will sign the then-current form of Unit Franchise Agreement for each Unit Franchise opened under the MUA by the deadline(s) established in the MUA, and you will pay the Initial Franchise Fee when you sign each Unit Franchise Agreement. The Training Fee does not apply to the second and, if applicable, third Unit Franchise opened by you pursuant to a MUA.

Except for the payment of the first Initial Franchise Fee and the Training Fee when you sign the Unit Franchise Agreement for your first Unit Franchise, no payment is made us when you sign the MUA. The payment of a reduced Initial Franchise Fee made under the MUA is fully earned when paid and non-refundable.

ITEM 6 **OTHER FEES**

TYPE OF FEE⁽¹⁾	AMOUNT⁽²⁾	DUE DATE	REMARKS
Royalty	6% of Gross Revenue ⁽³⁾ PLUS 6% of Gross Profit (not Gross Revenue) on Ancillary Items (see “Remarks” column)	Not later than the 10th day of each month for the preceding month	Payments begin when the Unit Franchise starts operating. However, if you have not commenced operating your Unit Franchise within six months after you sign the Unit Franchise Agreement, you will pay us a minimum monthly Royalty of \$500 per month until your Unit Franchise is open for business. Once you commence operating your Unit Franchise, you will be required to pay minimum monthly Royalties according to the schedule in Note 3. Note 3 also includes the definitions of Gross Revenue, Gross Profit and Ancillary Items.
Marketing Fund Contribution	Currently 2%; Up to a maximum of 4% of Gross Revenue ⁽³⁾ PLUS Up to a maximum of 4% of Gross Profit ⁽³⁾ (not Gross Revenue) on Ancillary Items ⁽³⁾	Same as Royalties	Contributions are set by and payable to us. We manage the Marketing Fund. Payments begin when the Unit Franchise starts operating.

TYPE OF FEE⁽¹⁾	AMOUNT⁽²⁾	DUE DATE	REMARKS
Cartridge World® Marketing Co-ops (“CWMC”)	The amount established by the members of the CWMC	As incurred, if established	If established, you must join in any local, regional, national CWMC and make any required contributions determined by the members of the CWMC and assessed on a per Unit Franchise basis. There is no limit on the amount you can be required to contribute to a CWMC. We have no plans to open any company-owned Units, so if a CWMC is established, we will not have any voting power in any CWMC. To date, no CWMCs have been established.
Interest on Late Payments	Interest is highest legal rate for open business credit, not to exceed 1.5% per month ⁽⁴⁾	On demand	Only due if you fail to pay us the amounts you owe on time. Interest will be charged only on overdue amounts and will start to accrue on the date when the payment was originally due.
Late Fees; Costs of Collection	\$200 administrative fee for each late payment or report; you will pay all reasonable costs of collection we incur	On demand	Payable for late/missed payment/funds transfer or report due.
Renewal Unit Franchise Fee	20% of the then-current Initial Franchise Fee, subject to \$5,000 minimum	At the time we award the renewal franchise	Payable if you meet conditions for renewal franchise (see Item 17 of this Disclosure Document and Section 15 of the Unit Franchise Agreement). Non-refundable unless renewal is denied.
Convention Registration Fee ⁽⁵⁾	Established based on the event	On demand	You must attend the conventions held by us unless excused by us.

TYPE OF FEE⁽¹⁾	AMOUNT⁽²⁾	DUE DATE	REMARKS
Transfer Fee	\$10,000, plus then-current training costs (see below in Note 7 in this Item and Item 11 for additional information on training costs for Transfers)	On notification of proposed transfer that will result in a change in controlling interest	The transferee and its owners must meet our then-current requirements for new Unit Franchisees. If the assignment occurs more than 120 days after your Unit Franchise Agreement and is to a Business Entity wholly-owned by you, we waive the transfer fee but you may have to pay a \$500 administrative fee. If we refer a buying prospect to you for the possible purchase of your Unit Franchise, you pay a referral fee of 10% of the total purchase price.
Management Fees ⁽⁶⁾	\$500 per day management fee, plus expenses	Deducted from Unit Franchise funds	Compensation, other costs, Travel Expenses of appointed manager payable by you.
Operations Fee ⁽⁷⁾	Then-current Operations Fee; currently \$125 per month for Unit Franchises using Retail Pro POS System and \$180 for Unit Franchises using Malibu POS System (subject to adjustment)	Payable in advance, on a monthly or annual basis (or whatever other basis we select)	By credit card or auto draft as we select; maximum fee may increase due to vendor price increases.
Training and On-Site Consultation Costs ⁽⁸⁾	Costs/fees determined by training attended/staff participation	Before training or as incurred	Payable if you re-enroll in initial training, attend other training, enroll additional employees, or we provide on-site consultation assistance. You pay all training fees, Travel Expenses, incidental and other expenses.
Audit/inspection Charges ⁽⁹⁾	Amount of understatement of Revenue, with interest and late charges, plus costs of audit, if applicable	Within 10 days after receipt of the audit report or as incurred	Audit costs payable if reports not provided or understatement exceeds 2%.
Indemnification	Will vary under the circumstances	Upon demand	You must indemnify us for claims arising out of your operation of the Unit Franchise.
Securities Offering Fee	\$10,000 or our actual expenses, whichever is greater	Upon demand	If you engage in a securities offering, you must reimburse us for our reasonable costs and expenses (including legal and accounting fees) to evaluate your proposed offering and you also must indemnify us.

TYPE OF FEE⁽¹⁾	AMOUNT⁽²⁾	DUE DATE	REMARKS
Grant of Security Interest	You grant us a security interest in assets and proceeds of the Unit Franchise ⁽¹⁰⁾	Granted with Unit Franchise Agreement	You must complete financing statements/documents within 10 days of receipt from us.
Non-Conformity Fee	50% of Gross Revenue received by you from non-conforming activity	Upon demand	Payable if you sell non-conforming goods or services.
Purchasing Cooperative	As specified by by-laws, rules, regulations and procedures for cooperative	As specified by by-laws, rules, regulations and procedures for cooperative	To date, no purchasing cooperatives exist.
Evaluation Costs	Generally will not exceed \$500	On demand	Payable if you want to purchase, use or offer items or suppliers not previously approved by us.
Damages Upon Termination of Unit Franchise Agreement	Includes amounts then due and that would have been due under Unit Franchise Agreement	On demand	Payable if Unit Franchise Agreement is terminated before expiration because of default by you

Notes to Item 6 Chart:

- (1) All fees are imposed, collected by and payable to us, except for payments made to a CWMC, if established. As of the date of this Disclosure Document, Royalties and other fees are paid by direct account debit credited to a CWNA account. All fees are non-refundable, unless otherwise noted. You must participate in our then-current electronic funds transfer program, which authorizes us to utilize a pre-authorized bank draft system, as well as the then-current electronic reporting system. We provide the then-current transfer process (e.g., account debit dates, applicable forms and other relevant information) in the Operations Manuals or other written instruction. You must maintain sufficient funds in your authorized accounts to meet your payment obligations under the Unit Franchise Agreement. We can apply any payments owed by you to any debt of yours that we choose (except for Marketing Fund Contributions), set off any amounts owed to you against any amount owed by you to us/specified third parties and retain amounts received on your account for debts owed. We can elect to waive or credit, reduce or defer payment of any and all fees and charges of any kind in connection with the Unit Franchise on a case by case basis as we consider appropriate and as permitted by law. If you are not current with contributions to the Marketing Fund, we have the right to deny you access to benefits from the Marketing Fund.
- (2) We can adjust the fixed amounts at our option in proportion to the changes in the Consumer Price Index (U.S. Average, all items) maintained by the U.S. Department of Labor (or any successor index) as compared to the previous year. We will notify you of any adjustments when they are made.

- (3) “Gross Revenue” includes all charges and revenues which are, or could be, received or earned by you (or any affiliate):
- A. by, at or in connection with your Unit Franchise;
 - B. relating to the kinds of goods or services available now or in the future through a Unit Franchise and distributed in association with the Marks or the System;
 - C. relating to the operation of any Similar Business (as defined in the Unit Franchise Agreement);
 - D. with respect to, any tenants or subtenants of yours at the Premises of your Unit Franchise (including rent and other lease payments); and
 - E. with respect to any co-branding activities.

All sales and billings, whether collected or not, will be included in Gross Revenue, with no deduction for credit card or other charges. All business interruption proceeds that you or your Unit Franchise receives will be included as Gross Revenue. Gross Revenue does not include sales tax and similar taxes collected and paid when due to the appropriate taxing authority or actual customer refunds, adjustments and credits.

“Gross Profit” equals to the Gross Revenue of the sale of computer hardware (including printers) and software that are not identified by any Mark, as we designate (the “Ancillary Items”), less the actual direct product cost (before deducting all overhead costs, including rent, payroll, insurance, taxes, and all other operating expenses) that you incurred and paid for in connection with such Ancillary Items which are sold or distributed by, at or from your Unit Franchise.

If you have not commenced operating your Unit Franchise within six months after you sign the Unit Franchise Agreement, you will pay us a minimum monthly Royalty of \$500 per month until your Unit Franchise is open for business, and after you commence operating your Unit Franchise, each “Year” for the remaining term of the Unit Franchise Agreement, you will pay us minimum monthly Royalties equal to the greater of: (a) the amount that equals 6% of the Gross Revenue and 6% of the Gross Profit earned by your Unit Franchise during the preceding month; or (b) the amount set forth in the following schedule:

Year Period	Minimum Royalty Payable Each Royalty Period During Year
From 6 months after you sign Unit Franchise Agreement until you commence business	\$ 500
Year 1	\$ 750
Year 2	\$1,050
Year 3	\$1,200
Year 4	\$1,500
Year 5 and each Year (or partial Year) thereafter for remaining term of Unit Franchise Agreement	\$1,800

For a new Unit Franchise, Year 1 in the above schedule will commence on the first day of the month in which you commence business, and will continue for 12 consecutive months. For the renewal of a Unit Franchise, Year 1 in the above schedule will commence on the first day of the month in which the Unit Franchise Agreement for the renewal of your Unit Franchise becomes effective. Year 2 and each Year thereafter will commence on the applicable anniversary date of Year 1, and

continue for consecutive 12-month periods until the expiration date of the Unit Franchise Agreement.

The schedule in this Note sets forth the minimum Royalty payments that you will make each month during the term of the Unit Franchise Agreement. The requirement that you pay us minimum monthly Royalty payments does not directly or indirectly imply that you can expect your Unit Franchise will attain or exceed any particular level of Gross Revenue and Gross Profit. The requirement that you make minimum Royalty payments is not intended to constitute a financial performance representation by us about the Gross Revenue and Gross Profit that your Unit Franchise will earn. We do not make any representations about any franchisee's future financial performance or the past financial performance of company-owned or franchised outlets (see Item 19 of this Disclosure Document and Article 22.8 of the Unit Franchise Agreement).

You will be required to pay us pre-opening Royalty Fee payments of \$500 per month before your Unit Franchise begins to generate any Gross Revenue or Gross Profit if you fail to open your Unit Franchise for business within six months after you sign the Unit Franchise Agreement. After you commence business, you will be required to pay us the applicable minimum monthly Royalty payment, even if 6% of your monthly Gross Revenue and 6% of your monthly Gross Profit is equal to an amount that is less than the applicable minimum monthly Royalty payment.

- (4) The highest interest rate allowed in California is 10% per annum.
- (5) At least one management level person for each Unit Franchise must attend the conventions held by us. You are responsible for all costs of attendance, including Travel Expenses and incidental costs and expenses. For example, the last franchisee convention was held in Nashville, Tennessee, and we charged a convention registration fee of \$75.00 per person.
- (6) If we deliver a notice of default to you and you fail to cure the default, we can appoint a manager to operate your Unit Franchise until you have cured all defaults. We also can choose to manage your Unit Franchise in the event of your death or disability and pay ourselves a reasonable daily management fee for doing so until the ownership and operation issues for the Unit Franchise have been resolved. We will keep all funds from the operation of the Unit Franchise during the period we manage it in a separate fund and all expenses of the Unit Franchise, including compensation, other costs and Travel Expenses of our appointed manager, will be charged to and paid out of the fund. You are responsible for any fund deficiency. We also can choose to manage your Unit Franchise in the event of your death or disability and pay ourselves a reasonable amount for doing so.
- (7) The Operations Fee currently covers Internet/Intranet systems maintenance, support and upgrades. Maintenance and support of the hardware is covered by the Operations Fee for the first year only. The Operations Fee also covers payments for multiple IT/operations-related systems for your Unit Franchise, including technical web platforms, the Cartridge World® Internet/Intranet system and Marketing Resource Center. You will commence paying the Operations Fee during your first full month of operation. Additional information regarding use of the Internet/Intranet system expenses for your Unit Franchise is disclosed in Item 11 of this Disclosure Document.
- (8) Included in the Training Fee is an initial training program for up to two persons. [The training program is 10 days \(2 weeks\), not including Saturday and Sunday.](#) A portion of the training program is held at the Cartridge World® training center in ~~Tulsa, Oklahoma~~, ~~McHenry, Illinois~~ or another designated location. Fees vary, depending upon the number of attendees. [Included in the Training Fee are reasonable hotel accommodations for one person while attending the initial](#)

training program. This hotel accommodation is not applicable to “Plus 1” students. Additional information about the initial training program is disclosed in Item 11 of this Disclosure Document. ~~You~~Except as otherwise described in this Disclosure Document or the Unit Franchise Agreement, you are responsible for all other costs associated with attendance at initial training, such as wages, Travel Expenses, and incidental expenses. ~~However, after the successful completion of the initial training program, you will be reimbursed for the Travel Expenses incurred by you and the employee(s) attending the initial training program on your behalf in the amount of \$2,000. We do not reimburse you for Travel Expenses if you acquire the Unit Franchise from an existing Unit Franchisee.~~ We can choose to eliminate or shorten training for persons previously trained or with comparable experience.

You or your manager must attend the additional/refresher courses that we may require. We will charge a fee for additional optional or mandatory training programs and refresher courses which will not exceed \$500 per day per person, and you are responsible for all Travel Expenses, incidental and other expenses associated with attendance at any such programs or providing consultation assistance for your Unit Franchise. Fees and expenses for additional training and consultation assistance will vary, depending upon the duration, location and number of attendees. We select the location for training. The number and duration of the mandatory training programs you can be required to attend in any year will vary. We currently have no plans to require additional/refresher courses during your first year of operation.

~~If you acquire a Unit Franchise in a Transfer from an existing Unit Franchisee, then you and your manager will attend the initial training program and pay a Training Fee of \$8,000 for you and your manager to attend training, plus all other costs associated with attendance at initial training, such as wages, Travel Expenses, and incidental expenses. We do not reimburse you for Travel Expenses if you acquire the Unit Franchise from an existing Unit Franchisee.~~

See Item 11 of this Disclosure Document for additional information regarding the costs and expenses associated with training.

- (9) Generally, our audits of your Unit Franchise are at our expense. However, if you fail to provide the necessary records or if understatements of the Gross Revenue or Gross Profit are more than 2% for any period, then you must pay us the additional Royalty payments and other amounts shown from the understatements and we can require you to reimburse us for all costs related to the audit. We can also terminate the Unit Franchise Agreement if the understatement exceeds 5% or is intentional.
- (10) The security interest granted by you is prior to all other security interests in the collateral except for (a) bona fide purchase money security interests and (b) the security interest granted to a third party in connection with your original financing, if any. We will make reasonable efforts to accommodate the lender’s reasonable requirements, including the possible subordination of our interests. If an event occurs that allows us to terminate the Unit Franchise Agreement, or if we are not assured that all of your obligations will be met, we have all the rights and remedies of a secured party under the Uniform Commercial Code of the state in which your Unit Franchise is located, including the right to possession of the collateral.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR INITIAL INVESTMENT

TYPES OF EXPENDITURE ⁽¹⁾	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Initial Franchise Fee ⁽²⁾	\$40,000	\$40,000	Lump sum, in cash or certified check	On Signing Unit Franchise Agreement	Us
Training Fee ⁽³⁾	\$10,000 8,000 0	\$10,000 8,000 00	Lump sum, in cash or certified check	On Signing Unit Franchise Agreement	Us
POS System and other Designated Equipment (including shipment costs) ⁽⁴⁾	\$7,500	\$10,500	Lump sum	When lease/site rights acquired	Approved Suppliers
Opening Inventory ⁽⁵⁾	\$1,000	\$7,500	Lump sum	Before commencing business	Approved Suppliers
Personal Computer Hardware and Software ⁽⁶⁾	\$0	\$1,500	Lump sum	Before commencing business	Vendors
Signs, Furnishings and Fixtures ⁽⁷⁾	\$0	\$15,000	As incurred	Before opening at Premises	Approved Suppliers
Business Licenses, Utility Deposits or other Pre-Paid Expenses	\$300	\$800	As required	As required	Applicable Agency/ Government Authority/Suppliers
Grand Opening ⁽⁸⁾	\$5,000	\$5,000	As incurred	As arranged	Approved Suppliers
Insurance ⁽⁹⁾ (one year coverage)	\$500	\$2,000	As incurred	As incurred	Insurance Company
Training Costs ⁽¹⁰⁾	\$500	\$2,000	As incurred	As incurred	Suppliers
Vehicle ⁽¹¹⁾	\$1,500	\$9,500	As incurred	As incurred	Vendor
Real Estate Costs ⁽¹²⁾	\$0	\$5,000	As arranged	Before opening at Premises	Lessor/Agent
Construction and Remodeling ⁽¹³⁾	\$0	\$20,000	As arranged	As arranged	Suppliers
Additional Funds (3 months) ⁽¹⁴⁾	\$4,000	\$25,000	As incurred	As incurred	Employees, Vendors, Utilities
TOTAL⁽¹⁵⁾	\$70,300 68,300	\$153,800 151,800			

Notes to Item 7 Chart:

- (1) The initial investment table shows the estimated initial expenditures required to develop a single Unit Franchise. These amounts may vary widely. Amounts payable to us are nonrefundable unless otherwise noted in this Disclosure Document. Amounts payable to suppliers/vendors are refunded according to arrangements you make with the vendor, if any. We do not offer direct or indirect financing to you for any items. The availability and terms of financing from other sources will

likely depend on factors such as the availability of financing generally, your creditworthiness, and the policies of lending institutions.

- (2) The amount reflected in the chart is for the Initial Franchise Fee for your first Unit Franchise. Under an MUA, the Initial Franchise Fee for a second or third Unit Franchise is \$20,000.

~~(3) When an existing Unit Franchise is transferred to a new Unit Franchisee, the Training Fee is \$8,000.~~

~~(4)~~ (3) You must purchase certain equipment, including your POS System, only from approved suppliers before you open your Unit Franchise. We are not currently an approved or designated supplier for your Designated Equipment or POS System.

~~(5)~~ (4) You will purchase an opening inventory of ink, toner, original equipment manufacturer parts, boxes and other items from approved suppliers. We are not currently an approved or designated supplier for the inventory for your Unit Franchise.

~~(6)~~ (5) If you do not already have one, you must purchase a personal computer with software meeting our specifications. Your personal computer must have a dual core processor with 4 GB of RAM (memory), and you must utilize Windows 7 Home Premium software and QuickBooks accounting software.

~~(7)~~ (6) The Premises for your Unit Franchise must be open within 12 months after the date of your Unit Franchise Agreement. You must purchase signage, furnishings and fixtures for the Premises for your Unit Franchise that meet our specifications and are approved by us.

~~(8)~~ (7) The amount disclosed is the minimum amount that you must spend on grand opening advertising for your Unit Franchise. Grand opening advertising must be conducted during the first 90 days from the Opening Date of your Unit Franchise. All proof of approved advertising and associated documentation must be submitted for review within 120 days of your opening. You may choose to spend additional funds for local promotion for your grand opening.

~~(9)~~ (8) You must maintain in force insurance policies through our risk management program. We will specify the types and amounts of coverage required under these policies and can require different and additional kinds of insurance at any time. Workers' compensation classification codes are set by each state and will be supplied to you by our designated insurers at the time of your application. Each insurance policy must name us and our affiliates as additional insured.

Our current insurance requirements are:

<u>Type of Insurance</u>	<u>Limits and Other Details</u>
Commercial General Liability	\$2,000,000 General Aggregate \$2,000,000 Products Aggregate \$1,000,000 Each Occurrence \$1,000,000 Personal Injury/Advertising Injury \$ 50,000 Medical Payments \$ 300,000 Fire Legal Liability
Umbrella Liability	Optional

Commercial Automobile	Owned, hired and non-owned vehicles; combined Single Limit \$1,000,000 with maximum deductible of \$5,000
Business Interruption Insurance	Must provide continued payment of amounts due (or to become due) us and any affiliate under the Unit Franchise Agreement.
All Risk Property and Casualty	Must cover the replacement value of the Unit Franchise and all associated items (e.g., inventory, signs, equipment, etc.)
Workers' Compensation & Employers' Liability	Statutory Limits for employee related injuries; Workers' Employers' Liability Compensation Classification Codes set by State
Employment Practices Liability Insurance	Optional; Recommend \$1,000,000 Discrimination, Wrongful Termination, Harassment

- [\(9\)](#) ~~(10)~~ Training attendees are responsible for their Travel Expenses while attending the classroom and on-the-job initial training program. These costs will vary significantly depending upon current transportation method and accommodation rates. The range disclosed in the chart is for one person, and does not include any wages or benefits while you attend training. If another person attends the initial training program, you will incur additional costs for his/her Travel Expenses, salary and benefits while attending the initial training program. ~~After you successfully complete the initial training program, you will be reimbursed for the Travel Expenses incurred by you and any employees while attending the initial training program on your behalf in the amount of \$2,000. If you acquire the Unit Franchise from an existing Unit Franchisee, we do not reimburse you for your Travel Expenses.~~
- [\(10\)](#) ~~(11)~~ You must have a delivery vehicle ("Vehicle") for your Unit Franchise that has been approved by us. If you do not already own an acceptable Vehicle, we recommend that you acquire a cargo van for your Unit Franchise. The estimated range disclosed in the chart includes a down payment of \$2,000 to \$5,000, and monthly lease or purchase payments of \$250 to \$500 for three months. If you purchase a Vehicle outright, the estimated cost is approximately \$10,000 to \$25,000. You must purchase the approved Cartridge World® graphics for your Vehicle ("Car Wrap") at a cost ranging from \$1,500 to \$3,000, and display the Car Wrap on your Vehicle within 90 days of commencing to operate your Unit Franchise or acquiring an operational Unit Franchise from another Unit Franchisee.
- [\(11\)](#) ~~(12)~~ The Premises for your Unit Franchise must be open within 12 months after the date of your Unit Franchise Agreement. You must locate your Premises in a retail site that is a free standing building or retail store within a strip shopping complex that is visible and accessible to the general public. If you do not own adequate retail space, then you must lease the space for your Premises. Typically, your Premises require a minimum of 500 square feet. Rental or purchase expenses will vary significantly since real estate and rental values vary greatly from market to market and due to factors such as the condition, location and size of the space; demand; and general economic conditions. We cannot accurately estimate the rental or real estate acquisition costs for a possible location. You should investigate these costs in your area. The estimate provided represents first and last months' rent and any associated costs and does not factor in any special deposits or other costs of acquisition.

- (12) ~~(13)~~ You must comply with the design standards and specifications for your Premises that we give to you. You are responsible for such architectural, engineering and other professional services as you may require to comply with our specifications and local requirements. Your development and build out costs may vary significantly and we cannot accurately estimate these and related costs for a possible location due to wide variation among markets in labor, construction, professional services, materials, permitting and other associated costs. You should research all of these costs locally.
- (13) ~~(14)~~ Additional Funds. Funds will be needed to cover your business (not personal) expenses during the first three months of operation of your Unit Franchise, which we estimate to be the start-up phase of your Unit Franchise. You will need capital to support on-going costs of your Unit Franchise, such as stationery and logo apparel meeting our requirements, payroll, utilities, taxes, loan payments and other expenses, to the extent that revenues do not cover business costs. New businesses (franchised or not) often have larger expenses than revenues. This is only an estimate, and we do not guarantee that the amounts specified will be adequate. You may need additional funds during the first three months of initial operation and afterwards. We do not furnish or authorize our salespersons or any other persons or entities to furnish estimates as to the capital or other reserve funds necessary to reach “break-even” or any other financial position, nor should you rely on any such estimates. The three-month period from beginning business covers the time by which most Unit Franchisees are fully in operation, but does not necessarily mean that you will have reached “break-even”, “positive cash flow”, or any other financial position. In addition, the estimates presented relate only to costs associated with the Unit Franchise, reflect minimal employee wages (assuming 1-2 employees earning slightly more than minimum wage) and do not cover any personal, “living,” unrelated business, or other expenses you may have, such as Royalty payments, Marketing Fund Contributions, debt service on any loans, sales or use taxes on goods and services, and a variety of other amounts not described above.
- (14) ~~(15)~~ Total Estimated Initial Investment. These figures are estimates of the range of certain initial costs pre-opening and in the first three months of operation. The chart is not all inclusive, as noted in Footnote 13 above, and we do not guarantee you will not have additional expenses in starting your Unit Franchise. Your costs will vary depending on such factors as: how much you follow the System and procedures; your management, technical and marketing skill, experience and general business ability; the size and location of your facility; whether the facility must be adapted or refurbished and other conversion costs, local and general economic conditions; the local market for the Products and Services; levels of competition; and prevailing wage rates. Costs to begin operations and other financial requirements may be more or less than the figures specified above, as a function of the size of the business (number of staff, anticipated volume of business, etc.) and number of units that you intend to operate, the area in which you intend to operate, and other factors, as mentioned above. Many of these factors are primarily under your control in your independent operation of the Unit Franchise. You should not assume that revenues from your customers will necessarily cover your initial (or other) expenses. In preparing the figures in this chart, we relied on the experience of existing Unit Franchisees throughout the United States. Experiences may vary significantly from market to market. Since costs can vary with each Unit Franchise, we recommend before you buy a Unit Franchise that you discuss with current Unit Franchisees their economic experiences (including initial costs) in opening and operating a Unit Franchise and carefully evaluate the adequacy of your total financial reserves. You should review these figures carefully with a business advisor, such as an accountant, and an attorney, before making any decision to purchase this Franchise.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase, use and offer the Designated Equipment, Products and Services we specify which currently includes the POS System and products and services related to the sale of printer (and other) cartridges, inkjet cartridges, toner, computer hardware (including printers) and software, and other related products and services. You must operate your Unit Franchise in compliance with the then-current System and the Operations Manuals at your expense, including use of specified equipment, Products and Services, computer hardware and software, supplier programs and operating systems, signs, logos, designs and advertising/marketing materials and forms, website designs and formats, and other items.

We have identified various suppliers of the Designated Equipment, Products and Services that your Unit Franchise must use or provide and which meet the Cartridge World® standards and requirements. You must purchase the goods and services for your Unit Franchise from suppliers designated or approved by us, unless otherwise permitted by us or as provided in the Operations Manuals. Designated and approved suppliers may include us and Cartridge World. We may receive revenues from items that you are required to buy from us or from designated suppliers. We (and our affiliates) are currently not a designated supplier or the only approved supplier for any products or services for your Unit Franchise.

Certain services, including your opening inventory, community grand opening materials, certain equipment, signs, inks, replacement cartridges and related printer consumables must be obtained only from designated or approved suppliers. You are required to obtain your POS System from an approved supplier to ensure that Unit Franchisees use a common transaction/reporting system in their Unit Franchises' operations. The use of only approved suppliers of inks and replacement cartridges helps to ensure that these branded products are of a uniform, high quality and are uniformly available in all Unit Franchises. Consistent, high quality is critical to our ability to offer and maintain standard customer refund policies. Product performance and similar factors are of key importance to our target consumers, to building a positive image and reputation for the Marks and the System, and to individual Unit Franchise and System growth. We collect funds and trade credits from certain suppliers related to the volume of activity with these suppliers and the System, in defined periods. These funds and credits (also known as rebates) range from 1% to 5% of the franchisees' purchases. The majority of these rebates are used to offset costs we incur to negotiate, manage, monitor product quality and administrate overall product management to ensure quality products at optimal pricing for the System, as well as System compliance with purchase of only authorized products.

In the 2016 fiscal year, we did not derive any revenue from required purchases of products and services by franchisees, and received \$489,670 from rebate payments by suppliers based upon franchisee purchases, which was approximately 14.3% of our total revenues in the amount of \$3,372,207 from all sources in 2016 (see Item 21). Our officers currently do not have an ownership interest in any supplier. No CWNA affiliates derived revenues from required franchisee purchases or leases during the 2016 fiscal year.

We are not currently a designated or approved supplier for the inks, cartridges and other products used in or sold by Unit Franchises. Our officers currently do not have any ownership interests in any supplier.

We will periodically issue specifications and standards for products to our franchisees in the Operations Manuals or otherwise in writing. We may delete, substitute, modify or add to the Products/Services/suppliers, and may select a supplier on the basis of whatever requirements we find appropriate. Requirements can vary and may relate to frequency of delivery, product life and quality; standards of service; as well as payments, contributions or other consideration being paid to us or our affiliates, and other criteria.

You must use a Vehicle for your Unit Franchise that has been approved by us. If you do not already own an acceptable Vehicle, we recommend that you acquire a new cargo van as the Vehicle for your Unit Franchise. You must acquire the Car Wrap from an approved vendor and display the required Cartridge World® Car Wrap on your Vehicle within 90 days of commencing to operate your Unit Franchise or acquiring an operational Unit Franchise. The initial costs associated with acquiring the Vehicle and the Car Wrap for your Unit Franchise are disclosed in Item 7 of this Disclosure Document.

You must notify us in writing if you want to purchase, use or offer any items that are not previously approved, or if you propose to use any supplier who has not previously been approved for the proposed item. You will need to submit to us the information, specifications, and samples requested and may be required to pre-pay reasonable charges connected with the review and evaluation of any proposal. You will be notified within a reasonable time whether or not you are authorized to purchase or use the proposed items or to deal with the proposed supplier. We can condition or revoke approval of particular items or suppliers. You must immediately stop selling or using any unapproved items/suppliers when your received written notice from us.

We estimate that the proportion of your purchases and leases of goods and services from approved or designated suppliers or of products that must meet our specifications to be approximately 25% to 40% of your costs to establish the Unit Franchise. We estimate that your purchase of products, supplies, or services from approved or designated suppliers or that comply with our specifications will represent approximately 15% to 20% of your costs in the ongoing operation of the Unit Franchise.

We have the right to negotiate purchase arrangements with approved suppliers of certain equipment and supplies for the benefit of our franchisees, but are not obligated to do so.

We do not provide material benefits (such as the award of a renewal or additional Unit Franchise) on the use of designated or approved sources. However, failure to use approved items/suppliers might be a default under the Unit Franchise Agreement and, in general, any Unit Franchisee in default would not be awarded a renewal or additional Unit Franchise and might be subject to termination. If we issue a notice of default, we can choose to discontinue providing goods or services to you until you have cured all defaults.

There currently are no formal purchasing or distribution cooperatives in the United States or elsewhere. If one is formed, we can require that you make your purchases through the cooperative.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

OBLIGATION	SECTION IN UNIT FRANCHISE AGREEMENT/OTHER DOCUMENTS	ITEM IN DISCLOSURE DOCUMENT
a. Site selection and acquisition/lease	3.1, 3.2, Exhibits D and E	7, 11
b. Pre-opening purchases/leases	3.3, 3.7, 4.1, 10.2	5, 7, 8, 11
c. Site development and other pre-opening requirements	3, Exhibits D and E	5, 7, 8, 11
d. Initial and ongoing training	5.1, 10.5	6, 7, 11

OBLIGATION	SECTION IN UNIT FRANCHISE AGREEMENT/OTHER DOCUMENTS	ITEM IN DISCLOSURE DOCUMENT
e. Opening	3, Exhibit A-1 1.1, 1.3, and 3.1 of MUA	6, 7, 8, 11
f. Fees	5.1, 9, 11.1-11.4, 12.1, 14.3, 14.4, 14.9, 15.3, 16.7, 19.7, Exhibits A-1 and A-2 Recital B, 1.1 of MUA	5, 6, 7, 11, 17
g. Compliance with standards and policies/Operations Manual	1.20, 3.3 - 3.6, 4, 5.3, 10.1 – 10.5, 10.7, 10.9, 23.1, 23.2	8, 11, 12, 16, 17
h. Trademarks and proprietary information	Recital C, 2.1, 5.3, 6, 8.1, 17.2 - 17.4, 19.7	13, 14, 17
i. Restrictions on products/services offered	2.1, 10.2, 10.3	8, 12, 16, 17
j. Warranty and customer service requirements	10.9	17
k. Territorial development and sales quotas	Not Applicable	12
l. On-going product/service purchases	4, 10.1, 10.2, 10.3	8, 11
m. Maintenance, appearance and remodeling requirements	3.3, 10.1, 10.2, 14.3, 15.3, 17.2	11, 17
n. Insurance	10.6	7
o. Advertising	7.1, 10.1, 11, 17.3, Exhibit A-1	6, 7, 11
p. Indemnification	7.6, 10.4, 14.5, 14.9, Exhibits D and E	6
q. Owner's participation/ management/staffing	10.5	15
r. Records/Reports	12.1, 12.2, 16.2, 17.2, 17.3	6, 11, 17
s. Inspections/Audits	3.2, 13, 16.2	6, 17
t. Transfer	14 4.2 of MUA	6, 17
u. Renewal	15	6, 17
v. Post-termination obligations	8, 17 2 of Spousal Consent 4.2 of MUA	17
w. Non-competition covenants	8.2, 17.4 2 of Spousal Consent	17

OBLIGATION	SECTION IN UNIT FRANCHISE AGREEMENT/OTHER DOCUMENTS	ITEM IN DISCLOSURE DOCUMENT
x. Dispute resolution	19, 21 1 of Spousal Consent 4.2 of MUA	17
y. Franchisor management/Franchisee default	16.7	6, 17
z. Security interest	18	6

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your notes, leases or other obligations. As of the date of this Disclosure Document, we do not sell, assign or discount to a third party all or part of any financing arrangement, because we provide no financing. However, we reserve the right to do so in the future.

We have been a member of the SBA Franchise Registry since July 18, 2003. This affiliation may assist you with obtaining expedited loan processing if you should decide to obtain SBA financing. We receive no consideration for a Unit Franchisee's participation in any SBA financing programs.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Pre-Opening Obligations

- A. We will provide you with training (Unit Franchise Agreement, Section 5.1, below in this Item).
- B. We will provide you with information about the equipment, products, signs and other goods that you must use to open and operate your Unit Franchise, and about their respective approved/designated suppliers (Unit Franchise Agreement, Sections 3.5 and 10.2).
- C. Before you open the Premises for your Unit Franchise, we will furnish you with standards, specifications and other requirements ("Design Standards") for the design, décor, layout, furniture, and other items required for your Premises. We, or a supplier we designate, will provide you with a store plan template. Your architect, contractor, materials suppliers and other persons hired by you will consult with you in the build out of the Premises of your Unit Franchise to provide space plan suggestions, among other advice, and will facilitate compliance with applicable Design Standards (Unit Franchise Agreement, Section 3.3).
- D. We will consider sites proposed by you, and any applicable leases, and grant, condition or withhold our approval of them, as we find appropriate (Unit Franchise Agreement, Sections 3.1 and 3.2).

Continuing Obligations

- A. We will loan you copies of the Operations Manuals (Unit Franchise Agreement, Section 5.3). A copy of the Table of Contents of our current Operations Manual is attached as Exhibit E. The current Operations Manual contains 71 pages.
- B. We will furnish guidance to you about the operation of your Unit Franchise. This guidance can be furnished electronically, in writing or telephonically, through training programs or on-site consultations, in the Operations Manuals, by us or through representatives of ours, among other methods, whichever we select (Unit Franchise Agreement, Section 5.2).
- C. We will license you to use the Marks and the System expressly as authorized by, and subject to the terms of, the Unit Franchise Agreement (Unit Franchise Agreement, Sections 2.1, 6.1 and 6.2).
- D. We will give you advice and guidance about your grand opening marketing program for you to follow (Unit Franchise Agreement, Section 3.1).
- E. We will disclose to you Intellectual Property and Confidential Information (as defined in the Unit Franchise Agreement) for the operation of your Unit Franchise (Unit Franchise Agreement, Section 8.1).

Computer Hardware and Software

At your expense, you must purchase, use, maintain and update computer, electronic cash register and other systems and software programs which meet our specifications as they evolve over time and which, in some cases, may only be available through approved vendors. There are no contractual limitations on the frequency and cost of upgrades or updates to the systems or programs other than those described in Item 8 of this Disclosure Document. You must comply with each of our then-current Terms of Use and Privacy Policies (and all other requirements) regarding all computer and other systems, including Internet use (Unit Franchise Agreement, Sections 4 and 11.3). You also must establish and maintain at your own expense an auditable sales, accounting, record-keeping and records retention system conforming to any requirements we establish. We require that each transaction related to your Unit Franchise be processed through the POS System (including hardware and software) specified by, and fully accessible to, us. You are required to participate in our then-current electronic reporting system covering sales and other items (Unit Franchise Agreement, Section 12.1).

We have implemented an Internet/Intranet system to enhance communications between us and our franchisees. You must participate in any such Intranet/Internet activities and maintain the necessary software and equipment at your expense (Unit Franchise Agreement, Section 11.3).

You must use a POS System that meets the requirements established by us. There are currently three POS Systems approved for use in Unit Franchises. The POS System you choose for your Unit Franchise must be purchased from an approved supplier. The POS System is an electronic cash register and credit card transaction processing system. You will use the POS System for all sales transactions, stock control and financial information management. The POS System will retain sales, product and customer information. The estimated initial costs of the POS System and other system equipment/items required for your opening are disclosed in Item 7 of this Disclosure Document.

You must pay all amounts charged by any supplier or licensor of the systems and programs used by you, including charges for use, maintenance, support and/or updates (Unit Franchise Agreement, Section 4). You will pay an Operations Fee which currently ranges from \$125 to \$180 per month, depending upon the

POS System used by you (see Item 6). Your monthly Operations Fee currently covers certain updates/upgrades, but other modifications to the POS System may entail additional expenses. The Operations Fee also covers payments for multiple IT/operations-related systems for your Unit Franchise, including technical web platforms, the Cartridge World® Internet/Intranet system and Marketing Resource Center. Maintenance and support of the hardware is covered by the Operations Fee for the first year only. The CWNA-approved POS suppliers will provide on-going maintenance after the first year for an additional fee that is not included in the Operations Fee. Additionally, you will be required to modify the POS System in the future at your expense, including upgrades to the latest release of your POS supplier's software application and upgrades to the hardware of your POS System.

The supplier of the terminal for the POS System provides on-going maintenance, upgrades and updates for its hardware. Maintenance and support of the hardware is usually covered for the first year. After the first year, the supplier controls the maintenance fee, which typically ranges from \$225 to \$425 per year (depending on the local service center) and is in addition to the Operations Fee. It is estimated that your cumulative annual costs to update, upgrade and maintain your POS System will generally range from \$3,500 to \$5,000.

The monthly Operations Fee, and the extent of maintenance and upgrades you will receive, could change in the future depending on what our vendors are willing to offer and provide. We do not guarantee the continuation of the same services or the same fees from these vendors.

We will have unlimited on-line access to the information generated by and stored in your POS System. We reserve the right to have full access to all computer and other systems and the information and data they contain, and to retrieve, analyze, download and use the software and all data they contain (as well as any other information reported to us) at any time and as we choose. If you are not in Good Standing, we can limit or suspend your access to/use of the POS System by electronic means or otherwise.

You also must have and maintain a personal computer meeting our specifications. Your personal computer must have a dual core processor with at least 4 GB of RAM (memory), and you must utilize Windows 7 Pro 64-bit or 32-bit software and QuickBooks accounting software. If you do not already have a personal computer, you must acquire one at an estimated cost of up to \$1,500 (see Item 7). You can use this computer for general office and administrative functions and to capture POS System backups, and for Internet access. You may acquire this computer from any supplier of your choice.

Advertising

Marketing Fund (Unit Franchise Agreement, Section 11.1).

We have implemented an advertising, publicity and marketing fund (the "Marketing Fund") for advertising, advertising-related, marketing and public relations programs, services and materials as it deems necessary or appropriate to promote Unit Franchises and the Marks. You are currently required to contribute 2% of your monthly Gross Revenue and Gross Profit to the Marketing Fund. You can be required to contribute up to 4% of your Gross Revenue and Gross Profit to the Marketing Fund. Some Unit Franchisees may have marketing fund obligations which are different from yours. Contributions to the Marketing Fund made by any supplier or other third party, whether or not made with respect to purchases by you, will not count toward your required contributions to the Marketing Fund or any cooperative. If any Cartridge World® businesses are owned by us, they will make contributions to the Marketing Fund as if they were subject to our then-current form of Unit Franchise Agreement. You must be current with your required contributions to the Marketing Fund to receive materials and access to associated vendor portals.

We are the financial manager for the Marketing Fund. If all monies in the Marketing Fund are not spent in the fiscal year, the funds are carried over for use in the next fiscal year. During the fiscal year ended December 31, 2016, expenditures from the Marketing Fund (shown as a percentage of 2016 contributions to, rather than as a percentage of the expenditures made from, the Marketing Fund, so the total percentages may not add up to 100%) were categorized as follows:

- National Campaigns – 15%
- Reimbursement Programs – 18%
- Professional Services – 11%
- Brand Fundamentals – 9%
- Public Relations & Research – 6%
- Administrative & Operating Expenses – 17%
- Retained in Marketing Fund as of End of Fiscal Year – 24%

The Marketing Fund may place advertising in any media. We anticipate the coverage to be primarily national in scope, although we have the right to do regional and local advertising.

We have broad and exclusive discretion over all matters relating to the Marketing Fund, operational, marketing or any other matter (consistent with the Unit Franchise Agreement). The Marketing Fund may be used for (among other things) product development; signage; creation, production and distribution of marketing, advertising, public relations, lead generation and other materials in any medium, including the Internet and other digital marketing; administration expenses; brand/image awareness campaigns; media; national, regional, local and other marketing programs; activities to promote current and/or future Unit Franchises and the System; agency and consulting services; research; any expenses approved by us and associated with franchisee advisory groups; and labor costs and employee activity costs related to management of the Marketing Fund. A brief statement regarding the availability of Cartridge World® franchises may be included in advertising and other items produced using the Marketing Fund. However, no funds will be spent by the Marketing Fund primarily for franchisee solicitations. Refer to Section 11.1 of the Unit Franchise Agreement for additional information regarding our discretion in managing the Marketing Fund.

We can provide goods, services, materials, etc. (including administrative services and “in-house advertising agency” services) and be compensated or reimbursed for the same by the Marketing Fund, provided the compensation is reasonable in amount. We can arrange for goods, services, materials, etc. (including administrative services) to be provided by independent persons/companies and all related costs, fees, etc. will be paid by the Marketing Fund. We can prepare advertising or employ outside advertising agencies.

You must participate in all marketing programs instituted by us. You may be denied access to programs and materials if you are in default in any obligations to the Marketing Fund or otherwise in default under the Unit Franchise Agreement. You must honor all coupons, price reduction and other promotions/programs we require. We can choose to furnish you with marketing, advertising and promotional materials, but we may also choose to require you to pay the cost of producing them plus shipping and handling.

We account for the Marketing Fund separately from other funds. We will prepare financial or account statements for the Marketing Fund annually, which will be furnished to you upon written request. We can choose to have statements audited or reviewed (as appropriate) and any related accounting/auditing costs to be paid by the Marketing Fund. Funds in the Marketing Fund must be expended, before termination of the Marketing Fund, only for the purposes authorized by the relevant Unit Franchise Agreement(s). No profit, gain or other benefit will directly accrue to us from the Marketing Fund. All interest earned on monies contributed to, or held in, the Marketing Fund will be remitted to the Marketing Fund and will be subject to the restrictions of the relevant Unit Franchise Agreement(s). While we are not required to do so under the

relevant Unit Franchise Agreements, we have established a bank account that is separate from our general working capital bank account. This Marketing Fund account is used exclusively for the inflows of the contributions to, and the outflows of the expenditures by, the Marketing Fund.

We have no obligation to ensure that expenditures by the Marketing Fund are or will be proportionate or equivalent to contributions to the Marketing Fund by Unit Franchises operating in any geographic area, or that any Unit Franchise will benefit directly, indirectly or in proportion to its contribution to the Marketing Fund; except that contributions from Unit Franchises in the United States will be used in the United States. None of the relationships with you in connection with the Marketing Fund will be in the nature of a “trust,” “fiduciary” or similar special arrangement.

We currently do not have a formal “advertising council.” We may choose to form a formal Cartridge World® Advisory Group, or “CWAG”, as prescribed under the Unit Franchise Agreement to provide input on System-related matters. (In earlier versions of the Unit Franchise Agreement, the CWAG was titled “Franchisee Advisory Council”). When formed, a CWAG would consist of Unit Franchise owners, each of whom would be elected by Unit Franchisees to represent the interests of a particular geographical area or region. We would have a non-voting participant on the council. Any bylaws adopted by the group would require our consent. As of the date of this Disclosure Document, a CWAG has not been formed.

However, we have established a marketing council consisting of up to 12 members; two Unit Franchisees elected for three-year terms by the Unit Franchisees in each of five regions in the United States and two Master Franchisees appointed by us. To be eligible to be elected to membership in the marketing council, Unit Franchisees must meet the criteria established by us including: they must be in good standing, have experience in marketing, and own and operate a Unit Franchise that has met certain performance standards. The members of the marketing council review expenditures made by us from the Marketing Fund and make recommendations for new marketing initiatives in an advisory capacity. This advisory council may be discontinued by us or re-formed as a committee of the CWAG.

We have also formed an informal advisory group comprised of Master Franchisee representatives who meet with our staff to discuss subject areas, such as store design, advertising/marketing, technology, general system matters, purchasing, training, and sales. This committee is exclusively advisory in nature and is not a decision-making body. Some group members are elected and some are appointed. This advisory group may be discontinued by us or re-formed as a committee of the CWAG.

We can choose to form regional associations of Unit Franchises for cooperative marketing and other marketing related purposes (“CWMC”). You are required to join a CWMC, if one is formed to cover your location, and to follow any bylaws or other rules, including any contributions the group might require. Any required contributions would be assessed on a per Unit Franchise basis. Any bylaws adopted by the group would require our consent. If we submit a matter to the CWMC for an approval (even if not required to do so), a CWMC approval will be binding on you (Unit Franchise Agreement, Section 11.4).

Your Local Marketing Activities (Unit Franchise Agreement, Section 11.3)

You must spend the amount specified in the Unit Franchise Agreement each calendar month for local advertising and promotion (“**Local Advertising Expenditures**”). Appropriate Local Advertising Expenditures may include traditional and online media such as: TV, radio, print, direct mail, telemarketing, outdoor, interactive/multimedia, search engine marketing/optimization, pay per click, social media marketing and management, lead generation activities, business network marketing, etc. Your advertising must meet current Cartridge World® brand standards and conform to ethical and legal standards. We may require that samples of all advertising and promotional materials for any media, including the Internet and social media, be submitted to us for our review and approval prior to use. You may not use any materials or

programs disapproved by us at any time. You cannot establish and/or maintain, without our prior written consent, any independent website, domain name, email address or other presence for use in your Unit Franchise, and you may not use the Marks with any of the foregoing. You must comply with the Operations Manuals and any other specifications we give to you regarding your use of the Internet, or other electronic media in connection with your Unit Franchise. We can require that you include a brief statement regarding the availability of Unit Franchises in your advertising and/or that brochures regarding purchase of Unit Franchises be displayed at your Premises.

Grand Opening Advertising (Unit Franchise Agreement, Section 3.1)

You must use approved grand opening marketing and promotional materials for your grand opening. You may be required to work with an approved grand opening agency to develop and submit to us, for our prior written approval, a grand opening marketing plan. If we do not approve your proposed plan, or if you do not submit a plan, we will have the right (but not the obligation) to prepare a grand opening plan for you. In addition to (and not in lieu of) of the Marketing Fund Contribution and Local Advertising Expenditures described above, you must expend (in a period of no more than three months encompassing the Opening Date) no less than \$5,000 for the grand opening advertising.

Site Selection

You are responsible for selecting the proposed site for the Premises of your Unit Franchise. Your site selection is subject to our acceptance, which we will not unreasonably withhold if the site meets our standards. You should not make any commitments with respect to any location, nor should you operate your Unit Franchise from the Premises, unless we have accepted the proposed site for your Premises (Unit Franchise Agreement, Section 3.1).

We consider a variety of factors in evaluating a proposed site for the Premises of a Unit Franchise. Some of the factors are site location, area demographics, makeup of other co-tenants, traffic density, shopping centers or malls, parking and ingress/egress. We have no contractual requirement to consent to the location you select for your Premises within a specified period of time. If you do not locate a site acceptable to us and commence operating your Unit Franchise from the Premises within 12 months, we can terminate the Unit Franchise Agreement (Unit Franchise Agreement, Section 3.1). Our acceptance of a site for your Premises is not a recommendation, approval or endorsement of your Premises. If your Premises are leased, you must try to have certain provisions included in your lease specified by us (Unit Franchise Agreement, Section 3.2; Collateral Assignment of Lease, Exhibit D to Unit Franchise Agreement). You may not execute a lease, or any modification or amendment, without our prior written consent and must give us a copy of the signed lease within five days after it is signed. You also must sign a Site Acknowledgment and ADA Certification form (refer to the exhibits to the Unit Franchise Agreement) and deliver it to us before opening at your Premises.

While we may assist you with your efforts, you are solely responsible for all matters involved in selecting, obtaining and developing the site for your Premises. We, or a supplier we designate, will provide you with a store plan template. Your architect, contractor, materials suppliers and other persons you hire will consult with you in the build out of your facility to provide space plan suggestions, among other advice, and will facilitate compliance with applicable Design Standards. We will have no authority or control over, or responsibility for any architect, contractor, materials supplier or other persons hired by you and with whom you will have a direct legal and business relationship.

Any changes from the store plan template must be submitted to us for our consent. You must employ a licensed contractor reasonably acceptable to us. We strongly recommend that you have all matters related

to site selection, securing and development reviewed by your own independent attorney, real estate broker, architect, contractors and other applicable professionals.

Typical Length of Time to Open Your Unit Franchise

Except as explained below regarding multiple Unit Franchises, you must open the Premises for your Unit Franchise for business within 12 months after the date of the Unit Franchise Agreement. Each of the following must occur before your opening: (1) we notify you that all of your pre-opening obligations have been fulfilled; (2) pre-opening training of your personnel has been completed; (3) all amounts due us have been paid; and (4) we have been furnished with copies of all insurance policies, leases/subleases and other required documents. You will open your Unit Franchise for business immediately following our notice to you (Unit Franchise Agreement, Sections 3.1 and 3.6). The typical length of time between the signing of the Unit Franchise Agreement and your Unit Franchise commencing business will be approximately 75 – 150 days. Factors that may affect this length of time include scheduling and completion of training, meeting your staffing needs, the availability of personnel, obtaining financing, real estate/leasing market conditions, location development and selection, and meeting permit and licensing requirements.

If you are signing a MUA, you must open your additional Unit Franchise(s) by the Deadline Date(s) established in your MUA, regardless of when you sign the Unit Franchise Agreement.

We may agree to extend an opening date under circumstances which we believe warrant it. Any extension will be conditioned on the delivery of a General Release by the Unit Franchisee. Please refer to Exhibit H for a sample of our current form of the General Release.

Training

You must pay us a Training Fee of ~~\$10,000~~\$8,000 when you sign the Unit Franchise Agreement ~~for a new Unit Franchise, \$8,000 if you acquire the Unit Franchise in a Transfer from an existing Unit Franchisee.~~ Before you open or acquire the Unit Franchise, you must complete our initial training program to our satisfaction. If you have been previously trained, we can choose to not provide training, or to provide a revised or shortened program (Unit Franchise Agreement, Section 5.1).

If the Unit Franchise is owned by more than one person or if the Unit Franchisee is a Business Entity, then the Designated Individual identified in Exhibit A-1 of the Unit Franchise Agreement must complete the initial training program and comply on an ongoing basis with all training requirements. The Designated Individual is “you” or “Unit Franchisee” for purposes of meeting all training and similar qualifications under the Unit Franchise Agreement.

You are responsible for having your managers trained, and we can require that they attend initial training at your expense. You must attend additional and refresher training programs, including national and regional conferences, conventions and meetings, and your employees may be required to attend mandatory training programs presented by us in your area. We can charge a reasonable fee for all training programs, which will not exceed \$500 per day per person.

You are responsible for all Travel Expenses, incidental and other expenses for you and your staff attending any training programs. ~~However, after you and, if applicable, your manager successfully complete the initial training program before the opening of your Unit Franchise, you will be reimbursed for the Travel Expenses incurred while attending the initial training program the amount of \$2,000. We do not, except that CWNA will~~ reimburse you up to \$200 for ~~Travel Expenses if you acquire the Unit Franchise from an existing Unit Franchisee.~~expenses you incur in connection with the initial training program.

We can decide that you have not successfully completed your initial training. If we do, we can terminate the Unit Franchise Agreement. Alternatively, we can require you to hire a substitute manager and arrange for him/her to complete the training program to our satisfaction (Unit Franchise Agreement, Section 5.1).

We will provide at your request on-site or in-Territory consultations for your Unit Franchise, based on notice, availability of our personnel, and your payment of our Travel Expenses. No consulting fee will be charged. If we believe that your operations warrant it, we can require that a manager or other person designated by us supervise your Unit Franchise's day-to-day operations for a management fee until your operations meet System standards (Unit Franchise Agreement, Section 5.2).

The initial training program will be conducted by ~~Joe DeBerry~~ Mark Pinner, or another approved representative approved by us. ~~Joe DeBerry has been a Unit Franchisee since 2007, and a Master Franchisee based in Tulsa, Oklahoma since October 2010. As a Master Franchisee, he oversees 43 Unit Franchises in his Master Franchise Territories which include the states of Indiana, Iowa, Kansas, Missouri, Nebraska, Oklahoma and northern Texas, and he owns and operates three Unit Franchises, all located in Oklahoma of CWNA.~~ The current Unit Franchise initial training program is described in the following chart:

TRAINING PROGRAM

SUBJECT ⁽¹⁾	HOURS OF CLASSROOM TRAINING ⁽²⁾	HOURS OF SELF-STUDY ⁽³⁾	HOURS OF ON-THE-JOB TRAINING ⁽⁴⁾	LOCATION
Orientation/ <u>Overview</u>	4 <u>5</u>	.5	0	Training Center in Tulsa, OK <u>McHenry IL</u> ; Unit Franchisee's home or office
Strategic Overview	2	0	0	Training Center in Tulsa, OK
Shop The Competition	0	10	3	Unit Franchisee's home or office; Unit Franchise in Master Franchise Territory

SUBJECT ⁽¹⁾	HOURS OF CLASSROOM TRAINING ⁽²⁾	HOURS OF SELF-STUDY ⁽³⁾	HOURS OF ON-THE-JOB TRAINING ⁽⁴⁾	LOCATION
Inkjet Printer Cartridges Repair	4.5 <u>16</u> (over 2 days)	5	3	Training Center in Tulsa <u>McHenry, OK</u> <u>IL</u> ; Unit Franchisee's home or office; Unit Franchise in Master Franchise Territory
Laser Cartridges Managed Print Service (MPS)	4.5 <u>8</u>	5	3	Training Center in Tulsa <u>McHenry, OK</u> <u>IL</u> ; Unit Franchisee's home or office; Unit Franchise in Master Franchise Territory
Laser Why Buy a Printer Repair Program (WBPP)	2 <u>4</u>	4	3	Training Center in Tulsa <u>McHenry, OK</u> <u>IL</u> ; Unit Franchisee's home or office; Unit Franchise in Master Franchise Territory
Pre-Business to Business	0	4	16	Unit Franchisee's home or office; Unit Franchise in Master Franchise Territory
Route System	0	4	1	Unit Franchisee's home or office; Unit Franchise in Master Franchise Territory

SUBJECT ⁽¹⁾	HOURS OF CLASSROOM TRAINING ⁽²⁾	HOURS OF SELF-STUDY ⁽³⁾	HOURS OF ON-THE-JOB TRAINING ⁽⁴⁾	LOCATION
CWIC Link & Internet Resources Store Operations	13	4	1	Training Center in McHenry, IL; Unit Franchisee's home or office; Unit Franchise in Master Franchise Territory
Financial Analysis Build a Managed Printer Program (MPP)	48	5	0	Training Center in Tulsa McHenry, OK IL; Unit Franchisee's home or office
Suppliers Sales/What Does a Good Business Look Like	18	2.5	.5	Training Center in Tulsa McHenry, OK IL; Unit Franchisee's home or office; Unit Franchise in Master Franchise Territory
In-Store Image & Branding	0	2	1.5	Unit Franchisee's home or office; Unit Franchise in Master Franchise Territory
In-Store Customer Service	0	3	3	Unit Franchisee's home or office; Unit Franchise in Master Franchise Territory

SUBJECT ⁽¹⁾	HOURS OF CLASSROOM TRAINING ⁽²⁾	HOURS OF SELF-STUDY ⁽³⁾	HOURS OF ON-THE-JOB TRAINING ⁽⁴⁾	LOCATION
In-Store Business to Business	0	3.5	3	Unit Franchisee's home or office; Unit Franchise in Master Franchise Territory
In-Store Open & Close	0	2	2	Unit Franchisee's home or office; Unit Franchise in Master Franchise Territory
Point-of-Sale System	0	5	4	Unit Franchisee's home or office; Unit Franchise in Master Franchise Territory
Human Resources	0	1.5	0	Unit Franchisee's home or office
Customer Service <u>Marketing Strategy/Easy Order</u>	6 <u>8</u>	2.5	6	Training Center in Tulsa, OK <u>McHenry, IL</u> ; Unit Franchisee's home or office; Unit Franchise in Master Franchise Territory
Business-to-Business	7	0	0	Training Center in Tulsa, OK
On-line Sales	0	5	0	Unit Franchisee's home or office

SUBJECT ⁽¹⁾	HOURS OF CLASSROOM TRAINING ⁽²⁾	HOURS OF SELF-STUDY ⁽³⁾	HOURS OF ON-THE-JOB TRAINING ⁽⁴⁾	LOCATION
Marketing Finance	1.5 4	2	4	Training Center in Tulsa, Oklahoma McHenry, IL ; Unit Franchisee's home or office; Unit Franchise in Master Franchise Territory
QuickBooks Recap Modules	3 4	0	0	Training Center in Tulsa, Oklahoma McHenry, IL
Glossary	0	1.5	0	Unit Franchisee's home or office

Notes to Training Program Chart:

- (1) Instructional materials for the initial training program include the Operations Manual (see Exhibit E).
- (2) The classroom training takes place in ~~Tulsa, Oklahoma~~[McHenry, Illinois](#), or another designated location.
- (3) We will assist you with your self-study training which will occur at your home or office.
- (4) You will participate in the on-the-job training at a Unit Franchise chosen by us located in the Master Franchise Territory approximately one week before you attend the classroom training.

~~If you acquire the Unit Franchise in a Transfer from an existing Unit Franchisee, then you and your manager will attend the initial training program and pay a Training Fee of \$8,000 for you and your manager to attend training (see Item 6). You are also responsible for all Travel Expenses, incidental and other expenses estimated at \$500 to \$2,000 for you and your manager to attend the initial training program.~~

ITEM 12 TERRITORY

Unit Franchise Agreement

If you enter into a Unit Franchise Agreement with us, you will be awarded a single Unit Franchise with an obligation to open the Premises for your Unit Franchise at a designated location approved by us in your "Territory" within 12 months.

You will not receive an exclusive territory. You may face competition from other Unit Franchisees, from outlets that we/our affiliates/Cartridge World own, or from other channels of distribution or competitive brands that we control.

However, we grant you some territorial protection in your Territory during the term of the Unit Franchise Agreement. We will not open or authorize anyone else to open another Unit Franchise inside your Territory during the first 24 months of the term of your Unit Franchise Agreement (the “Start-Up Period”). The Start-Up Period begins on the date of your Unit Franchise Agreement, and automatically expires two years after that date. The Start-Up Period applies only to the initial term of your Unit Franchise Agreement, not during any renewals of your Unit Franchise or Unit Franchise Agreement. If you acquire a Unit Franchise in a Transfer from an existing Unit Franchisee, there is no Start-Up Period. After the Start-Up Period for the remaining term of your Unit Franchise Agreement, you will have a right of first refusal before another Unit Franchise can be operated in your Territory. The Unit Franchise Agreement prohibits a Unit Franchise from operating through any other channels of distribution, such as direct mail, catalogue sale, telemarketing and the Internet during the term of the Unit Franchise Agreement.

Your Territory will be identified in Exhibit A-1 in your Unit Franchise Agreement, along with an explanation of your rights in that Territory in Exhibit C in your Unit Franchise Agreement. Territories vary among franchisees, depending upon area demographics, population density, market conditions and other factors. Your Territory will be determined by political boundaries or described in words or on a map. Generally, your Territory will encompass a bigger area if your Unit Franchise is located in suburban areas than if located in densely populated urban areas. The Territory generally will not include any area that is cut off by a natural barrier (for example, a river, gorge, or mountain range) from the portion of the Territory in which the Unit Franchise is operated, without navigable crossings (such as a bridge or road).

Any rights not expressly granted to you in your Unit Franchise Agreement are expressly reserved by us. We are expressly permitted for the full term of the Unit Franchise Agreement to: (1) own and operate ourselves, and authorize others to own and operate any kind of business in the Territory selling to customers located anywhere, whether or not using the Marks and the System (subject to the prohibition against opening another Unit Franchise in the Territory during the Start-Up Period and your right of first refusal in the Territory after the Start-Up Period for the remaining term of the Unit Franchise Agreement), and any kind of business outside of the Territory selling to customers located anywhere, whether or not using the Marks and System; (2) develop or become associated with other concepts (including dual branding and other franchise systems), whether or not using the System and the Marks, and award franchises under these other concepts for locations anywhere and operate units/channels of distribution owned by us under these other concepts for locations anywhere, selling to customers located anywhere; (3) market and sell products and services (whether or not under the Marks and whether or not competitive to the Products and Services) to customers located anywhere (including within the Territory) using any channel of distribution located anywhere (including through the Internet) and (4) acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere and selling to customers located anywhere. These transactions may include arrangements involving competing outlets and brand conversions (to or from the Marks and the System). These transactions are expressly permitted, and you must participate at your expense in any such conversion.

After the Start-Up Period, you will have a right of first refusal to own and operate any proposed Unit Franchises to be located or operated in your Territory. Otherwise, the Unit Franchise Agreement does not grant you any rights with respect to other or related businesses, products or services, in which we or any Franchisor-Related Parties may be involved, now or in the future. Except for your right of first refusal rights in your Territory under the Unit Franchise Agreement or if you sign a MUA, you do not have any options, rights of first refusal, or similar rights to acquire additional Unit Franchises or other rights under

the Unit Franchise Agreement. You are not required to achieve a certain sales volume, market penetration or other contingency.

You must not deal with Special Accounts (which will be identified by us), except as authorized. We can service and administer Special Accounts and request related assistance from Unit Franchisees, according to processes and procedures we establish. If you accept such a request, you will be required to participate in the applicable project on the terms negotiated for the Special Account. "Special Accounts" mean classes of special customers (which may include national accounts, other large businesses, government agencies, or otherwise) as designated by us. We can restrict your use of the Internet, World Wide Web, other electronic means of marketing and mail order (and any other means of distribution). You will not market or sell through these venue(s) without our prior written permission.

If we have the right to terminate your rights under the Unit Franchise Agreement, we may, as an alternative remedy, reduce, eliminate or otherwise modify your territorial and similar rights. We may agree to adjust the territory awarded a unit franchisee under circumstances which we believe warrant it, including if you decline to exercise your first refusal rights to another Unit Franchise in your Territory. Modifications to Unit Franchise territorial rights may be conditioned on the delivery of a General Release by the Unit Franchisee. Otherwise, your Territory may not be altered.

We may choose to market and sell the Products and Services using the Internet, World Wide Web and other similar venues, whether administered by us or a third party (such as Amazon.com), no matter where the customer is located (including within your Territory), and we have the right to do so without compensating you.

Other than disclosed above, you are not restricted from soliciting or accepting orders from customers and business clients located outside your Territory. Our current policy is to allow you to accept requests from clients and orders from any customers located anywhere, but we can change this policy. You are not allowed to engage in sales in any other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing without prior written approval.

Multi-Unit Agreement

If you sign a MUA, you will have the option (but not obligation) to apply for a second and, if applicable, third Unit Franchise Agreement. Your ability to obtain an additional Unit Franchise under the MUA is conditioned on (i) your compliance at all times with the requirements of the MUA, your first Unit Franchise Agreement, any other agreements between you and us, and our Operations Manuals, standards and specifications for the development, appearance or operation of, (ii) a General Release of claims, (iii) you meeting our then-current financial criteria then generally applicable for the award of a second Unit Franchise or third Unit Franchise, and (iv) the opening of any such Unit Franchise(s) within the applicable timeframes noted in the MUA. You do not receive any rights to any site, location, geographical area or territory under the MUA.

Relocation

Any relocation of your Premises requires our written consent, will be at your sole expense and will require that you (and each affiliate and owner of yours) sign a General Release. If your Premises are damaged, condemned or otherwise rendered unusable, or if, in your and our judgment, there is a change in the character of the location of your Premises sufficiently detrimental to its business potential to warrant its relocation, you agree to relocate your Premises. We have the right to grant or to withhold its approval as to any proposed location or relocation and, if our approval is granted, you understand that our approval will

not be deemed to be a guarantee, representation, or assurance by us that your Unit Franchise will be profitable or successful at the new location.

If the relocation of your Premises is approved, you must re-open the Unit Franchise at the new location within six months after approval, and you will continue to pay monthly Royalty payments based upon the average monthly Gross Revenue and Gross Profit of your Unit Franchise during the preceding six months (or the months your Unit Franchise was operational if the Unit Franchise was open for less than six months).

ITEM 13 **TRADEMARKS**

The principal Marks that will be used to identify your Unit Franchise are:

Mark	Registration Date	Registration No.
CARTRIDGE WORLD (words and logo)	October 8, 2002	2,631,733
CARTRIDGE WORLD (words)	May 20, 2003	2,717,527

These Marks were registered by CW PTY on the Principal Register of the United States Patent and Trademark Office (“PTO”). Ownership of these Marks was transferred to CW Australia in 2007.

In addition, the following Mark was registered on the Principal Register of the PTO by us in 2010, and transferred to CW Australia in 2012:

Mark	Registration Date	Registration No.
WHY PAY MORE TO PRINT?	August 10, 2010	3,831,527

All required affidavits or renewals for these Marks have been or will be filed when due.

An application for registration of the following Mark on the Principal Register of the PTO has been filed by CW Australia, and is currently pending:

Mark	Filing Date	Serial No.	Type
PrintWorld	July 18, 2016	79202277	Trademark, Service Mark

We were granted, through a license agreement with CW PTY, dated August 1, 2002, and a license agreement with CW Australia, dated August 3, 2007, the right to use and grant franchisees the right to use the Marks in certain areas, including the United States (collectively, the “TM License Agreement”). The TM License Agreement has an unlimited term, unless terminated due to an uncured breach of the TM License Agreement by us. The TM License Agreement does not significantly limit our rights to use or license the Marks in a manner material to you.

There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor is there any pending infringement, opposition or cancellation proceeding or material litigation, involving the Marks. There are no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to you. There are no infringing uses actually known to us that could materially affect your use of the Marks in the geographic area where we offer Unit Franchises.

We are not aware of any current infringers or prior superior users of any of the Marks that would be material to your Franchise. You should understand that there is always a possibility that there might be one or more

businesses unknown to us using a name or trademarks similar to ours and with superior rights to the name or trademarks. We suggest that you research this possibility, using telephone directories, local filings and other means, before you pay any money, sign any binding documents or make any binding commitments. If you do not research other trademarks in this area, then you may be at risk.

You must promptly notify us of any unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to the ownership of, right to use and to license others to use, or your right to use, the Marks. We have the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement of such proceedings or litigation. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. We will defend you against any third party claim, suit, or demand arising out of your use of the Marks. If we determine that you have used the Marks in compliance with the Unit Franchise Agreement, we will bear the cost of defense, including the cost of any judgment or settlement, as well as your out of pocket costs (except that you will bear the salary costs of your employees). If we determine that you have not used the Marks in compliance with the Unit Franchise Agreement, you must bear the cost of defense, including the cost of any attorneys' fees and any judgment or settlement, and you must promptly reimburse us for those amounts (or, upon our written request, pay our legal fees directly). If there is any litigation due to your use of the Marks, you must sign all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action.

We are not obligated to protect all rights to your use the Marks or to protect you against claims of infringement or unfair competition. Except as stated in the preceding paragraph, we are not obligated to participate in your defense or indemnify you for expenses or damages if you are party to an administrative or judicial proceeding involving the Marks if the proceeding is resolved unfavorably to you.

If we determine at any time that it is necessary or advisable for you to modify or discontinue the use of any of the Marks, or for you to use one or more additional or substitute trademarks or service marks, you are required to comply at your expense with our directions. We are not obligated to you for any costs if such an event occurs.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents that are material to the Franchise. We claim copyright protection in the Operations Manuals, instruction materials, agreements, advertising, promotional materials, electronic and computerized media displays and other items created by our respective employees or acquired by assignment. The Operations Manual was registered with the United States Registrar of Copyrights on April 16, 2004 (TXU 1164-979 and TXU 1164-982). We consider each version of these materials proprietary and confidential, and you may use them only as provided in the Unit Franchise Agreement.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements in effect which significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us that could materially affect your use of the copyrighted materials in any state. No agreement requires us to protect or defend its copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. We will not have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

In general, our proprietary information includes "Confidential Information" as defined in the Unit Franchise Agreement, some of which is contained in our Operations Manuals, and includes, among other

things, all current and future: (i) Operations Manuals, training, techniques, trade secrets, processes, policies, procedures, systems, data and know how regarding the development, marketing, operation and franchising of Unit Franchises; (ii) specifications and information about Products and Services; (iii) all information regarding customers and suppliers, including any statistical and financial information and all lists; (iv) methods of refilling printer cartridges; and (v) our engineered jigs. Specifically, and without limitation, we own and control all domain names and URLs (“Uniform Resource Locator”), as well as all information, lists and data related to past, present and future customers of your Unit Franchise. Your only interest in any of this Confidential Information is the right to use it pursuant to the Unit Franchise Agreement. You have the burden of proof and of going forward in any dispute between you and us involving the proprietary or confidential nature of any information.

You must agree to maintain the confidentiality of all the Confidential Information during and after the term of the Unit Franchise Agreement and that you will not use any of the Confidential Information in any other business or in any manner we do not specifically authorize in writing.

You are required to cause each of your employees, agents, principals and affiliates to execute and deliver to you a confidentiality agreement provided by us or otherwise approved by us, and will deliver to us copies on request.

After the date of the Unit Franchise Agreement, we own the relationship with all customers you service, as well as all customer lists and all transactional and other information relating to customers, including addresses and telephone numbers. We can use the lists and information in any way we wish.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

A person who has successfully completed all training required by us and who meets all of our other then-current standards must personally manage your Unit Franchise on a full-time basis. Our current policy is to require each Unit Franchise to be open for business for a minimum of 54 hours per week, unless we make a written exception under appropriate circumstances. We recommend, but do not require, that you personally manage your Unit Franchise on a “hands-on” basis. Absentee ownership may expose you to a greater risk of failure than if you are personally involved, on a full time basis, in the on-site daily management of your Unit Franchise. You are required to keep us advised of the identities of the manager and other supervisors of your Unit Franchise. We have the right to deal with the manager and other supervisors regarding the day-to-day operations of, and reporting requirements for, your Unit Franchise. You are solely responsible for hiring all of your employees and for their supervision, terms of employment, compensation and proper training. Your managers will not be required to have an equity interest in the Unit Franchise; however, all of your employees will be required to sign a confidentiality agreement in a form acceptable to us.

We may require anyone having an interest in the Unit Franchise to sign an ongoing personal guarantee regarding the performance of all franchise obligations (refer to Exhibit B of the Unit Franchise Agreement). Additionally, we require spouses/domestic partners who are neither owners nor guarantors under the Unit Franchise Agreement to sign a consent in the form of Exhibit A-3 to this Disclosure Document.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate your Unit Franchise in accordance with the System standards, including required Products and Services. We can change the policies, procedures, Operations Manuals, suppliers, approved

Products and Services, and other System elements at any time. You may not use your Unit Franchise for any purposes other than the operation of a Unit Franchise. Your Unit Franchise must purchase, use and offer such Designated Equipment, Products and Services, as we specify periodically.

You may use the Premises only for the purpose of operating your Unit Franchise and for no other purposes, unless we in our sole discretion approve otherwise. You may not co-brand or permit any other business to operate at the Premises without our prior written approval.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreement attached to this Disclosure Document.

Unit Franchise Agreement (“UFA”) and Multi-Unit Agreement (“MUA”)

PROVISION	SECTION IN UNIT FRANCHISE AGREEMENT	SECTION IN MULTI-UNIT AGREEMENT	SUMMARY
a. Length of the franchise term	2.1, Exhibit A-1	1.1	<u>UFA</u> : 10 years from date of Agreement. <u>MUA</u> : Determined when Agreement is signed.
b. Renewal or extension of the term	15.1	3.1	<u>UFA</u> : Your rights terminate at end of term; however, you may be eligible for a renewal franchise for a single 10-year term. <u>MUA</u> : Deadline extended if there is a Force Majeure Event.
c. Requirements for you to renew or extend	15.2, 15.3	3.1	<u>UFA</u> : Written notice required, meet then-current standards applicable to renewal franchisees, be in Good Standing, fully comply with all specifications for new Unit Franchises and Operations Manuals; ability to remain in possession of the Premises for duration of renewal (or, if relocating, obtain consent and secure substitute premises, which must be standards for new Unit Franchises and Operations Manuals); payment of all amounts due; sign new Unit Franchise Agreement/related documents which may have materially different terms and conditions from your original Unit Franchise Agreement; meet then-current qualification and training requirements; execute a general release; pay renewal fee.

PROVISION	SECTION IN UNIT FRANCHISE AGREEMENT	SECTION IN MULTI-UNIT AGREEMENT	SUMMARY
			<u>MUA</u> : You must be attempting, but unable, to meet deadline due to Force Majeure Event.
d. Termination by you	Not Applicable	Not Applicable	Not Applicable
e. Termination by us without cause	16.9	Not Applicable	<u>UFA</u> : Your Unit Franchise Agreement may be terminated if we elect not to continue to regularly award Unit Franchises and maintain a franchise program for Unit Franchises in your area/state/region/country. <u>MUA</u> : Not Applicable
f. Termination by us with cause	3.1, 5.1, 13.3, 16	3.3	<u>UFA</u> : We can terminate your Agreement if you commit any one of several listed violations. <u>MUA</u> : We can terminate your Agreement if you commit one of several listed violations.
g. "Cause" defined-defaults - curable	16.3	3.3	<u>UFA</u> : 10-day cure - Failure to: maintain required insurance; report accurately Gross Revenue or submit any other report due; pay any amounts; comply with dispute resolution provisions of Unit Franchise Agreement; correct dangerous conditions. 30-day cure - Failure to: cure default under any lease; remain current with obligations to landlords, equipment lessors, suppliers, and others for Unit Franchise; comply with any other Unit Franchise Agreement requirements, procedures, and standards. <u>MUA</u> : Failure to correct any non-compliance with Agreement within 30 days after we send notice of non-compliance.
h. "Cause" defined-defaults – non-curable	16.1, 16.2	3.3	<u>UFA</u> : Insolvency; assignment for benefit of creditors; bankruptcy; appointment of receiver; unsatisfied judgment; sale of real or personal property after levy; failure to timely locate/relocate site, develop or open Unit Franchise; failure to successfully complete training, abandonment or failure to operate Unit Franchise on a continuous basis for seven consecutive days, during operating hours of Unit Franchise, or during hours approved by us without our written consent; material

PROVISION	SECTION IN UNIT FRANCHISE AGREEMENT	SECTION IN MULTI-UNIT AGREEMENT	SUMMARY
			misrepresentation made in application for Unit Franchise; conviction of misdemeanor or felony or plea of no contest to any crime/offense affecting you or Unit Franchise's reputation; unauthorized transfer; surrendering control of Unit Franchise without prior approval, unauthorized use of Marks, disclosure of any Confidential Information or Marks; violation of non-competition provisions; misrepresentations of Gross Revenue, Gross Profits, or amounts owed; two defaults in 12 months or three defaults in 24 months; cross defaults under other agreements. Termination if you file a petition in bankruptcy may not be enforceable under U.S. Bankruptcy Code. <u>MUA</u>: Non-authorized transfer of Agreement; termination of Unit Franchise Agreement; you cease to be a Unit Franchisee; multiple defaults (Section 16.3 of UFA)
i. Your obligations on termination/non-renewal	8.2, 14.8, 17.1-17.4	4.2	<u>UFA</u>: Pay all amounts owed and to be owed within 10 days; cease use of all Marks; de-identify Premises and Vehicle; cancel fictitious name registrations, transfer phone numbers/URL's/directory listings; comply with covenants, two-year non-compete; furnish evidence of compliance with the above; return and stop using Operations Manuals and confidential materials; continuing indemnification, confidentiality, dispute resolution and non-compete obligations; if in default, sign general release for our waiver of rights; sell assets to us at fair market value or assign lease for Premises at our option. We can require you to pay future Royalties. No equity on termination. If you continue to use Marks after termination, you will owe us greater of profits or all fees normally payable. <u>MUA</u>: Not Applicable
j. Assignment of contract by us	14.1	4.2	<u>UFA</u>: Fully assignable by us; we can be sold; sell any assets; go public; engage in a private placement; merge, acquire or be merged/acquired with competitors or others; refinance; buyout or other transaction. On

PROVISION	SECTION IN UNIT FRANCHISE AGREEMENT	SECTION IN MULTI-UNIT AGREEMENT	SUMMARY
			transfer, we have no continuing obligations. <u>MUA</u> : Not Applicable
k. “Transfer” by you-definition	14.2	4.2	<u>UFA</u> : Includes transfer of any interest of any kind or nature. <u>MUA</u> : Not Applicable
l. Our approval of transfer by you	14.3, 14.4	4.2	<u>UFA</u> : Transfer subject to our consent and transfer of interest/assets of Unit Franchise must include Franchise. <u>MUA</u> : Not Applicable
m. Conditions for our approval of transfer	8.2, 14.3, 14.4, 14.6	4.2	<u>UFA</u> : You must be in compliance with Unit Franchise Agreement, Operations Manuals, other agreements, and lease/sublease; transferee qualifies and meets then-current requirements for new unit franchisees; transferee assumes all obligations; all amounts due paid in full; reporting obligations must be met; promissory notes paid; third party obligations satisfied/assumed by transferee; Unit Franchise must be in compliance with then-current standards, including design, appearance, equipment, and operations standards; transferee signs new Unit Franchise Agreement or is assigned transferor’s Unit Franchise Agreement; payment of transfer fee, transfer must comply with leases and applicable laws, general release must be signed by transferor and transferee; non-competition agreement; referral fee may be imposed; transferee pays training fee and must complete training program for new franchisees; amount financed subordinated to us and financing only with our consent; two-year post term non-compete; compliance with laws; you comply with confidentiality, indemnification and dispute resolution provisions; we can withhold approval based on circumstances. <u>Additional conditions</u> exist for transfer to a wholly-owned entity. <u>MUA</u> : Not Applicable

PROVISION	SECTION IN UNIT FRANCHISE AGREEMENT	SECTION IN MULTI-UNIT AGREEMENT	SUMMARY
n. Our right of first refusal to acquire your business	14.10	4.2	<u>UFA</u>: We have right subject to time frames: to match offer; to substitute cash for any proposed payment; to exclude non-complying assets value and interests outside Franchise; subject to customary representations, warranties and agreements on sale. <u>MUA</u>: Not Applicable
o. Our option to purchase your business	14.11	4.2	<u>UFA</u>: We can choose to purchase your Unit Franchise within 120 days after termination or expiration. Price formula and terms are in Unit Franchise Agreement. <u>MUA</u>: Not Applicable
p. Your death or disability	14.5	4.2	<u>UFA</u>: Interest must be transferred to approved third party within six months, subject to transfer conditions, and we may have right to manage Unit Franchise in interim. <u>MUA</u>: Not Applicable
q. Non-competition covenants during the term of the franchise	8.2	Not Applicable	<u>UFA</u>: No involvement in Similar Business anywhere for additional persons; special, additional remedies for breach. <u>MUA</u>: Not Applicable
r. Non-competition covenants after the franchise is terminated or expires	8.2	Not Applicable	<u>UFA</u>: No interest in Similar Business for two years within a 10-mile radius from any Unit Franchise location and any Territory, including your own. No solicitation or diversion of any Unit Franchise customers for two years. <u>MUA</u>: Not Applicable
s. Modification of the agreement	22.2, 23.1	4.2	<u>UFA</u>: Modifications must be in writing and signed by all parties. Operations Manuals are subject to change by us, and you must promptly comply. <u>MUA</u>: Not Applicable

PROVISION	SECTION IN UNIT FRANCHISE AGREEMENT	SECTION IN MULTI-UNIT AGREEMENT	SUMMARY
t. Integration / merger clause	22.1	4.2	<u>UFA</u>: Only the terms of Unit Franchise Agreement are binding (subject to applicable state law). Any representations or promises outside of this Disclosure Document and Unit Franchise Agreement may not be enforceable. <u>MUA</u>: Not Applicable
u. Dispute resolution by arbitration or mediation	19	4.2	<u>UFA</u>: Except for certain claims, all disputes are resolved through negotiation between representatives, then non-binding mediation. <u>MUA</u>: Not Applicable
v. Choice of forum	19.4, 19.5	4.2	<u>UFA</u>: After non-binding mediation, litigation in the U.S. District Court encompassing our then-current principal business address, currently McHenry, Illinois. <u>MUA</u>: Not Applicable
w. Choice of law	19.3	4.2	<u>UFA</u>: The laws of Illinois.* <u>MUA</u>: Not Applicable

* If applicable, please refer to the disclosure addenda and contractual amendments appended to this Disclosure Document for additional terms that may be required under applicable state law.

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote our Franchise. No public figure is involved in our management.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits us to provide information about actual or potential financial performance of our franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in this Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) we provide the actual records of an existing outlet you are considering buying; or (2) we supplement the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our

management by contacting Mr. Mark Pinner, our Chief Executive Officer, 3917 Mercy Drive, McHenry, Illinois 60050, (815) 321-4400, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

UNIT FRANCHISE INFORMATION

The Unit Franchise charts below detail the status of Unit Franchises of the type offered in this Disclosure Document under Unit Franchise Agreements with Master Franchisees in the United States. Master Franchisees are authorized by us to offer Unit Franchises for Unit Franchises only in their Master Franchise Territories. Each Master Franchisee in the United States is independently owned and operated.

TABLE 1
Systemwide Outlet Summary
For Years 2014 to 2016
(As of 12/31 for each Year)

Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net Change
Franchised	2014	502	452	-50
	2015	452	380	-72
	2016	380	333	-47
Company-Owned ⁽¹⁾	2014	22	22	0
	2015	22	23	+1
	2016	23	22	-1
Total Outlets	2014	524	474	-50
	2015	474	403	-71
	2016	403	355	-48

Note to Table 1:

1. “Company-Owned” refers to Outlets which are owned and operated by Master Franchisees in their Master Franchise Territories. We have never owned or operated any Unit Franchises.

TABLE 2
Transfers of Outlets from Unit Franchisees to New Owners
(other than Franchisor)
For Years 2014 to 2016
(As of 12/31 for each Year)

State ⁽¹⁾	Year	Number of Transfers
Alabama	2014	0
	2015	2
	2016	1

State ⁽¹⁾	Year	Number of Transfers
Arizona	2014	0
	2015	2
	2016	1
California	2014	2
	2015	1
	2016	0
Florida	2014	1
	2015	1
	2016	0
Georgia	2014	4
	2015	2
	2016	2
Hawaii	2014	0
	2015	0
	2016	1
Idaho	2014	1
	2015	4
	2016	0
Illinois	2014	3
	2015	0
	2016	0
Indiana	2014	1
	2015	0
	2016	0
Iowa	2014	1
	2015	0
	2016	0
Kansas	2014	2
	2015	0
	2016	0
Michigan	2014	1
	2015	0
	2016	1
Minnesota	2014	1
	2015	0
	2016	0
Missouri	2014	3
	2015	3
	2016	0
New Jersey	2014	2
	2015	0
	2016	0
Ohio	2014	1
	2015	0
	2016	0
Oklahoma	2014	2
	2015	0
	2016	0
Oregon	2014	0
	2015	0
	2016	1
Pennsylvania	2014	0

State ⁽¹⁾	Year	Number of Transfers
	2015	0
	2016	1
	2014	1
Tennessee	2015	0
	2016	2
	2014	4
Texas	2015	2
	2016	0
	2014	0
Virginia	2015	3
	2016	0
	2014	3
Washington	2015	1
	2016	1
	2014	0
Wisconsin	2015	0
	2016	1
	2014	0
Totals	2015	21
	2016	12 ⁽²⁾
	2014	31

Notes to Table 2:

1. States not listed had no activity during the relevant period.
2. The contact information of these former Unit Franchisees/transferees is disclosed in Exhibit D-3 to this Disclosure Document.

TABLE 3
Status of Franchised Outlets⁽¹⁾
For Years 2014 to 2016
(As of 12/31 for each Year)

State ⁽²⁾	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Master Franchisee	Ceased Operations – Other	Outlets at End of Year
Alabama	2014	7	1	0	0	0	0	8
	2015	8	0	0	0	0	0	8
	2016	8	0	0	0	0	1	7
Arizona	2014	22	0	0	1	0	2	19
	2015	19	0	0	2	0	3	14
	2016	14	0	0	1	0	2	11
Arkansas	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
California	2014	38	0	0	8	0	1	29
	2015	29	0	0	4	0	5	20
	2016	20	0	0	1	0	2	17
Colorado	2014	12	0	0	0	0	0	12
	2015	12	0	0	5	0	3	4
	2016	4	0	0	0	0	1	3

State ⁽²⁾	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Master Franchisee	Ceased Operations – Other	Outlets at End of Year
Connecticut	2014	5	0	0	0	0	1	4
	2015	4	0	0	1	1	0	2
	2016	2	0	0	0	0	0	2
Delaware	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Florida	2014	15	0	0	0	0	0	15
	2015	15	3	0	0	0	0	18
	2016	18	0	0	0	0	0	18
Georgia	2014	35	1 ⁽³⁾	0	0	0	4	32
	2015	32	0	0	2	0	1	29
	2016	29	0	0	2	0	1	26
Hawaii	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	1	2
	2016	2	0	0	0	0	0	2
Idaho	2014	6	0	0	0	0	0	6
	2015	6	1 ⁽⁵⁾	0	0	0	0	7
	2016	7	0	0	0	0	0	7
Illinois	2014	22	0	0	0	0	3	19
	2015	19	0	0	1	0	2	16
	2016	16	0	0	4	0	0	12
Indiana	2014	9	0	0	0	0	1	8
	2015	8	0	0	0	0	1	7
	2016	7	0	0	1	0	0	6
Iowa	2014	7	0	0	0	0	0	7
	2015	7	0	0	1	0	2	4
	2016	4	0	0	0	0	0	4
Kansas	2014	7	1	0	1	0	1	6
	2015	6	0	0	0	0	0	6
	2016	6	0	0	0	0	1	5
Louisiana	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
Maine	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Maryland	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	1	0	0	1
Massachusetts	2014	6	0	0	1	0	2	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
Michigan	2014	22	0	0	0	0	3	19
	2015	19	0	0	2	0	1	16
	2016	16	0	0	2	0	1	13
Minnesota	2014	11	1	0	1	0	0	11
	2015	11	0	0	0	0	3	8
	2016	8	0	0	0	0	0	8

State ⁽²⁾	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Master Franchisee	Ceased Operations – Other	Outlets at End of Year
Mississippi	2014	2	0	0	0	0	1 ⁽⁴⁾	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Missouri	2014	15	0	0	0	0	1	14
	2015	14	0	0	2	0	0	12
	2016	12	0	0	0	0	0	12
Montana	2014	3	0	0	0	0	0	3
	2015	3	0	0	2	0	1	0
	2016	0	0	0	0	0	0	0
North Carolina	2014	12	0	0	3	0	0	9
	2015	9	0	0	2	0	0	7
	2016	7	0	0	1	0	0	6
North Dakota	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
Nebraska	2014	5	0	0	0	0	0	5
	2015	5	1	0	0	0	0	6
	2016	6	0	0	1	0	2	3
Nevada	2014	4	0	0	0	0	0	4
	2015	4	0	0	0	0	0	4
	2016	4	0	0	1	0	0	3
New Hampshire	2014	4	0	0	0	0	0	4
	2015	4	0	0	0	0	0	4
	2016	4	0	0	0	0	0	4
New Jersey	2014	31	0	0	0	1	1	29
	2015	29	0	0	1	0	1	27
	2016	27	1 ⁽⁶⁾	0	2	0	1	25
New Mexico	2014	1	0	0	0	0	1	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
New York	2014	22	0	0	1	0	2	19
	2015	19	0	0	3	1	4	11
	2016	11	0	0	0	0	0	11
Ohio	2014	15	0	0	0	0	0	15
	2015	15	0	0	0	0	0	15
	2016	15	0	0	1	0	1	13
Oklahoma	2014	14	0	0	2	0	2	10
	2015	10	0	0	1	0	2	7
	2016	7	0	0	1	0	1	5
Oregon	2014	5	0	0	0	0	1	4
	2015	4	0	0	0	0	0	4
	2016	4	0	0	0	0	0	4
Pennsylvania	2014	20	0	0	1	0	2	17
	2015	17	0	0	2	0	1	14
	2016	14	0	0	0	0	2	12
Puerto Rico	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3

State ⁽²⁾	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Master Franchisee	Ceased Operations – Other	Outlets at End of Year
South Carolina	2014	8	0	0	0	0	0	8
	2015	8	0	0	0	2	3	3
	2016	3	0	0	0	0	1	2
South Dakota	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Tennessee	2014	21	1 ⁽⁴⁾	0	0	0	5 ⁽³⁾	17
	2015	17	0	0	0	0	2	15
	2016	15	0	0	1	0	0	14
Texas	2014	31	1	0	0	0	0	32
	2015	32	1	0	3	0	2	28
	2016	28	0	0	3	0	4	21
Utah	2014	4	0	0	0	0	0	4
	2015	4	0	0	0	0	0	4
	2016	4	0	0	0	0	0	4
Vermont	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Virginia	2014	9	0	0	0	0	0	9
	2015	9	2	0	0	0	0	11
	2016	11	0	0	0	0	0	11
Washington	2014	14	0	0	0	0	1	13
	2015	13	0	0	0	0	2 ⁽⁵⁾	11
	2016	11	0	0	1	0	0	10
Wisconsin	2014	17	0	0	0	0	1	16
	2015	16	0	0	0	0	1	15
	2016	15	0	0	1	0	1	13
Wyoming	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	1	1
	2016	1	0	0	1	0	0	0
Totals	2014	502	6	0	19	1	36	452
	2015	452	8	0	34	4	42	380
	2016	380	1	0	26 ⁽⁷⁾	0	22 ⁽⁷⁾	333

Notes to Table 3:

- These are Unit Franchisees of the Master Franchisees for these states. Contact information for the current and former Unit Franchisees is attached as Exhibits D-1 and D-2 to this Disclosure Document. These columns do not reflect Unit Franchises owned by Master Franchisees. Refer to Table 1 under Company-Owned Outlets for these totals. These column totals do not reflect activity involving Unit Franchisees who have signed Unit Franchise Agreements, but who have not yet opened Unit Franchises. Refer to Exhibit D-3 for information about these Unit Franchisees. The inclusion of signed Franchise Agreements in Exhibit D-3 does not imply that the Unit Franchises will be open in the next fiscal year or in any fiscal year in the future.
- States not listed had no activity during the relevant period.
- The Unit Franchise in Manchester, Tennessee relocated to Macon, Georgia in 2014.

4. The Unit Franchise in Southaven, Mississippi relocated to Memphis, Tennessee in 2014.
5. The Unit Franchise in Pullman, Washington relocated to Moscow, Idaho in 2015.
6. The Company-Owned Outlet in Latham, New York was transferred to a Unit Franchisee that relocated the Unit Franchise to Beckett, New Jersey in 2016.
7. The contact information for the former Unit Franchisees for the closed Unit Franchises is disclosed in Exhibit D-2 to this Disclosure Document.

TABLE 4
Systemwide Status of Company-Owned Outlets⁽¹⁾
For Years 2014 to 2016
(As of 12/31 for each Year)

State ⁽²⁾	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Alaska	2014	2	0	0	1	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
Arizona	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
Arkansas	2014	2	0	0	0	0	2
	2015	2	0	0	0	0	2
	2016	2	0	0	0	0	2
Colorado	2014	2	0	0	0	0	2
	2015	2	0	0	2 ⁽³⁾	0	0
	2016	0	0	0	0	0	0
Connecticut	2014	0	0	0	0	0	0
	2015	0	0	1	0	0	1
	2016	1	0	0	0	0	1
Minnesota	2014	2	0	0	0	0	2
	2015	2	0	0	0	0	2
	2016	2	0	0	0	0	2
Montana	2014	0	0	0	0	0	0
	2015	0	1 ⁽³⁾	0	0	0	1
	2016	1	0	0	0	0	1
New Jersey	2014	0	0	1	0	0	1
	2015	1	0	0	0	1	0
	2016	0	0	1	0	0	1
New York	2014	0	1	0	0	0	1
	2015	1	0	1	0	0	2
	2016	2	0	0	0	1 ⁽⁴⁾	1
Oklahoma	2014	3	0	0	0	0	3
	2015	3	0	0	0	0	3
	2016	3	0	0	0	0	3
Pennsylvania	2014	2	0	0	0	0	2
	2015	2	0	0	0	0	2
	2016	2	0	0	0	0	2

State ⁽²⁾	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Rhode Island	2014	4	0	0	1	0	3
	2015	3	0	0	1	0	2
	2016	2	0	0	0	0	2
South Carolina	2014	0	0	0	0	0	0
	2015	0	0	2	0	0	2
	2016	2	0	0	0	0	2
Washington	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	1	0	0
Wisconsin	2014	3	0	0	0	0	3
	2015	3	0	0	0	0	3
	2016	3	0	0	0	0	3
Totals	2014	22	1	1	2	0	22
	2015	22	1	4	3	1	23
	2016	23	0	1	1	1	22

Notes to Table 4:

1. “Company-Owned Outlets” refers to Outlets which are owned and operated by Master Franchisees in their Master Franchise Territories. Refer to Exhibit D-1 for specific Company-Owned Outlets.
2. States not listed had no activity during the relevant period.
3. The Company-Owned Outlet in Centennial, Colorado moved to Billings, Montana in 2015.
4. The Company-Owned Outlet in Latham, New York was transferred to a Unit Franchisee that relocated the Unit Franchise to Beckett, New Jersey in 2016.

TABLE 5
Projected Openings by CWNA in Direct Franchising Area as of 12/31/16
(By 12/31/17)

State	Unit Franchise Agreements Signed But Not Open ⁽¹⁾	Projected New Franchised Outlets in Next Fiscal Year	Projected Company-Owned Outlets in Next Fiscal Year
California	0	0	0
Kentucky	0	0	0
Louisiana	0	0	0
New Mexico	0	0	0
Texas	0	0	0
West Virginia	0	0	0

Note to Table 5:

1. Refer to Exhibit D-3 for Unit Franchise Agreements signed but not opened yet in the Master Franchise Territories of our Master Franchisees.

Unit Franchisees have signed confidentiality clauses during the last three fiscal years. In some instances, current and former Unit Franchisees sign provisions restricting their ability to speak openly about their experiences with the Cartridge World® franchise system. You may wish to speak with current and former Unit Franchisees, but be aware that not all such Unit Franchisees will be able to communicate with you.

If you buy a Unit Franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

We do not currently have any previously-owned Unit Franchises under our control to offer or sell.

The names, addresses, and telephone numbers of the Unit Franchisees as of the end of our most recent fiscal year appear in Exhibit D-1. Unit Franchisees that had an agreement terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Unit Franchise Agreement during our last fiscal year, or has not communicated with us within 10 weeks of the date of this Disclosure Document are identified in Exhibit D-2.

Franchisee Groups

We currently do not have a formal “advertising council.” We may choose to form a formal Cartridge World Advisory Group, or “CWAG,” as prescribed under the Unit Franchise Agreement to provide input on System-related matters. (In earlier versions of the Unit Franchise Agreement, the CWAG was titled “Franchisee Advisory Council”). When formed, a CWAG would consist of Unit Franchise owners, each of whom would be elected by Unit Franchisees to represent the interests of a particular geographical area or region. We would have a non-voting participant on the council. Any bylaws adopted by the group would require its consent. As of the date of this Disclosure Document, a CWAG has not been formed.

However, we have established a marketing council consisting of 12 members; two Unit Franchisees elected for three-year terms by the Unit Franchisees in each of five regions in the United States and two Master Franchisees appointed by us. To be eligible to be elected to membership in the marketing council, Unit Franchisees must meet the criteria established by us including: they must be in good standing, have experience in marketing, and own and operate a Unit Franchise that has met certain performance standards. The members of the marketing council review expenditures made by us from the Marketing Fund and make recommendations for new marketing initiatives in an advisory capacity. This advisory council may be discontinued by us or re-formed as a committee of the CWAG.

We have also formed an informal advisory group comprised of Master Franchisee representatives who meet with CWNA staff to discuss subject areas, such as store design, advertising/marketing, technology, general system matters, purchasing, training, and sales. This committee is exclusively advisory in nature and is not a decision-making body. Some group members are elected and some are appointed. This advisory group may be discontinued by us or re-formed as a committee of the CWAG.

ITEM 21

FINANCIAL STATEMENTS

Our audited financial statements as of December 31, 2016, December 31, 2015 and December 31, 2014, and for each of the three fiscal years in the period ended December 31, 2016, are attached to this Disclosure Document as Exhibit B-2.

Our fiscal year end is December 31 of each calendar year.

ITEM 22
CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

- Exhibit A-1: Unit Franchise Agreement
- Exhibit A-2: Multi-Unit Agreement
- Exhibit A-3: Spousal/Domestic Partner Consent
- Exhibit A-4: Automatic Bank Draft – Authorization Form

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear as Exhibit J. Please sign and date one copy and return it to us. Retain the other copy for your records.

EXHIBIT A-1
TO DISCLOSURE DOCUMENT
UNIT FRANCHISE AGREEMENT

**CARTRIDGE WORLD®
UNIT FRANCHISE AGREEMENT
WITH
CARTRIDGE WORLD NORTH AMERICA, LLC**

Unit Franchisee

Unit Franchise Agreement #

Location

Effective Date

CARTRIDGE WORLD®
UNIT FRANCHISE AGREEMENT

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Exhibits to Unit Franchise Agreement:

Exhibit A-1	Data Sheet
Exhibit A-2	Royalty Fee Data Sheet
Exhibit B	Continuing Personal Guarantee
Exhibit C	Territorial Rights and Obligations
Exhibit D	Collateral Assignment of Lease
Exhibit E	Site Selection Acknowledgment and ADA Certification Form

CARTRIDGE WORLD®
UNIT FRANCHISE AGREEMENT

THIS UNIT FRANCHISE AGREEMENT (this “**Agreement**”) is made and entered into on the Effective Date (as set forth in Exhibit A-1), by and between **CARTRIDGE WORLD NORTH AMERICA, LLC** (referred to as “we,” “us,” “our,” “CWNA” or “Franchisor”) and **FRANCHISEE** (referred to as “you,” “your,” or “Unit Franchisee”) as described in Exhibit A-1.

RECITALS

- A. Cartridge World North America, LLC, a Nevada limited liability company with its principal place of business at 3917 Mercy Drive, McHenry, Illinois 60050, U.S.A., has been granted the right to use and license others to use a format and system (the “**System**”) for the establishment and operation of CARTRIDGE WORLD businesses that sell products and services related to the sale of printer (and other) cartridges, inkjet cartridges, laser cartridges, toner, computer hardware (including printers) and software, ancillary products and services, and such additional products and services as we may specify from time to time at a retail and wholesale level to customers and clients (individually or collectively referred to herein as “**Unit Franchise(s)**”). As used in this Agreement, the term “**Cartridge World**” shall refer to us and/or our Affiliates (including Cartridge World Global Holdings Co. Limited, Cartridge World Australia Holdings Pty. Ltd., Cartridge World Australia Pty. Ltd. and Cartridge World International, Inc.), individually, collectively or in any combination as required by the context.
- B. The System includes certain proprietary knowledge, procedures, formats, systems, forms, printed materials, applications, specifications, standards and techniques, all of which has been developed by Cartridge World at considerable expense. Distinguishing characteristics of the System include certain trademarks and logos and other forms of commercial identity, training, marketing concepts, the Operations Manuals, distinctive color schemes and trade dress, and the Confidential Information, all of which may be changed, improved, and further developed by Cartridge World from time to time.
- C. The System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including the mark “CARTRIDGE WORLD” and such other trade names, service marks, trademarks, logos, trade dress and identifiers as are now designated (and may hereinafter be designated) by Cartridge World for use in connection with the System (the “**Marks**”).
- D. You applied for a Franchise to own and operate a Unit Franchise and your application has been approved by us in reliance on the information you gave us.
- E. Without your commitment to the System and to fulfill each of the obligations detailed in this Agreement, we would not form this franchise relationship with you.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree as follows:

Unit Franchisee Initials ____/____

1. DEFINITIONS

In addition to other terms defined in this Agreement, the following terms will have the following meanings:

- 1.1 **“Affiliate”** - Any person or entity which controls, is controlled by or is under common control with another person or entity; as to you, Affiliate also includes any director, officer or owner of any interest in you (and any entity controlled by any of the foregoing).
- 1.2 **“Attorneys’ Fees”** - Includes, without limitation, legal fees, whether incurred in preparation of the filing of any written demand or claim, action, hearing, arbitration, or other proceeding to enforce the obligations of this Agreement, or during any such proceeding, plus all costs incurred in connection therewith.
- 1.3 **“Business Entity”** - Includes a corporation, partnership, joint venture, limited liability company, limited partnership, or other form of business recognized in any jurisdiction.
- 1.4 **“Business Judgment”** - Means that we are allowed to exercise our judgment however we consider appropriate in our sole and absolute discretion, without any limitation. You and we agree that when in this Agreement we describe instances in which we may exercise Business Judgment, we must and do have the unrestricted right to make decisions and/or take (or refrain from taking) actions. We have this right even if a particular decision/action may have negative consequences for you, a particular franchisee or group of franchisees. You understand and agree that the exercise of Business Judgment is critical to us as a franchisor of the System and to our goals for its continuing improvement. This is a defined term for the purposes of this Agreement and is not intended to incorporate principles related to the application of the business judgment rule in a corporate law context.
- 1.5 **“CARTRIDGE WORLD Advisory Group” or “CWAG”** - The advisory group selected (or which may be selected) in accordance with this Agreement, as well as other master and unit franchise agreements with us, which will provide Input to us from time to time.
- 1.6 **“Customary Representations, Warranties and Agreements”** - Includes commitments generally made by a transferor in connection with a transfer of a business and/or related assets including, but not limited to: representations as to ownership, condition and title to stock and/or assets, liens and encumbrances relating to the stock and/or assets, validity of contracts, and liabilities, contingent or otherwise, relating to the business/assets/entity to be acquired; full indemnification obligations and non-competition covenants by the transferor and each Affiliate, substantially similar to those required in Sections 7.6 and 8.2 of this Agreement; the delivery at closing of instruments transferring good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us in our Business Judgment), and demonstrating that all sales, transfer and/or similar taxes are to be paid by the transferor through escrow if we so require; the transfer at closing of all licenses and permits which may be assigned or transferred.

Unit Franchisee Initials ____/____

- 1.7 **“Designated Equipment”** - Equipment that meets our requirements and which you must obtain and use in the operation of your Unit Franchise.
- 1.8 **“Designated Individual”** - The person who has the controlling ownership interest in you who is responsible for the management of your Unit Franchise, and is identified in Exhibit A-1, or a substitute individual reasonably approved by us in writing. The Designated Individual will function as the Manager for your Unit Franchise, unless waived in writing by us.
- 1.9 **“Franchise”** - The right granted to you in this Agreement to operate one CARTRIDGE WORLD Unit Franchise using the Marks and the System.
- 1.10 **“Franchisor-Related Parties”** – Cartridge World (including CWNA), the Marketing Fund, the CWAG and each and all of the following, whether past, current and/or future: each and all company(ies) and/or person(s) acting through, in concert with us and/or any of the foregoing, and/or as Affiliates of ours and/or of any of the foregoing; each and all of the partners, shareholders, officers, directors, agents, attorneys, accountants, and/or employees of us and/or any of the foregoing; and each and all of the predecessors, successors and/or assigns of us and/or any of the foregoing.
- 1.11 **“General Release”** - A general release, in the then-current form prescribed by us at the time such release is to be delivered, of any and all claims, liabilities and/or obligations, of any nature whatsoever, including existing as of, and/or arising before, the date of any such release, however arising, known or unknown, whether against us and/or any or all of the Franchisor-Related Parties, and whether by you, any owner of you (if you are or become a Business Entity), any person/entity claiming on the basis of an alleged right of yours, and/or any Affiliate of any of the foregoing.
- 1.12 **“Good Standing”** - You are in “Good Standing” if you (and each of your owners and Affiliates) are not in default of any obligation to us and/or any of the Franchisor-Related Parties, whether arising under this Agreement or any other agreement between you (and each of your owners and Affiliates) and us (and/or any of the Franchisor-Related Parties), the Operations Manuals or other System requirements.
- 1.13 **“Gross Profit”** - Gross Profit equals the Gross Revenue of the sale of computer hardware (including printers, but not any cartridges) and software that are not identified by any Mark, as we designate from time to time (the **“Ancillary Items”**), less the actual direct product cost (before deducting all overhead costs, including without limitation rent, payroll, insurance, taxes, and all other Unit Franchise operating expenses) that you incurred and paid for in connection with such Ancillary Items which are sold and/or distributed at or from your Unit Franchise.
- 1.14 **“Gross Revenue”** - Gross Revenue includes all charges and/or revenues which are, or could be, received or earned by you (and/or any Affiliate): (i) by, at or in connection with your Unit Franchise; (ii) relating to the kinds of goods or services available now or in the

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future through a Unit Franchise and/or distributed in association with the Marks or the System; (iii) relating to the operation of any Similar Business; (iv) with respect to, any tenants and/or subtenants of yours on the Premises of the Unit Franchise (including rent and other lease payments); and/or (v) with respect to any co-branding activities.

All sales and/or billings, whether collected or not, will be included in Gross Revenue, with no deduction for credit card or other charges. All business interruption proceeds that you or your Unit Franchise receives will be included as Gross Revenue. Gross Revenue does not include sales tax and similar taxes collected and paid when due to the appropriate taxing authority or actual customer refunds, adjustments and credits.

- 1.15 **“Immediate Family”** - With respect to any person, “immediate family” includes that person’s spouse and/or domestic partner and each of their respective parents, guardians, grandparents, siblings, children, grandchildren, aunts, uncles, cousins, nieces and/or nephews.
- 1.16 **“Input”** - Advice and suggestions regarding specified matters. When we receive Input from the CWAG or any other franchisee group we will retain the ultimate decision-making authority and responsibility for all matters for which Input is sought. CWAG (or any other franchisee group) Input, votes or other collective actions will not be binding on us unless we have otherwise agreed in writing. CWAG (or any other franchisee group) approval or consent will not be required as a pre-condition to any decision and/or action we may take, unless we agree otherwise in writing.
- 1.17 **“Intellectual Property”** - Includes, regardless of the form or medium involved, (i) all CARTRIDGE WORLD Software, including the data and information processed or stored thereby; (ii) the Operations Manuals and all other directives, policies or information we issue from time to time; (iii) all customer relationships and information; (iv) the Marks; (v) all Confidential Information and trade secrets; and (vi) all other proprietary, copyrightable and/or trade secret information and materials developed, acquired, licensed or used by us in our operation of the System.
- 1.18 **“Manager”** - The individual responsible for responsible for the overall day-to-day management and operation of the Unit Franchise including, but not limited to, administration, basic operations, marketing, record keeping, employee staffing and training, hiring and firing, inventory control, and maintenance of the Premises.
- 1.19 **“Opening Date”** - The date you commence operating the Unit Franchise with our prior written approval after compliance with the pre-opening requirements set forth in this Agreement.
- 1.20 **“Operations Manuals”** - Specifications, standards, policies and procedures prescribed by us and/or Cartridge World and published to you using any method or media (including electronic) and which are to be followed in the operation of your Unit Franchise as they may be changed or eliminated by us or them in our or their Business Judgment.

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- 1.21 **“Post-Termination Provisions”** - Those obligations contained in this Agreement that expressly or by their nature survive its expiration, Transfer, Repurchase, or termination for any reason, including without limitation the confidentiality, non-competition, indemnification, and dispute resolution and other provisions contained in Sections 7, 8, 14, 17, 19, 20, 21 and 22 of this Agreement.
- 1.22 **“Premises”** - The site located in your Territory from which you are granted the right to operate your Unit Franchise.
- 1.23 **“Products and Services”** - The products and services related to the sale of printer (and other) cartridges, inkjet cartridges, laser cartridges, toner, computer hardware (including printers) and software, ancillary products and services, and such additional products and services as CWNA may specify from time to time for sale at a retail and wholesale level to customers and clients by CARTRIDGE WORLD Unit Franchises
- 1.24 **“Repurchase”** - Repurchase is an acquisition by us (and/or any of the Franchisor-Related Parties) of your rights in and/or to (i) this Agreement; (ii) any Business Entity Unit Franchisee; (iii) your Unit Franchise; and (iv) any lease or assets associated with any of the foregoing.
- 1.25 **“Similar Business”** - Any enterprise that offers, is otherwise involved in, or deals with any goods, products and/or services, which are substantially similar to the Products and/or Services now or in the future authorized to be offered at or from Unit Franchises (including any such enterprise and/or entity awarding franchises or licenses to operate or be involved with any such business). Our receipt of any Royalties with respect to any Similar Business is not an approval of your involvement with any Similar Business.
- 1.26 **“Territory”** - The geographic area described in Exhibit A-1.
- 1.27 **“Trade Secret”** - Information that is proprietary to us and/or Cartridge World, including a formula, procedure, pattern, compilation, program, device, discovery, invention, method, technique or process, that (i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use; and/or (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.
- 1.28 **“Travel Expenses”** - All costs incurred for travel, transportation, food, lodging, automobile rental and all other related costs and expenditures.
- 1.29 **“Unit Franchise”** - The franchised CARTRIDGE WORLD business operated by you pursuant to the terms of this Agreement.

2. GRANT

2.1 **Award of Franchise; Term.**

- A. We are pleased to award you a Franchise to operate one Unit Franchise, and to use the Marks and the System in the operation of that Unit Franchise.
- B. If this Agreement is awarded in connection with a new Franchise or a Transfer, the Franchise is awarded for a term of ten (10) years, commencing on the Effective Date and ending on the Expiration Date noted in Exhibit A-1. If this Agreement is awarded in connection with the grant of a renewal Franchise, then the term of this Agreement will be governed by the renewal provisions of the Unit Franchise Agreement under which the Unit Franchise operated during the initial term of the Franchise (which is now expired), and the Expiration Date under such circumstances is noted in Exhibit A-1.
- C. The Franchise awarded to you by this Agreement is to operate only a single Unit Franchise and to use the Marks and the System only for purposes of conducting a business in accordance with the provisions of this Agreement, the Operations Manuals and other communications from us.
- D. You are authorized to use the Marks only in connection with the Unit Franchise. The business of the Unit Franchise will be conducted in compliance with the provisions of this Agreement. You and we understand that the business activities of the Unit Franchise include the sale and delivery of certain Products and Services to customers' and clients' business premises both before and after you commencing operating from the Unit Franchise from the Premises. You must not conduct any activities from the Premises other than the operation of your Unit Franchise without our prior written consent. You will not engage in any other business or activity that may conflict with your obligations under this Agreement or reduce the Gross Revenue or Gross Profit of your Unit Franchise.
- E. Any required specifications, standards and operating procedures exist to protect Cartridge World's interests in the System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you.

2.2 **Territory and Reservation of Rights.** The parties' rights and obligations relating to the Territory are set forth in Exhibit C.

3. DEVELOPMENT AND OPENING OF YOUR UNIT FRANCHISE

3.1 **Commencing Operations of Unit Franchise.**

- A. You must have a site for your Premises acceptable to us, receive the notice from us described in Section 3.7 below, and do everything necessary to commence

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operating the Unit Franchise from the Premises, all within twelve (12) months after the Effective Date. You must not operate the Unit Franchise from or make any commitments regarding a site for your Premises until you have our written site acceptance. We will not unreasonably withhold our acceptance of the site for your Premises. Acceptance by us of any site or location is not a recommendation, approval or endorsement of such site. We make no representations or warranties as to the success, availability or profitability of any site or as to any other matter of any kind relating to the site. Your failure to commence operating your Unit Franchise from the Premises within twelve (12) months after the Effective Date is a material breach of this Agreement.

- B. All matters related in any way to your Premises are your sole responsibility, regardless of any assistance we may choose to provide. You are responsible for obtaining any architectural and engineering services required for your Premises and for ensuring its compliance with local law. Neither we, nor any Franchisor-Related Party, nor any other person or company associated with us will have any liability for any Premises-related matter. You agree not to make any claims against us and/or any of the Franchisor-Related Parties with regard to such matters.
- C. You will commence the operations of your Unit Franchise immediately upon your receipt of our notice to you that: (i) all of your pre-opening obligations have been fulfilled; (ii) pre-opening training has been completed; (iii) all amounts due us (and/or any Affiliate and/or Cartridge World) have been paid; and (iv) copies of all insurance policies (and evidence of payment of premiums) and other required documents have been received.
- D. We or our designee will provide you with grand opening marketing and promotional materials and guidance. You must develop and submit to us, for our prior written approval, a community grand opening marketing plan. If we do not approve your proposed plan, or if you do not submit a plan, we will have the right (but not the obligation) to prepare a community grand opening plan for you. In addition to (and not in lieu of) the Marketing Fund Contribution (Section 11.1 below) and Local Advertising Expenditure (Section 11.3 below), you must expend no less than the amount set forth in Exhibit A-1 for the grand opening advertising during a period of no more than three (3) months encompassing the Opening Date of your Unit Franchise. You must submit all proof of approved advertising and associated documentation to us within one hundred twenty (120) days after the Opening Date of your Unit Franchise.
- E. You will use only Designated Equipment and suppliers approved or designated by us in the development and operation of your Unit Franchise as we may require. We and/or our Affiliates and/or Cartridge World may be such approved or designated suppliers.

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3.2 Lease of Premises.

- A. You agree to submit any lease or sublease and all site-related documents for the Premises to us for our review prior to their execution by you. You shall use commercially reasonable efforts to arrange for the inclusion of provisions in a lease addendum or other appropriate site-related documents which:
1. Obligate the lessor to provide us upon request with sales and other operations information related to your Unit Franchise;
 2. Permit you to operate your Unit Franchise in accordance with this Agreement and the Operations Manuals;
 3. Provide that the Premises will be used only for the operation of a CARTRIDGE WORLD Unit Franchise, and prohibit you from assigning or modifying any of your lease rights, or extending the term without our prior written consent;
 4. Require the lessor to concurrently provide us with a copy of any written notices (whether of default or otherwise) to you under the lease and give us the right to cure any default if we so choose;
 5. Provide us with a right to take assignment and possession of your Unit Franchise Premises, without the lessor's consent or any additional consideration if you default and/or this Agreement expires or is terminated or rescinded. If we exercise this right, we will not have any liability for any obligations incurred prior to our occupancy. You agree to take whatever actions are necessary to accomplish such assignment. If you lose your lease rights to the Premises in connection with any bankruptcy, the lessor will, upon our request, enter into a new lease with us on essentially the same terms as the terminated lease;
 6. Provide that the lessor consents to the use of the Marks and other aspects of the System, as modified from time to time, and give us the right to enter the Premises during normal business hours for purposes of inspection, to take steps to protect the Marks and/or prevent/cure any default.
- B. You shall not execute a lease or sublease, or any modification, amendment or renewal thereof, without our prior written consent, which we can grant, condition or withhold in our Business Judgment, as we deem appropriate. When you sign this Agreement, you also will sign the Collateral Assignment of Lease attached as Exhibit D. You agree to obtain the lessor's signature on the Landlord Approval included with the Collateral Assignment of Lease before or at the same time as the lease is signed. You agree to deliver a copy of the signed lease or sublease and the signed Landlord Approval to us within five (5) days after it is signed.

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3.3 Design Standards for Your Premises; Designated Equipment.

- A. You agree to comply with any standards, specifications and other requirements (the “**Design Standards**”) that we furnish you for design, decoration, layout, equipment, furniture, fixtures, signs and other items for your Premises. Any changes from plans provided by us must be submitted to us for our consent, which may be provided in our Business Judgment. Your compliance with the Design Standards does not release you from your obligation to ensure that your Premises are designed and constructed in compliance with all federal, state, and local laws, including without limitation the Americans with Disabilities Act. You agree to execute and deliver to us an ADA Certification in the form attached to this Agreement as Exhibit E, before you open for business at the Premises, to confirm and certify that your Premises and any proposed renovations comply with the ADA.
- B. We will provide a store plan template for the Premises of your Unit Franchise. An architect, contractor, materials supplier or other person hired by you, at your expense, will consult with you in the build out of the Premises to provide space plan suggestions, among other advice, and will facilitate compliance with applicable Design Standards. We will have no authority or control over, or responsibility for, the acts/omissions of any architect, contractor, materials supplier or other persons hired by you and with whom you will have a direct legal and business relationship. You will be responsible for ensuring that your Premises comply with the Design Standards.

3.4 Development of Premises. You must select and employ a licensed contractor reasonably acceptable to us, which acceptance will not be unreasonably withheld, to facilitate the build out of the Premises. You are solely responsible for the selection and work of any contractor selected and/or employed by you, even if referred by us.

3.5 Designated Equipment. You will use only Designated Equipment and suppliers approved or designated by us in the development of the Premises and the operation of your Unit Franchise. We and/or our Affiliates and/or Cartridge World may be such approved or designated suppliers.

3.6 Vehicles. All vehicles used by you in the operation of your Unit Franchise will comply with our standards and specifications for maintenance, repair, signs, appearance and cleanliness. You will not hire any person to drive any vehicle who is not properly licensed under all applicable federal, state and local laws. You will require each driver to comply with all applicable federal, state and local laws, regulations and rules applicable to the operation and maintenance of motor vehicles, and you acknowledge that you are solely responsible for enforcement of these requirements.

3.7 Opening at Premises. You will not operate the Unit Franchise from the Premises until you receive written notice from us indicating that all of your pre-opening obligations relating to the Premises have been fulfilled, including, but not limited to, copies of all

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insurance policies (and evidence of payment of premiums), leases/subleases and other Premises documents have been received by us.

3.8 Relocation of Premises. Any relocation of the Premises requires our written consent, will be at your sole expense, and will require that you (and each Affiliate and owner of yours) sign a General Release. If your Premises are damaged, condemned or otherwise rendered unusable, or if, in your and our judgment, there is a change in the character of the location of your Premises sufficiently detrimental to its business potential to warrant its relocation, you agree to relocate your Premises. We shall have the right to grant or to withhold our approval as to any proposed location or relocation of your Premises and, if our approval is granted, you understand that our approval will not be deemed to be a guarantee, representation, or assurance by us that the Unit Franchise will be profitable or successful at the proposed location of your Premises or upon the relocation of your Premises. The relocated Premises will comply with the then-applicable image, décor, standards and specifications for new Unit Franchises and with the Operations Manuals. You will open for business at the relocated Premises within six (6) months after the date of the approval of and/or decision to relocate your Premises. Notwithstanding the foregoing, you will pay Royalties for each Royalty period (or portion thereof) during which the Premises are closed as a result of the relocation of the Premises based upon the average Gross Revenue and Gross Profit generated by the Unit Franchise during the preceding six (6) Royalty periods (or the number of Royalty periods that the Unit Franchise was operational if the Unit Franchise was open for less than six (6) Royalty periods).

3.9 Use of Premises. You may use the Premises only for the purpose of operating the Unit Franchise and for no other purpose, unless we in our sole discretion approve otherwise. You will not co-brand or permit any other business to operate at the Premises or to otherwise operate in conjunction with your Unit Franchise, without our prior written approval.

4. COMPUTER HARDWARE AND SOFTWARE SYSTEMS

4.1 Required Systems. You must purchase, use, maintain and update at your expense the software, computer and other systems meeting our specifications, as we may modify them. You will maintain your systems on-line to allow us access to system data and information. You agree to comply with our then-current Terms of Use and Privacy Policies and any other requirements regarding all computer and other systems, including Internet usage. Supplier and/or licensor charges for use, maintenance, support and/or updates of and to the required systems are payable by you upon demand.

4.2 No Liability. Neither we nor any of the Franchisor-Related Parties will have any liability and/or obligation (and neither you, nor any of your owners or Affiliates, will make any claims) about any failures, errors or any other occurrences relating to any computer or system hardware or software without an express written warranty from us, even if recommended or specified by us, even if the computer or system hardware or software was recommended or specified by us.

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5. TRAINING AND GUIDANCE

5.1 Training.

- A. You must complete the initial training program to our satisfaction before you will be allowed to open and commence operating your Unit Franchise. The initial training program is scheduled at our discretion and consists of:
1. classroom training at a location designated by us;
 2. on-the-job training conducted at a CARTRIDGE WORLD Unit Franchise or other facilities designated by us; and
 3. such other training using the method, on the topics and at the location(s) as may be designated and/or required by us.
- B. We can choose to eliminate or shorten training for persons previously trained or with comparable experience. If the Unit Franchise is owned by more than one person or if you are a Business Entity, then the Designated Individual must successfully complete the initial training program and comply on an ongoing basis with all training requirements. The Designated Individual shall be deemed to be the “Franchisee” and/or the “Manager” for purposes of meeting all training and similar qualifications pursuant to this Agreement. You are solely responsible for the Training Fee set forth in Exhibit A-1, any other training fees, other fees, wages, Travel Expenses and other expenses associated with the attendance by you or your employees (if any) at any training programs, seminars or meetings. ~~However, upon the successful completion of the initial training program described in Section 5.1.A above by all required individuals, we will, within thirty (30) days after receipt of a written accounting of the Travel Expenses incurred by the you and your employees to attend the initial training program, we will~~ Within fourteen (14) days of your reimburse you for ~~such Travel Expenses~~ up to ~~Two Thousand Dollars (\$2,000)-~~ \$200.00 of your travel costs. The initial training program will be held at a time and for such period, as we specify in our Business Judgment. You will be responsible for ensuring that each of your Managers is trained to our then-current standards. We can require in our Business Judgment that each of your Managers and/or substituted Designated Individuals attend and complete our initial training program before managing your Unit Franchise or assuming their position, respectively. We will use reasonable efforts to accommodate attendance by Managers and other staff members at initial training programs upon thirty (30) days advance notice from us.
- C. You must successfully complete the initial training program to our satisfaction before you open and commence operating your Unit Franchise. If we, in our Business Judgment, determine that you have not successfully completed or are not making satisfactory progress in your initial training, we can either require that a substitute Manager or Designated Individual complete the training or, in the alternative at our discretion, terminate this Agreement.

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D. We can require that you, your Designated Individual and/or Manager(s) attend additional and/or remedial training, including national and regional conferences, conventions (including without limitation the CARTRIDGE WORLD annual convention), seminars and meetings, as we may reasonably require to correct, improve and/or enhance your operations, the System and its members. We also can require successful completion of training by all of your supervisory personnel. Meetings designated as mandatory by us will be held in North America at a location selected by us, and we will provide you with at least thirty (30) days advance written notice thereof. We may elect to charge a reasonable fee for all additional/remedial training. In addition, you may be required by us to pay a fee at the time of the event to offset the cost of a convention program. If you own multiple Unit Franchises, one management-level individual must attend on behalf of each of your Unit Franchises. You are responsible for all other costs of attendance.

5.2 Guidance and Assistance. We will provide guidance in the operation of your Unit Franchise. This guidance can be furnished in whatever manner we consider appropriate in our Business Judgment, including electronically, in writing or telephonically, through training programs and/or on site consultations and/or through representatives of ours, among other methods. We will provide at your request on-site or in-Territory consultations for your Unit Franchise, based on notice, availability of personnel and your payment of related Travel Expenses. No consulting fee will be charged. If we believe in our Business Judgment that your operations warrant it, we can require that a Manager or other person designated by us supervise your Unit Franchise's day-to-day operations until operations meet System standards. If we choose to do so, you must reimburse us according to the requirements of Section 16.7 of this Agreement.

5.3 Operations Manuals. During the term of this Agreement, we provide you with access to the Operations Manuals. You will continuously comply, at your sole expense, with all provisions of, and additions/deletions/changes to, the Operations Manuals. Any such additions/deletions/changes will take precedence over all prior communications. You shall not at any time copy, duplicate, record, or otherwise reproduce the Operations Manuals, in whole or in part, nor otherwise make the same available to any unauthorized person. In the event of any dispute as to the contents of the Operations Manuals, the terms of the master copies of the Operations Manuals maintained by us at our home office shall be controlling. Access to any electronic versions of the Operations Manuals shall also be subject to our reasonable requirements with respect to security and other matters, as described in Section 4 above.

6. MARKS

6.1 Goodwill and Ownership of Marks. You have a non-exclusive right to use the Marks and only as expressly authorized by us under this Agreement. Cartridge World has all rights in and to the Marks, and any goodwill thereof. You will not obtain any goodwill in the Marks as a result of this Agreement, your operation of the Unit Franchise or for any

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other reason. Any unauthorized use of the Marks is a breach of this Agreement and an infringement of Cartridge World's proprietary rights. You agree that if you breach any obligation regarding the Marks, we/Cartridge World would have no adequate remedy at law and that we will be entitled to equitable relief. You will not oppose, or engage in any acts or omissions inconsistent with, our rights in and to the Marks.

6.2 Limitations and Use of Marks. You will use the Marks as the sole identification for your Unit Franchise. You will not use any Mark, or modified version or derivative of a Mark, as part of any business or trade name. Prior to adoption and/or use, any proposed corporate, other entity and/or trade name must be approved by us. You agree to promptly comply at your sole expense with any request for you to modify any business or trade name adopted by you that is contrary to this Section. You agree to give such trademark and other notices (including notices of independent ownership) as we direct and will, at your expense, obtain fictitious or assumed name registrations as may be required under law. You will display the Marks as required by us and will not use the Marks so as to negatively affect their goodwill. You will not use any Mark in connection with the performance or sale of any unauthorized services or products or at any location or in any other manner not expressly authorized in writing by us.

6.3 Infringements and Claims.

- A. You shall promptly notify us of any suspected infringement of, any known challenge to the validity of, or any known challenge to the ownership of or right to use, or your right to use, the Marks licensed hereunder. You acknowledge that Cartridge World shall have the sole right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement thereof. Cartridge World shall also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks.
- B. If Cartridge World undertakes the defense or prosecution of any administrative proceeding or litigation relating to the Marks, you shall execute any and all documents and do such acts and things as may, in the opinion of counsel for Cartridge World, be necessary to carry out such defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that such administrative proceeding or litigation is the result of your use of the Marks in a manner inconsistent with the terms of this Agreement, Cartridge World agrees to reimburse you for its out-of-pocket costs in doing such acts and things, except that you shall bear the salary costs of its employees, and Cartridge World shall bear the costs of any judgment or settlement. To the extent that such litigation is the result of your use of the Marks in a manner inconsistent with the terms of this Agreement, you shall reimburse Cartridge World for the cost of such litigation, including Attorneys' Fees, as well as the cost of any judgment or settlement.

6.4 Discontinuance of Use of Marks. You agree to comply at your expense with any directions from us to discontinue, modify, substitute or add Marks. We cannot and do not make any guaranty that a modification, discontinuance or otherwise will not be required

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for any reason. In such event, neither we nor Cartridge World will have any liability or obligation to you. You agree to make no claim in connection with any modification, discontinuance or other action, and/or with any dispute regarding the Marks against us and/or Cartridge World. There is always a possibility that there might be one or more businesses using a name and/or marks similar to the Marks and with superior rights.

7. RELATIONSHIP OF PARTIES; INDEMNIFICATION

- 7.1 Independent Contractor.** You will always identify yourself to all persons and in all dealings of your Unit Franchise as an independent owner under a CARTRIDGE WORLD Franchise, clearly indicating that your Unit Franchise is separate and distinct from our business. You will include notices of independent ownership on such forms, business cards, stationery, advertising, signs and other materials as we require from time to time.
- 7.2 Operation of Business.** You will be totally and solely responsible for the operation of your Unit Franchise in accordance with the requirements of this Agreement and the Operations Manuals, and will hire, control, supervise and manage all the employees, agents and independent contractors who work for or with you. You will be responsible for the acts of your employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that your employees, agents and independent contractors comply with all applicable federal, state, city, local and municipal laws, statutes, ordinances, rules and regulations. We will not have any right, obligation or responsibility to hire, fire, control, supervise or your employees, agents or independent contractors. To the extent any legal authority determines that we have a duty to act or not act with respect to any of your employees, we hereby assign to you any such duty, and you hereby accept such assignment.
- 7.3 Employment Decisions.** We will not have any right, obligation or responsibility to hire, fire, control, supervise or your employees, agents or independent contractors. You will be solely responsible for all employment decisions and functions of the Unit Franchise including, without limitation, those related to hiring, firing, training, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, scheduling, supervision, and discipline of employees, regardless of whether you receive advice from us on these subjects. You acknowledge and agree that all personnel decisions will be made by you, without any influence or advice from us, and such decisions and actions will not be, nor deemed to be, a decision or action of us.
- 7.4 No Liability for Acts of Other Party.** You will not represent that your and our relationship is other than that of independent franchisor and franchisee. Neither you nor we will have any liability under any acts, omissions, agreements or representations made by the other that are not expressly authorized in writing. This Agreement does not create a fiduciary relationship between you and us.
- 7.5 Taxes.** Payment of all taxes related to your Unit Franchise is your sole responsibility. We have no liability for any taxes on the sales made and/or business conducted by you (except for any taxes we are required by law to collect from you with respect to purchases from us).

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- 7.6 **Indemnity.** You will defend, indemnify and hold us and all of the Franchisor-Related Parties harmless from all fines, suits, proceedings, claims, demands, actions, losses, damages, costs, fees (including Attorneys' Fees and related expenses) and/or any other liability of any kind or nature, however arising, growing out of or otherwise connected with the operation of your Unit Franchise and/or related to any act, error, omission, negligence and/or wrongdoing by you or your employees, even if there is a claim that we or a Franchisor-Related Party was negligent including, but not limited to, your ownership and/or management of your Unit Franchise and/or any Transfer. We will have the right to control all litigation, and defend and/or settle any claim, against and/or including us and/or the Franchisor-Related Parties, or affecting our and/or their interests, in such manner as we deem appropriate in our/their respective Business Judgment, without affecting our/their rights under this indemnity.
- 7.7 **No Warranty.** Unless we give to you a specific written warranty for a particular item or service, goods and/or services provided by us, the Franchisor-Related Parties and/or any "approved" person/company/referral are provided without any warranties, express or implied, **from us or any Franchisor-Related Party, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE BEING EXPRESSLY DISCLAIMED. To the extent that they are transferable, we will pass on to you any warranties received from suppliers by us or Franchisor-Related Parties in connection with products distributed by us or Franchisor-Related Parties to you.**
- 7.8 **Disclosure.** You permit us to disclose, in Disclosure Documents required by law and other places, any information relating to your Unit Franchise, including your name, any address and/or phone number(s), revenues, expenses, results of operations and/or other information. Any disclosure by us shall be for reasonable business purposes, and our rights under this Section survive the termination or expiration of this Agreement, or any Transfer or Repurchase.

8. COVENANTS

8.1 **Confidential Information - Non-Disclosure and Non-Use.**

- A. **"Confidential Information"** includes all information relating to the operation of a Unit Franchise or the System including, among other things, all current and future: (i) Operations Manuals, training, techniques, Trade Secrets, processes, policies, procedures, systems, data and know how regarding the development, marketing, operation and franchising of Unit Franchises; (ii) specifications and information about the Products and Services; (iii) all information regarding customers and suppliers, including any statistical and/or financial information and all lists; (iv) methods of refilling printer cartridges; and (v) our engineered jigs. Specifically, and without limitation, we own and control all domain names and URLs ("Uniform Resource Locator") relating to any and all Unit Franchises, as well as all information, lists and data related to past, present and future customers of your Unit

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Franchise. Your only interest in any of this Confidential Information is the right to use it pursuant to this Agreement. You have the burden of proof and of going forward in any dispute between you and us involving the proprietary or confidential nature of any information.

- B. You can only use the Confidential Information for the sole purpose of operating your Unit Franchise under this Agreement. Both during and after the term of this Agreement, you agree: (i) to maintain the confidentiality of the Confidential Information; (ii) not to make or distribute, or permit to be made or distributed, any unauthorized copies of any portion of the Confidential Information; and (iii) to implement all prescribed procedures for prevention of unauthorized use or disclosure of the Confidential Information.
- C. You agree to disclose to us all ideas, concepts, methods, techniques and products conceived or developed by you, your Affiliates, owners, employees, contractors or agents during the term of this Agreement relating to the development and/or operation of the Unit Franchise. You hereby grant to us and agree to procure from your Affiliates, owners or employees a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, techniques and products in all businesses operated by us or our Affiliates, franchisees and designees. We shall have no obligation to make any payments to you with respect to any such ideas, concepts, methods, techniques or products. You agree that you will not use or allow any other person or entity to use any such concept, method, technique or product without obtaining our prior written approval.
- D. You agree to have each of your employees, agents, principals and Affiliates sign a form of confidentiality agreement provided by us or otherwise approved by us. You will give us copies of your confidentiality agreements upon request.

8.2 **Non-Compete Covenants.**

- A. **In-Term Restrictions:** During the term of this Agreement, neither you, nor any Designated Individual or Affiliate of yours, nor any shareholder, owner, member or partner of yours (if you are or become a Business Entity), nor any Immediate Family member of any of the foregoing, will:
 - 1. have any direct or indirect interest in or connection with any Similar Business or any entity awarding franchises or licenses or establishing joint ventures or other business enterprises for the operation of Similar Businesses anywhere; or
 - 2. perform any services anywhere as an employee, agent, representative or in any capacity of any kind for any Similar Business, or for any entity awarding franchises or licenses or establishing joint ventures to operate Similar Businesses; or

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3. employ or try to employ any employee of ours, of a Franchisor-Related Party or of any other CARTRIDGE WORLD unit franchisee or master franchisee, without providing notice to the respective employer and obtaining their prior written consent; or
 4. transfer, assign, sell, gift, pledge, surrender control or grant any ownership or other interest in the assets of the Unit Franchise to any Similar Business or to any entity awarding franchises or licenses or establishing joint ventures or other business enterprises for the operation of Similar Businesses anywhere.
- B. Post-Term Restrictions: For two (2) years after the later of the following events: (i) any Transfer, Repurchase and/or termination of this Agreement (regardless of the cause for termination); (ii) the expiration of this Agreement (if a renewal Franchise or renewal term is not granted); and/or (iii) a final order of duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Section 8.2.B, all of the persons and entities named in Section 8.2.A above:
1. shall not accept or solicit any person, firm or company that has been a customer of any Unit Franchisee or us/Cartridge World during the twelve (12)-month period prior to the foregoing events, nor try to divert any such customers from any Unit Franchisee or us/Cartridge World; and
 2. shall be subject to all of the restrictions stated in Section 8.2.A above, with respect to Similar Businesses located, and/or services performed, in the Non-Compete Area of any CARTRIDGE WORLD Unit Franchise then operating in the United States, including the Unit Franchise operated by you under this Agreement. A “**Non-Compete Area**” shall be (i) the circular area within a radius of ten (10) miles from the front door of your Premises and the Premises of any other CARTRIDGE WORLD Unit Franchise; and (ii) the territory defined in a CARTRIDGE WORLD Unit Franchise Agreement, Master Franchise Agreement or other territorial agreement.
- C. You and we have expressly bargained and agreed that it is your obligation under this Agreement to ensure the compliance of each of the persons identified in Section 8.2.A with the restrictions described in this Section 8.2. The foregoing notwithstanding, we shall use reasonable judgment in evaluating whether or not the conduct of an Immediate Family member warrants our exercising any rights under this provision, considering your actual relationship to such member and his/her activities, among other factors. The restrictions of this Section do not apply to the ownership of shares of a Similar Business (of a class of securities listed on a stock exchange or traded on the over-the-counter market) that represent less than three percent (3%) of the number of shares of that class issued and outstanding.

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- D. You and we share a mutual interest in ensuring compliance with the limitations on competition described in this Section 8.2. A CARTRIDGE WORLD unit franchisee's non-compliance with these restrictions would damage you, us and other CARTRIDGE WORLD unit franchisees and unfairly limit reasonable expansion alternatives open to us and System members. You acknowledge and agree that such protections can enhance the value of the System to you as a unit franchisee, represent a reasonable balancing of your and our respective interests and have been expressly bargained for. You confirm that you possess valuable skills unrelated to the Franchise and have the ability to be self-supporting and employed, regardless of the competitive restrictions described in this Section 8.2.
- E. If you violate any of the foregoing restrictions, our remedies will include (but not be limited to) the right to obtain equitable relief and to receive all profits generated in connection with the operation of any Similar Business until the date you cease to violate such restrictions. All competitive restrictions will be extended for the length of time that any breach of the Post-Termination Provisions is ongoing.

8.3 Construction and Enforcement. If any of the restrictions of this Section 8 are determined to be unenforceable to an extent because of excessive duration, geographic scope, business coverage or otherwise, they will be reduced to the level that provides the greatest protection to us and the System, but which is still enforceable, notwithstanding any choice-of-law or other provisions in this Agreement to the contrary. You understand and acknowledge that we shall have the right to reduce the scope of any restrictions set forth in this Section 8, or any portion thereof, without your consent, effective immediately upon your receipt of written notice thereof; and you agree that you shall comply forthwith with any restrictions as so modified, which shall be fully enforceable notwithstanding the provisions of Section 21.2 below. You expressly agree that the existence of any claims you may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants in this Section 8. You agree to pay all costs and expenses (including reasonable Attorneys' Fees) incurred by us in connection with the enforcement of this Section 8.

9. FEES

9.1 Initial Franchise Fee, Releases, Etc. An Initial Franchise Fee in the amount set forth in Exhibit A-1 is fully earned and payable to us on signing of this Agreement. The Initial Franchise Fee is entirely nonrefundable. A full or partial refund of deposit payments, if any, shall be governed by the terms of the agreement under which the deposit was paid.

9.2 Royalty, Payment Dates.

- A. You agree to pay us Royalties in each Royalty period as set forth in Exhibit A-2 below. Royalties are to be paid by the tenth (10th) day of each Royalty period for the preceding Royalty period. Royalty payments are due for each Royalty period during the term of this Agreement, commencing with (i) the Royalty payable for the Royalty period in which your Unit Franchise begins operations, or (ii) the Royalty for the sixth Royalty period after the Effective Date of this Agreement,

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whichever Royalty period occurs first. The current Royalty period is a calendar month, but the time period may be changed by us in our Business Judgment. You must use your best efforts to maximize your Gross Revenue and Gross Profit.

- B. We may require that various Products and/or Services only be supplied by us, a Franchisor-Related Party, and/or a designee of ours. You understand and agree that we and/or our Franchisor-Related Party will derive additional revenues/profits as a result of your purchases of such Products and/or Services.

9.3 Training Fee. A Training Fee in the amount set forth in Exhibit A-1 is fully earned and payable to us when you sign this Agreement. The Training Fee is entirely nonrefundable. The Training Fee will not be payable by you if this Agreement is for the second or third Unit Franchise to be opened by you pursuant to a Multi-Unit Agreement with us

9.4 Electronic Funds Transfer. You must participate in our then-current electronic funds transfer and reporting program(s). The then-current transfer process (e.g., account debit dates, applicable forms and other relevant information) will be provided in the Operations Manuals or other written instruction from us. In any event, all Royalties owed and any other amounts designated by us must be received or credited to an account specified by us by pre-authorized bank debit not later than the end of business on the tenth (10th) day after a Royalty period. You agree to maintain sufficient funds in your authorized accounts to meet your payment obligations under this Agreement. An insufficient account balance and/or any non-payment or late payment of the actual amount due is a breach of this Agreement.

9.5 Interest and Late Fees on Late Payments and/or Reports/Collections Costs. All amounts you owe us and/or our Affiliates bear interest at the highest applicable legal rate for open account business credit, but not to exceed one and one-half percent (1.5%) per month. Additionally, we can require you to pay an administrative late fee of Two Hundred Dollars (\$200) for each late payment or report. The foregoing amount is subject to inflation adjustment under Section 9.7, but will not exceed any applicable legal restrictions. If we experience repeated late payments by you, then we can require you to pay all amounts due us by cashier's check. You are responsible for all reasonable costs of collection incurred by us in connection with any late payments, including legal costs and Attorneys' Fees.

9.6 Application of Payments, Set-Offs, Etc. As to you and/or any Affiliate of yours, we can: (i) apply any payments received to any past due, current, future or other indebtedness of any kind in our Business Judgment, no matter how payment is designated by you, except that Marketing Fund Contributions may only be credited to the Marketing Fund; (ii) set off, from any amounts that may be owed by us, any amount owed to us or any marketing fund; and (iii) retain any amounts received for your account (and/or that of any Affiliate of yours), whether rebates from suppliers or otherwise, as a payment against any amounts owed to us. We can exercise any of the foregoing rights in connection with amounts owed to or from us and/or any Franchisor-Related Party.

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9.7 Inflation Adjustments/Currency Requirements. All fixed amounts specified in this Agreement may be adjusted by us annually in our Business Judgment in proportion to the changes in the Consumer Price Index (U.S. Average, all items) maintained by the U.S. Department of Labor (or any successor index that we designate) as compared to the previous year. We will notify you of any such percentage adjustment. All amounts specified in this Agreement are in U.S. Dollars.

9.8 Payment Instructions. You agree to comply with payment instructions for fees owed under this Agreement, as provided in the Operations Manuals or as otherwise instructed by us, including a requirement that payments be made to us or an agent for collection. Neither we nor such agent will have any responsibility for the performance of our obligations under this Agreement because of any collection activities on our behalf.

10. YOUR CARTRIDGE WORLD UNIT FRANCHISE — IMAGE AND OPERATION

10.1 System Compliance, Regular Upgrading.

- A. You agree to operate your Unit Franchise in full compliance with the then-current System and the Operations Manuals. You agree to promptly comply at your expense with all then-current requirements, standards and operating procedures relating to every aspect of the Unit Franchise and its operations (including without limitation use of the Designated Equipment, Products and Services, computer hardware and software and point-of-sale (“POS”) systems; supplier programs and operating systems; signs, logos, designs and advertising/marketing materials and forms; product packaging; website designs and formats).
- B. You must maintain your Unit Franchise at your expense according to all System standards for new Unit Franchises, and promptly undertake all changes as are required by us from time-to-time in our Business Judgment. You will not make any alterations to your Unit Franchise or its operations or appearance as originally approved by us without our prior written approval.
- C. You shall require all personnel of the Unit Franchise to dress in the attire specified in the Operations Manuals during business hours at your sole expense. You shall purchase such attire only from approved suppliers.
- D. You must comply with all policies, standards and procedures for you and your employees and other representatives’ use of blogs, common social networks like Facebook and MySpace, professional networks like Linked-In, live-blogging tools like Twitter, virtual worlds, file, audio and video sharing sites, and other similar social networking media or tools (collectively, “**Social Media**”) that in any way references the Marks or involves the Unit Franchise. You and your owners, employees and agents will comply with all of our policies, standards and procedures for use of any Social Media that in any way references the Marks or involves the Unit Franchise. You will use our Intranet system in strict compliance with the standards, protocols and restrictions that are set forth in the Operations

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Manuals, or otherwise in writing. You, your employees and other representatives will not transmit any confidential information, documents or data via the Intranet site without first encrypting the transmission using the encryption program adopted by us for the Intranet site. You, your employees and other representatives will not make any derogatory, defamatory or libelous statements in any transmission made via the Internet, through our Intranet site or by any other means.

10.2 Designated Equipment, Products, Services and/or Suppliers.

- A. You and your Unit Franchise must purchase, use and offer such Designated Equipment and Products and Services, as are specified by us from time to time. We may designate a single or multiple suppliers for any given item or service and may concentrate purchases with one or more suppliers in our Business Judgment. Such suppliers may include, and may be limited to, us or an Affiliate. We also may develop new products and processes which you may be required to use/implement in the operation of your Unit Franchise. We or an Affiliate can be designated by us in our Business Judgment as an exclusive supplier for any such Products and Services. An exclusive supplier may be designated to help ensure that such Products and Services are of a uniform, high quality and are uniformly available in all Unit Franchises. You and we agree that the predictability of high quality Products, Product performance and similar factors are of key importance to our target consumers, to building a positive image and reputation for the System and the Marks, and to individual Unit Franchise and System growth. We may delete, substitute, modify or add to the Products/Services/suppliers in our Business Judgment.
- B. Designation of a supplier may be conditioned on factors established by us in our Business Judgment including, without limitation, performance relating to frequency of delivery, standards of service, and payment or other consideration to us or parties designated by us. We can approve, or revoke or deny approval, of particular items or suppliers in our Business Judgment.
- C. You must purchase all goods and services for your Unit Franchise from suppliers approved by us, unless otherwise permitted or as provided in the Operations Manuals. You can request the approval of an item, service or supplier by notifying us in writing and submitting such information and/or materials as are requested. You can be required to pre-pay any reasonable charges connected with the review and evaluation of any proposal. You will be notified within a reasonable time of the decision.
- D. You will not make any claims against us with respect to any supplier and/or related products/services, and/or our designation of, or our relationship with, any supplier/products/services. Claims by you with respect to any supplier-related and/or similar matters will be made only against the supplier in question. You will provide us with written notice prior to taking any action in connection with such a

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claim. We will use diligent efforts to assist you in resolving any disputes with suppliers approved and/or designated by us.

10.3 Purchasing Cooperative. We can require that you join and make required purchases/leases through the CARTRIDGE WORLD purchasing cooperative or other entity designated by us. Such entity may adopt its own bylaws, rules, regulations and procedures, subject to our consent in our Business Judgment. Your failure to timely pay amounts due to, or comply with the bylaws, rules, regulations and procedures of such cooperative is a breach of this Agreement. We can offset against amounts we owe to you the amount of your unpaid cooperative obligations.

10.4 Compliance with Laws and Ethical Business Practices.

- A. You will operate your Unit Franchise in full compliance with all applicable laws, ordinances and regulations. If there is ever a conflict between the requirements imposed under this Agreement and your obligation to comply with applicable laws, ordinances, and regulations, you shall immediately: (i) comply with the applicable law, ordinance, and/or regulation; and (ii) give us written notice explaining the nature and extent of the conflict.
- B. We make no representations or assurances as to what (if any) licenses, permits, authorizations or otherwise may be required in connection with your Unit Franchise. It is your sole responsibility to identify and obtain all authorizations necessary to your operation. You agree to maintain high standards of honesty, integrity, fair dealing and ethical conduct in your business activities. You will notify us in writing within five (5) days of the commencement of any proceeding and/or of the issuance of any governmental order or action impacting you and/or your Unit Franchise.
- C. You agree to comply and/or assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities including, without limitation, the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, you agree not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to your Unit Franchise as may be required by us or by law. You confirm that you are not listed in the Annex to Executive Order 13224, and agree not to hire any person so listed or have any dealing with a person so listed. You are solely responsible for ascertaining what actions must be taken by you to comply with all such laws, orders and/or regulations, and specifically acknowledge and agree that your indemnification responsibilities as provided in Section 7.6 pertain to your obligations hereunder.
- D. To the extent you will store, process, transmit or otherwise access or possess cardholder data in connection with the sale of products and services by your Unit Franchise, you will maintain the security of cardholder data and adhere to the

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then-current Payment Card Industry Data Security Standards (“PCI DSS”), currently found at www.pcisecuritystandards.org, for the protection of cardholder data throughout the term of this Agreement. You further understand it is responsible for the security of cardholder data in the possession or control of any subcontractors it engages to perform under this Agreement. Such subcontractors must be identified to and approved by us in writing prior to sharing cardholder data with the subcontractor. You will, if we request that you do so, provide appropriate documentation to demonstrate compliance with applicable PCI DSS requirements by you and all identified subcontractors.

10.5 Management and Personnel of Your Unit Franchise; Training.

- A. Your Unit Franchise must be personally managed on a full-time basis by a Manager who has successfully completed mandatory training and met our then-current standards. On-site management by you or your Designated Individual is required, unless this requirement is waived in writing by us.
- B. You are solely responsible for the hiring and management of the employees of your Unit Franchise, for the terms of their employment and for ensuring their compliance with any training or other employment related requirements established by us from time to time in our Business Judgment.
- C. We have the right to deal with the Manager regarding routine operations and reporting requirements. You will ensure that the records for your Managers/supervisors are kept current and available for our review upon our request.

10.6 Insurance.

- A. You agree to, at your expense, maintain in force policies of insurance issued by carriers that meet our standards covering various risks, as specified in writing by us from time-to-time and any other insurance coverages required by applicable law. Such insurance policies shall be written by insurance companies licensed and admitted to do business in the state in which the Unit Franchise is located. We can specify at any time the types and amounts of coverage required under such policies and require different and/or additional kinds of insurance including, but not limited to, general liability, property damage, personal and bodily injury, products liability, data security/cyber breach liability, automobile liability and excess liability insurance coverages. Each insurance policy must: (i) name us and our Affiliates as additional insured for liabilities arising out of the operations of the named insured(s); (ii) contain a waiver of all subrogation rights against us, our Affiliates, and any successors and assigns; and (iii) provide thirty (30) days prior written notice to us of any material modifications, cancellation, or expiration of such policies.

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- B. Your failure to maintain the required insurance coverage for your Unit Franchise is a material default of this Agreement, and is grounds for the termination of this Agreement. If you fail to maintain required insurance coverage, we will have the right to terminate this Agreement in compliance with the provisions of this Agreement and applicable law or, in the alternative in our discretion, the right (but not the obligation) to obtain such insurance coverage on your behalf. You will pay us on demand any costs and premiums incurred by us to obtain the required insurance coverage on your behalf.
- C. Current insurance requirements include the following and are subject to change by us: (i) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, your Unit Franchise; (ii) all risk property and casualty insurance for the replacement value of your Unit Franchise and all associated items; and (iii) business interruption insurance providing for continued payment of all amounts due us and/or any Affiliate of ours under this Agreement.
- D. Your obligation to obtain and maintain insurance policies in the amounts specified will not be limited in any way by reason of any insurance that we/Cartridge World may maintain, nor does your procurement of required insurance relieve you of liability under the indemnity obligations described in Section 7.6. Your insurance procurement obligations under this Section are separate and independent of your indemnity obligations. We do not represent or warrant that any insurance that you are required to purchase will provide adequate coverage for you or your Unit Franchise. The insurance requirements are for our/Cartridge World's protection. You should consult with your own insurance agents, brokers, attorneys and other insurance advisors to determine the level of insurance protection you need and desire, in addition to the coverage and limits required by us/Cartridge World.

10.7 Program Participation. We can condition your participation in any program, or your receipt of any System benefits, on you being in Good Standing.

10.8 Closure. You must immediately notify us of any closure or cessation of the operations of your Unit Franchise for any reason and submit a plan for re-opening. Any such closure for more than seven (7) days not authorized and/or excused by us shall be a default of this Agreement, entitling us to all remedies available hereunder, at law and in equity. During any closure of the Unit Franchise, you will pay us Royalties for each Royalty period (or portion thereof) that the Unit Franchise is closed. Such Royalties will be based upon the average Gross Revenue and Gross Profit generated by the Unit Franchise during the preceding three (3) Royalty periods (or the number of Royalty periods that the Unit Franchise was operational if the Unit Franchise was open for less than three (3) Royalty periods).

10.9 Customer Satisfaction, Quality Controls, Etc. We can institute various programs for auditing customer satisfaction and/or other quality control measures. We can require you

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to pay for such program costs. You agree to request your customers to participate in any surveys performed by or on behalf of us, using forms prescribed by us from time to time.

- 10.10 CARTRIDGE WORLD Advisory Group and Selection.** We may elect in our Business Judgment to form a “**CARTRIDGE WORLD Advisory Group**” or “**CWAG**,” to provide Input. The CWAG will consist of franchisees in Good Standing, each of whom shall represent the interests of the Unit Franchises in their distinct geographical region (the “**Region**”). CWAG members will be elected for a term or terms by a majority of the Unit Franchises situated in their respective Region. The geographical area of each Region will be established by us in our Business Judgment with due consideration given to achieving a representative group of Unit Franchises for each Region. The number of Regions and their respective boundaries will be subject to adjustment from time to time to reflect growth and population changes, among other appropriate factors. Each Unit Franchise will be entitled to one vote per Unit Franchise. We will always have the right to appoint one representative to participate in all CWAG meetings and any other CWAG activities, but such representative will be a non-voting participant. The CWAG may adopt its own bylaws, rules, regulations and procedures, subject to our consent in our Business Judgment. While it is not required to do so except in those specific instances stated in this Agreement, if we submit any matters for approval to a CWAG and approval is granted, the approval will be binding on you.

11. MARKETING

11.1 Marketing Fund.

- A. We have established an advertising, publicity and marketing fund (the “**Marketing Fund**”) to promote the System, the Marks and the Unit Franchises. You agree to make a marketing fund contribution as set forth in Exhibit A-1 below (the “**Marketing Fund Contribution**”).

The percentage of Marketing Fund Contributions shall be established by us in our Business Judgment, subject to the maximum limitations described above. Such percentage Marketing Fund Contributions will be calculated and payable at the same time and in the same manner as royalties, including any electronic funds transfer requirements. Such Contributions shall be payable to us, or as otherwise instructed by us. If you fail to pay your Marketing Fund Contribution in accordance with this Agreement, we may deny you access to the benefits under the Marketing Fund. This shall be in addition to any other remedy we may have under this Agreement or any applicable law. We may, on a temporary or permanent basis, delegate management of all or part of the Marketing Fund to an Affiliate, including but not limited to contribution collection activities. In such an event, all rights of, and benefits to, us with respect to the Marketing Fund, whether arising under the provisions of this Agreement or otherwise, shall also accrue to such other entity(ies). If we have delegated or delegate any such management to an Affiliate, it will have no obligations to you and you will not make any claims against us or the Affiliate with respect to such management activities and/or any related matter. To

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the extent of any such delegation, all such obligations will be ours and/or such other entity's alone.

- B. We shall have sole discretion over all matters relating to the Marketing Fund, operational, marketing or any other matter (consistent with its purposes and the provisions of this Agreement). The Marketing Fund may be used for (among other things) product development; signage; creation, production and distribution of marketing, advertising, public relations, lead generation and other materials in any medium, including the Internet and other digital marketing; administration expenses; brand/image awareness campaigns; media; national, regional, local and other marketing programs; activities to promote current and/or future Unit Franchises and the System; agency and consulting services; research, any expenses approved by us and associated with CWAG or other franchisee advisory groups. A brief statement regarding the availability of CARTRIDGE WORLD Franchises may be included in advertising and other items produced using the Marketing Fund.
- C. We or any other Franchisor-Related Parties can provide goods, services, materials, etc. (including administrative services and/or "in-house advertising agency" services) and be compensated and/or reimbursed for the same by the Marketing Fund, provided that any such compensation must be reasonable in amount. We can arrange for goods, services, materials, etc. (including administrative services) to be provided by independent persons/companies and all related costs, fees, etc. will be paid by the Marketing Fund.
- D. The Marketing Fund will be accounted for separately and may be used to pay all administrative and other costs of the Marketing Fund related to its activities and purposes and/or as authorized by the relevant Unit Franchise Agreements. All taxes of any kind incurred in connection with or related to the Marketing Fund, its activities, contributions to the Marketing Fund and/or any other Marketing Fund aspect, whether imposed on us, the Marketing Fund or any other related party, will be the sole responsibility of the Marketing Fund. We will prepare financial statements for the Marketing Fund annually, which will be furnished to you upon written request. We can choose that any such statements be audited and any related accounting/auditing costs be paid by the Marketing Fund. Funds in the Marketing Fund must be expended, prior to termination of the Marketing Fund, only for the purposes authorized by the relevant agreements. No profit, gain or other benefit will directly accrue to us from the Marketing Fund. All interest earned on monies contributed to, or held in, the Marketing Fund will be remitted to the Marketing Fund and will be subject to the restrictions of the relevant agreements.
- E. Financial management of the Marketing Fund will be our sole responsibility. We can in our Business Judgment do any of the following:
 - 1. compensate us and/or any Franchisor-Related Party for salaries, administrative costs, overhead and other expenses incurred in Marketing Fund related programs and activities including, but not limited to,

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production, research, insurance, and collection expenses, as well as any legal expense related to the activities and purposes of the Marketing Fund (consistent with the provisions of this Agreement);

2. charge the Marketing Fund for Attorneys' Fees and other costs related in any way to claims against us and/or any of the Franchisor-Related Parties regarding the Marketing Fund. However, we will reimburse the Marketing Fund for any Attorneys' Fees and/or costs paid by the Marketing Fund in connection with any action in which we are finally found to have acted unlawfully or to be guilty of wrongdoing with respect to the Marketing Fund;
3. spend in any fiscal year an amount greater or less than the aggregate contributions to the Marketing Fund in that year, and the Marketing Fund may borrow from us or other lenders to cover deficits of the Marketing Fund or cause the Marketing Fund to invest any surplus;
4. collect for remission to the Marketing Fund any advertising or promotional amounts offered by any supplier based upon franchisee purchases. Any such contributions, whether or not made with respect to purchases by you, will not count toward your required Marketing Fund Contributions;
5. pay the advertising, marketing, public relations and related costs involved in any co-branding, dual franchising or other such multi-sponsor programs;
6. revise marketing and other programs, and/or make expenditures from the Marketing Fund, to take account of cultural and other differences (and/or we can delegate management of a portion of the Marketing Fund in connection therewith);
7. defer, waive and/or compromise claims for current/future contributions to, and/or claims against or with respect to, the Marketing Fund and fund the same with the Marketing Fund;
8. take legal or other action against any franchisee in default of their obligations to the Marketing Fund;
9. merge the Marketing Fund with any marketing fund otherwise established for Unit Franchises for use as described in this Section 11.1, so long as the restrictions of the relevant Unit Franchise Agreement(s) continue to apply to contributions made by franchisees under such arrangements;
10. maintain Marketing Fund assets in one or more accounts designated as "trust accounts" for purposes of protecting such assets from claims of third-party creditors, (however, such action shall not be deemed to create any "trust," "fiduciary relationship" or similar special arrangement);

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11. incorporate the Marketing Fund or operate it through an entity separate from us, which is subject to all of our rights and duties relating to the Marketing Fund;
 12. take such other actions in connection with the Fund as we consider appropriate and as are consistent with the provisions of this Section 11.1.
- F. You acknowledge and agree that we have no obligation to ensure that expenditures by the Marketing Fund are or will be proportionate or equivalent to contributions to the Marketing Fund by Unit Franchises operating in any geographic area, or that any Unit Franchise will benefit directly, indirectly or in proportion to its contribution to the Marketing Fund. We have no obligation to cause other Unit Franchises to contribute to the Marketing Fund or engage in local marketing, and we can permit a unit franchisee to make direct advertising expenditures in place of contributions to the Marketing Fund. You understand that some CARTRIDGE WORLD unit franchisees may have Marketing Fund obligations that are different from yours, if any. However, all CARTRIDGE WORLD businesses owned by us will make contributions to the Marketing Fund as if they were subject to the then-current form of Unit Franchise Agreement.
- G. Neither we nor any Franchisor-Related Parties (including the CWAG) will be liable for any act or omission in connection with the Marketing Fund which is consistent with this Agreement. You expressly agree that none of the relationships with you in connection with the Marketing Fund are in the nature of a “trust,” “fiduciary” or similar special arrangement.
- H. Subject to the express requirements of this Agreement that your Marketing Fund Contributions will only be spent as authorized herein, you agree that we can deny access to any and all programs and/or materials created by, and benefits of, the Marketing Fund to you and to any franchisees who are in default in any obligations to the Marketing Fund and/or otherwise in default under this Agreement.

11.2 Your Participation in Marketing Fund. You agree to participate in all Marketing Fund programs. You have the right to set your own prices, except that we can specify maximum or minimum prices for goods or services to the greatest degree permitted by law. You will fully honor all coupons, price reduction and other promotions/programs as directed by us. We can choose for the Marketing Fund to furnish you with marketing, advertising and promotional materials and also can choose to require that you pay the cost of producing, shipping and handling for such materials.

11.3 Your Local Marketing Activities.

- A. You must spend the minimum amount as set forth in Exhibit A-1 each calendar month for local advertising and promotion of your Unit Franchise (“**Local Advertising Expenditures**”), subject to the additional grand opening advertising

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expenditure requirements provided for in Section 3.1.D above. You agree to submit, upon our request, verification of your Local Advertising Expenditures in a form prescribed by us in our Business Judgment. Appropriate Local Advertising Expenditures may include, but are not limited to, may include traditional and online media such as: TV, radio, print, direct mail, telemarketing, outdoor, interactive/multimedia, search engine marketing/optimization, pay per click, social media marketing and management, lead generation activities, business network marketing and other advertising that meets the current System standards set forth in the Operations Manuals. The value of discounts, coupon redemptions, products or services given without charge, salaries and expenses of any of your employees, or any charitable, political, or other contributions or donations, shall not be considered to meet your Local Advertising Expenditures obligation under this Section.

- B. Your advertising must be in good taste and conform to ethical and legal standards. We can require that samples of all advertising and promotional materials for any media, including the Internet, be submitted to us for our review and approval prior to use. You agree not to use any materials or programs disapproved by us at any time in our Business Judgment. We can require that a brief statement regarding the availability of CARTRIDGE WORLD Franchises is included in advertising used by you and/or that brochures regarding purchase of CARTRIDGE WORLD Franchises are displayed at the Premises or made available to the general public in connection with the Unit Franchise.
- C. You agree to comply with the Operations Manuals and any other specifications we give to you regarding your use of the Internet or other electronic media in connection with your Unit Franchise including, but not limited to, any requirement that any such use be only through us, and/or a designated Internet/Intranet service provider (which can be us or an Affiliate), and/or that all web pages related to your Unit Franchise be accessed through a designated site and/or meet specifications. You agree that you will not establish and/or maintain without our prior written consent any independent website, domain name, e-mail address or other such presence for use in connection with your Unit Franchise and may not use any Marks in connection with any of the foregoing.
- D. A CARTRIDGE WORLD Internet/Intranet system has been implemented to enhance communications by and among CARTRIDGE WORLD network members, to help support various system maintenance services, and to permit the efficient/economic delivery of a variety of information, such as Operations Manuals, System bulletins, marketing materials, financial data, reporting information, technical instructions, etc. You agree to participate in any such Intranet/Internet activities as required from time to time and to maintain the necessary hardware, software, POS systems, equipment, high-speed Internet service and other items as we require to enable you to do so on an ongoing basis at your expense. You agree to pay by credit card, bank autodraft, or other method required by us, a then-current Operations Fee to support such systems and programs. The Operations Fee is subject to adjustment by us based upon

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product/service vendor price increases and/or the formula provided in Section 9.6 above. In addition to any other rights and remedies we may have, if you are not in Good Standing, we may limit or suspend your access to and/or use of systems and programs related to the Operations Fee including, but not limited to, your POS system operation, until any defaults by you are cured or we are otherwise satisfied, and you return to Good Standing.

- 11.4 Marketing Co-ops.** We can elect in our Business Judgment to form any regional association(s) of CARTRIDGE WORLD franchisees to conduct various marketing-related activities on a cooperative basis (a “CWMC”). If a CWMC is formed covering your area, then you must join and actively participate. You may be required to contribute such amounts as are determined from time to time by the CWMC. Contributions will be established on a per Unit Franchise basis. The CWMC can adopt its own bylaws, rules, regulations and procedures, subject to our consent in our Business Judgment. Any failure to timely pay amounts due to, or to comply with the bylaws, rules, regulations and procedures of, the CWMC shall be a breach of this Agreement. We can offset against amounts we owe to you the amount of your unpaid CWMC obligations. While we are not required to do so except in those specific instances stated in this Agreement, if we submit any matters for approval to a CWMC and approval is granted, the approval will be binding on you.

12. RECORDS AND REPORTING

- 12.1 Bookkeeping, Accounting and Records, Cash Register, Computer and Other Systems.** You must obtain and maintain at your sole expense accounting, sales, reporting and records retention systems conforming to any requirements prescribed by us from time to time, including any such electronic systems with on line access for us. Such systems may include, but are not limited to, electronic cash register, computer and point-of-sale systems, and software programs, and may have components only available from us, a Franchisor-Related Party and/or designated suppliers. We reserve the right to use in our Business Judgment, and to have full access to, all cash register, computer and any other systems, and the information and data they contain. We can charge a reasonable fee for the license, modification, maintenance or support of software or any other goods and/or services that we furnish to you in connection with any of the systems.

12.2 Reports, Financial Statements and Tax Returns.

- A. You will provide to us an annual business plan by December 31 of each year and such other information regarding the sales and operation of your Unit Franchise in such form and format as we specify from time to time in our Business Judgment. Such information may be obtained through a variety of methods, including direct on-line access, facsimile transmissions and written copies. Current information requirements include, but are not limited to, the following, and are subject to change by us:

1. Sales and operations reports for each Royalty period, which are due at the same time as the corresponding Royalty payment;
 2. Within forty-five (45) days after the end of each fiscal year, an unaudited fiscal year-end balance sheet, income statement/profit and loss statement, and cash flow statement for your Unit Franchise, prepared in accordance with generally accepted accounting principles, and verified and signed by you; and
 3. Retention of all records of or relating to your Unit Franchise, including all income, sales and other tax returns, for the term of this Agreement and one year thereafter.
- B. You agree to provide such other data, information and supporting records for your Unit Franchise as we reasonably may request from time to time including, without limitation, copies of your Unit Franchise's state sales tax returns and those portions of your income tax returns relating to your Unit Franchise. We reserve the right to require you to provide us at your expense with an annual audited financial statement prepared by a certified public accountant upon a reasonable belief by us that such statements are required to help ensure reporting accuracy.

13. INSPECTIONS AND AUDITS.

13.1 Our Inspections. We and our agents will have the right, at any time during business hours, and without prior notice to you, to: (i) inspect the operations and appearance of your Unit Franchise and related activities and items and record the same; (ii) remove samples for testing and analysis; (iii) interview personnel; (iv) interview customers; and (v) conduct inventories. You agree to cooperate fully in connection with such matters. We may require you or an individual we designate to meet at our principal business address or other location we specify, for the purpose of discussing and reviewing your Unit Franchise's operations, financial performance and other matters.

13.2 Audit. We and our agents will have the right at any time during business hours, and without prior notice to you, to inspect and/or audit business records relating in any way to your Unit Franchise and the files, books and records of any person(s), corporation or partnership which holds or owns, does business with (such as a supplier, creditor or other similar relationship), or is employed at or by the Unit Franchise. Such business records may include, but are not limited to, bookkeeping and accounting records, sales and income tax records and returns, cash register tapes, invoices, and deposit receipts. Our right to audit includes the right to access all cash registers, computers and other equipment by electronic means. You will cooperate fully with such an audit. Notwithstanding any provision to the contrary in this Agreement or otherwise, our audit rights will continue in effect for two (2) years after the Repurchase, termination/expiraton of this Agreement, or any Transfer. Our failure to exercise any rights to conduct an audit will not act as a waiver of any rights or constitute a lack of diligence for purposes of the delayed discovery doctrine or otherwise.

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13.3 Understatements. If any inspection or audit discloses an understatement of Gross Revenue and/or Gross Profit, you must pay to us the Royalties and Marketing Fund Contributions due on the understated amount, plus interest, from the date originally due until the date of payment. We can require you to reimburse us for the cost of the inspection or audit including, without limitation, the charges of any independent accountants, and related Travel Expenses and per diem charges for our and their employees, if: (i) any inspection or audit is necessary because of your failure to timely furnish required information/reports; or (ii) Gross Revenue/Gross Profit is understated for any period by more than two percent (2%). In addition to all other remedies and rights of ours hereunder or under applicable law, we may terminate this Agreement if: (i) Gross Revenue/Gross Profit is understated for any period by more than five percent (5%); or (ii) any understatement is determined by us to be intentional.

14. TRANSFER

14.1 Transfers by Us.

- A. We shall have the right, without notice to or consent by you, to transfer or assign this Agreement and all or any part of our rights or obligations under this Agreement to any person or legal entity, and any assignee shall become solely responsible for all of our obligations under this Agreement from the date of assignment.
- B. Upon the transfer or assignment of this Agreement by us as provided for above, you will (i) pay to our nominee all amounts owed or to be owing, and submit all reports due or to become due, under this (and/or any other) Agreement and (ii) allow to be assigned to our nominee this Agreement and any other agreement between us and you (or any Affiliate of yours). You hereby award to us a power of attorney authorizing us to execute any and all such assignments.
- C. You agree that neither we nor any Franchisor-Related Party will have any liability to you resulting from our entering into any transactions permitted hereunder.

14.2 Transfers by You.

- A. The rights and duties created by this Agreement are personal to you (or your owners, if you are a Business Entity). We have awarded the Franchise relying on the individual integrity, ability, experience and financial resources of you or such owners. Therefore, neither this Agreement, the Franchise, you or your Unit Franchise (nor any ownership or other interest in, or the assets of, any of them) can be transferred without our prior written approval. Any transfer or attempted transfer without our prior written approval is null and void, and a breach of this Agreement.
- B. The term “**Transfer**” includes (but is not limited to) any voluntary or involuntary assignment, sale, gift, pledge or any grant of any ownership, security or other

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interest (whether partial or whole, or direct or indirect), by you (or your owners, if you are a Business Entity). A Transfer also includes the following events: (i) any transfer of ownership of capital stock or any partnership or similar interest; (ii) any merger, consolidation or issuance of additional securities representing an ownership interest in you; (iii) any sale of your voting stock or of any security convertible to voting stock; (iv) any transfer in a corporate or partnership dissolution, divorce, insolvency proceeding or otherwise by operation of law; (v) any transfer of any interest in any revenues, profits, or assets of your Unit Franchise which is not in the ordinary course of business; or (vi) any transfer to a Business Entity and/or a trust or similar entity. A transfer of ownership, possession or control of your Unit Franchise, or any of its assets, may only be made in conjunction with a Transfer of the Franchise, subject to the right of first refusal granted to us in Section 14.10 or our Repurchase rights under Section 14.11, and the conditions set forth in Section 14.3 below. Any Transfer in the event of death or disability will be governed by Section 14.5 below.

14.3 Conditions for Approval of Any Transfer.

- A. All of the following conditions must be met prior to, or concurrently with, the effective date of any Transfer. We can expand upon, or provide more details related to, these conditions in our sole and absolute discretion in the Operations Manuals or otherwise in writing.
1. You must be in compliance with this Agreement, the Operations Manuals, all other agreements between you and us (including any of our respective Affiliates), and all leases or subleases with any party, and the transferee must expressly assume all obligations under all such agreements; and
 2. The transferee and its owners must meet our then-current requirements for new unit franchisees including, but not limited to, business experience, aptitude and financial resources, as well as immigration status; and
 3. You must meet all payment and reporting obligations under this Agreement and any other agreements between you and us (and any of our respective Affiliates). Promissory notes shall be accelerated and paid in full; and
 4. All obligations to third parties in connection with your Unit Franchise must be satisfied or assumed by the transferee; and
 5. All aspects of your Unit Franchise, including but not limited to its design, appearance, equipment, and operations, must have been brought into full compliance with the Operations Manuals and specifications and standards then-applicable for new Unit Franchises; and
 6. The transferee, its Designated Individual and/or Manager must have successfully completed, or at our option, have agreed in writing to

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successfully complete within three (3) months after the Transfer, the training program for new unit franchisees. The transferee will be responsible for all Travel Expenses and training costs, including then-applicable Training Fee set forth in Exhibit A-1; and

7. The transferee must, at our option, (i) agree to be bound by all the terms and conditions of this Agreement for the remainder of its term, or (ii) execute our then-current form of Unit Franchise Agreement and ancillary documents (including guarantees) as are then customarily used by us in the grant of Unit Franchises, which may contain terms materially different from this Agreement. The term of any such new Unit Franchise Agreement shall be for the full term generally awarded to new unit franchisees as of the time of the Transfer; and
8. The Transfer must be completed in compliance with the terms of any applicable leases and other agreements and with all applicable laws, including but not limited to licensing and operations-related laws and/or laws governing franchise sales; and
9. You or the transferee must pay us with your application for a Transfer a non-refundable Transfer Fee as set forth in Exhibit A-1, but only if such proposed Transfer involves a change in controlling interest, an assignment of this Agreement, or sale of all or substantially all of your Unit Franchise's assets; and
10. You and each of your owners and/or Affiliates, and the transferee (and each owner and/or Affiliate of the transferee), must sign a General Release; and
11. Any grant of a security or similar interest in connection with a Transfer (which grant may or may not be permitted by us in our Business Judgment), will be subordinated to our rights and the rights of any Franchisor-Related Party under this Agreement or any other agreement; provided that we can refuse to allow you or anyone else to grant or receive a pledge, mortgage, lien or any security or similar interest in and/or to the Franchise or your Unit Franchise (or any of its assets) if, after having expended commercially reasonable efforts in discussions with lenders or other applicable parties, we are unable in our Business Judgment to obtain appropriate protections for our rights under this Agreement and/or for System interests; and
12. You must agree with the transferee not to compete after the Transfer in accordance with restrictions acceptable to us and substantially similar to those described in Section 8.2.B above, to the maximum extent permitted by law. We shall be named a third party beneficiary of such agreement; and
13. We can (but are not required to) withhold or condition our consent to any Transfer in our Business Judgment, particularly if we believe that the terms

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of Transfer jeopardize the economic viability of the Unit Franchise or based on other circumstances of the Transfer, and/or if we would not normally directly award a Franchise in such a situation; and

14. We may, but are not required to, refer to you a prospect(s) for the possible purchase of your Unit Franchise. You agree to pay to us (as applicable) a referral fee equal to ten percent (10%) of the total and final purchase price for your Unit Franchise (or any interest therein), if your Unit Franchise (or any interest therein), is transferred to such a prospect. The fee calculation shall be based upon the total purchase price, regardless of whether or not you actually receive the full purchase price at closing (e.g., regardless of any financing by you, notes payable, negotiated payment installments, etc.). We must receive the referral fee in cash at or prior to closing as a pre-condition to the effectiveness of any consent to transfer from us. You agree to comply with the then-current provisions in the Operations Manuals and/or other written requirements established by us regarding prospect referrals and other matters relating to any prospect referral program operated by us.
- B. You agree that we may (but are not required to) discuss with you and/or the proposed transferee all matters related to any Transfer and/or proposed Transfer at any time which we consider to be appropriate in our Business Judgment without liability (including our opinion of the terms of sale, performance of your franchise, etc.). You expressly consent to any such discussions by us.
- C. Neither you nor any transferee shall rely on us to assist in the evaluation of the terms of any proposed Transfer. You acknowledge and agree that an approval of a proposed transfer shall not be deemed to be an approval of the terms, nor any indication as to any likelihood of success or economic viability.

14.4 Additional Conditions for Transfer to Business Entity.

- A. We will consent to a Transfer from you to a Business Entity owned by you and formed for the sole purpose of operating the Unit Franchise if the conditions described in Section 14.3 above, and the following conditions are met. Such a Transfer will not relieve you of the Post-Termination Provisions of this Agreement. You will remain jointly and severally liable to us for your and the Business Entity's obligations.
 1. The Business Entity's stock certificates (and/or other applicable evidences of ownership and all documents of formation/governance) must recite that any ownership interest in the Business Entity is restricted by the terms of this Agreement; and

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2. You must have (and continue to maintain) management control and ownership of at least fifty-one percent (51%) of the Business Entity and personally manage its affairs; and
3. You (if you are an individual) (or, if you are a partnership, at least one of the partners) must be and remain the chief executive officer, chief operating officer or chief financial officer and meet our then-current training requirements. If you are or you become a corporation, limited liability company, partnership or other Business Entity, the chief executive officer, chief operating officer or chief financial officer of such entity must always meet all of our then-current training and other standards; and
4. The transferee must enter into an approved form of assignment in which the Business Entity assumes all of your obligations under this Agreement and any other agreements with us and/or a Franchisor-Related Party, and any other documents we can require as provided in Section 14.3.A.7 above. If the assignment is to a Business Entity wholly-owned by you, we will waive the transfer fee stated in Section 14.3.A.9 above, but we may in our Business Judgment require you to pay a reasonable administrative services fee of Five Hundred Dollars (\$500) for any such assignment occurring more than one hundred twenty (120) days after the Effective Date of this Agreement; and
5. All current and future owners of the Business Entity must agree in writing to comply with this Agreement and any other agreements with us and/or any Franchisor-Related Parties. We can at our option and in our Business Judgment require any and all owners to jointly and severally guarantee (in a written form approved by us) any such obligations of the Business Entity under any such agreements. The current approved form of Continuing Personal Guarantee is attached as Exhibit B to this Agreement; and
6. We can require that each of the present and/or future owners, shareholders, directors, and/or officers execute confidentiality and non-competition agreements with terms substantially similar to those described in Sections 8.1 and 8.2, respectively; and
7. In any event, we can withhold or condition our consent to any Transfer as we deem appropriate in our Business Judgment, based on the circumstances of the Transfer or otherwise.

14.5 Death or Disability of Franchisee.

- A. If you, or if the owner of the Unit Franchisee with a controlling interest, dies or is permanently disabled, then his or her interest in this Agreement, the Unit Franchise and/or the Unit Franchisee shall be transferred to a third party subject to all of the provisions of this Section 14. A “permanent disability” occurs if you are not able to

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personally, actively participate in the management of your Unit Franchise for six (6) consecutive months. Any Transfer under this Section shall be completed within six (6) months after the date of death or permanent disability. If no Transfer occurs, the Franchise will automatically terminate at the end of such period, unless a written extension is granted by us in our Business Judgment.

- B. We can (but are not required to) operate your Unit Franchise on your behalf and at your expense in the event of your death, disability or absence. We can pay ourselves a reasonable amount for our management services and other costs. We will use reasonable efforts and business judgment in managing the business, but will in all cases be indemnified by you (and/or your estate) against any costs and/or liabilities related in any way to our management and the operation of your Unit Franchise. We are expressly authorized by you to manage in good faith and on terms that we consider appropriate in our Business Judgment, including payment of any past, current and/or future obligations to us or to any other creditor out of assets and/or revenues of your Unit Franchise.

14.6 Acknowledgement of Restrictions. You acknowledge and agree that the restrictions on Transfers imposed herein are reasonable and necessary to protect the System and the Marks, as well as our reputation and image, and are for the protection of us, you and all other unit franchisees that own and operate CARTRIDGE WORLD Unit Franchises and Master Franchises. Any Transfer permitted by this Section 14 will not be effective until we receive a completely executed copy of all Transfer documents and we consent to the Transfer in writing. Any Transfer or attempted transfer without our prior written approval is null and void, and is a breach of this Agreement.

14.7 Transfer to Similar Business Prohibited. You and your owners will not Transfer this Agreement, the Franchise, the Unit Franchisee or your Unit Franchise (or any ownership or other interest in, or the assets of, any of them) to any person or Business Entity that directly or indirectly owns, operates, franchises, develops, consults with, manages, is involved in, or controls any Similar Business. If we refuse to permit a Transfer under this provision, then the only remedy you and your owners will be to have a mediator or arbitrator determine whether the proposed transferee owns, operates or is directly or indirectly involved in a Similar Business.

14.8 Effect of Consent to Transfer. Our consent to a Transfer is not a waiver of any claims we may have against you, and you are not relieved of any obligations to us or any Franchisor-Related Parties, unless you have an express written release signed by us. Your obligations under the Post-Termination Provisions will survive any Transfer of this Agreement. Any dispute regarding any proposed or completed Transfer will be resolved through the dispute resolution provisions of this Agreement. Neither we nor any Franchisor-Related Parties will have any liability to you or any proposed or actual transferee in connection with our examination and/or possible consent or withholding of consent involving any Transfer or proposed Transfer, or our exercise of any right of ours, which is consistent with this Agreement. You agree to indemnify and hold us harmless from any liability to you, the proposed transferee or otherwise.

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14.9 Securities Offers. If you are a Business Entity, all materials for an offering of stock or partnership interests in you or any Affiliate under any applicable federal or state law shall be submitted to us for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering shall be submitted to us for such review before their use. No such offerings shall imply (by use of the Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your or an Affiliate's securities; and our review of any offering shall be limited solely to the relationship between us and you and any Affiliates, if applicable. We may, at our option, require the offering materials to contain a written statement prescribed by us concerning the limitations stated in the preceding sentence. You (and the offeror if not you), your owners, and all other participants in the offering must fully indemnify Franchisor-Related Parties in connection with the offering. For each proposed offering, you shall pay us a non-refundable fee of Ten Thousand Dollars (\$10,000) or such greater amount as is necessary to reimburse us for our reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering. You shall give us written notice at least thirty (30) days before the date that any offering or other transaction described in this Section commences. Any such offering shall be subject to our prior written consent and right of first refusal as provided herein.

14.10 Right of First Refusal.

- A. We have a right of first refusal regarding any proposed Transfer subject to this Agreement. With each proposed Transfer, you will provide us with a true and complete copy of the offer received by you (and any ancillary agreements), and the conditions to Transfer described in Sections 14.3 and 14.4, as applicable, will be met. The offer and the price and terms of purchase must apply only to an interest in this Agreement, the Franchise, your Unit Franchise or the Unit Franchisee (or any ownership or other interest in, or the assets of, any of them). Any value attributable to the goodwill of the Marks, the System elements, Confidential Information or any other assets, tangible or intangible, related to the Marks and System will be excluded from the purchase price.
- B. We will give you written notice of our decision to exercise our right of first refusal within fourteen (14) days from the date of our receipt of the offer and ancillary documents. If any of the assets to be purchased do not meet the standards we then apply to new Unit Franchises, or if you are in default, we can require that the Unit Franchise be brought into compliance and any defaults cured before the fourteen (14)-day period begins. We can substitute cash for any form of payment proposed in such offer and will have a reasonable period of time in which to prepare for the close of the transaction, generally sixty (60) days. We will be entitled to purchase any interest subject to all Customary Representations, Warranties and Agreements. We can require that the closing of the sale be through an escrow. You and we will comply with any applicable bulk sales and/or similar laws, and you will maintain all insurance policies until the date of closing. We will have the right to set off against any amount of money payable by us all amounts due from you and/or your

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Affiliates to us and/or our Affiliates. We will also have the right, in our Business Judgment, to pay any amount otherwise payable to you directly to your creditors in satisfaction of your obligations. If you violate any of your obligations that expressly or by their nature survive this Agreement, we will not be obligated to pay any amount otherwise due or payable to you thereafter. In connection with such purchase, you and each transferor (and your respective Affiliates) will sign a General Release.

- C. If we do not exercise our right of first refusal, you or your owner can complete the sale to such purchaser on the exact terms of such offer, subject to the conditions of this Section 14. If there is a material change in the terms of the sale, we will have an additional right of first refusal on the same terms and conditions as are applicable to the initial right of first refusal. Our rights under this or any other Section are fully assignable without your approval.

14.11 Our Right to Repurchase.

- A. We have a right, but not an obligation, to repurchase your Unit Franchise and the assets of your Unit Franchise (the “**Repurchase**”). We may exercise this right in our Business Judgment by giving you written notice at any time during the term of this Agreement and on or within one hundred twenty (120) days of termination or expiration thereof.
- B. The Repurchase price shall be established subject to the following limitations. If you and we are unable to agree on the Repurchase price, then the fair market value will be determined by an independent appraiser selected by you and us and subject to the limitations provided herein. If you and we are unable to agree on an appraiser, you and we will each select one appraiser, who together will select a third appraiser. The fair market value will be deemed to be the average of the three (3) independent appraisals. All sales, transfer and/or similar taxes are to be paid by you. Any going concern value of your Unit Franchise shall be factored into the Repurchase price, but in no event will the Repurchase price include:
 - 1. any goodwill or other monetary factor for the Marks, System elements, Confidential Information or any other assets, tangible or intangible, which are proprietary to us and/or Cartridge World; and/or
 - 2. any assets which are not bona fide assets integrally related to the operation of your Unit Franchise and which are excluded from the purchase by us in our Business Judgment.
- C. Pending the closing of such a Repurchase, we will have the right to appoint a Manager to maintain the operation of your Unit Franchise. You will forever indemnify and hold us harmless against all obligations incurred in connection with the Unit Franchise prior to purchase. You will furnish us with a complete list of accounts unpaid by you within ten (10) days of our notice of intent to exercise this

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option. We may (but are not required to) pay these unpaid bills directly to the parties owed and deduct them from the purchase price in lieu of paying such portion of the purchase price directly to you.

- D. The post-term restrictions described in Section 8.2.B above, and elsewhere in this Agreement will be continuing obligations of yours. We shall receive all Customary Representations, Warranties and Agreements from you, your owners and your Affiliates in connection with any such Repurchase. We can require that the closing of the sale be through an escrow. You and we will comply with any applicable bulk sales and/or similar laws, and you will maintain all insurance policies until the date of closing. We will also have the right, in our Business Judgment, to pay any amount otherwise payable to you directly to your creditors in satisfaction of your obligations. If you violate any Post-Termination Provisions, we will not be obligated to pay any amount otherwise due or payable to you thereafter.
- E. Any Repurchase price to be paid under this Section 14.11 will be paid, at our sole option, either in cash at closing, or under an unsecured, interest free promissory note, as follows: twenty percent (20%) at closing, twenty percent (20%) no later than ninety (90) days after closing, twenty percent (20%) no later than one hundred eighty (180) days after closing, twenty percent (20%) at the first anniversary date of the closing, and the final twenty percent (20%) at the second anniversary date of the closing. We can offset against the Repurchase price, and any installments thereof, any amounts owed by you (or any Affiliates) to us (or any Franchisor-Related Parties). In connection with our exercise of any rights under this Section 14.11, you (and each owner/Affiliate) will execute a General Release.
- F. We will not assume any liabilities, debts or obligations of yours in connection with any such Repurchase, and you will indemnify us and each of the Franchisor-Related Parties from any and all claims arising out of any such Repurchase. Notwithstanding the foregoing sentence, costs paid or incurred in connection with the transaction, including but not limited to, all appraisal fees and closing costs, shall be shared equally between you and us, but excluding Attorneys' Fees paid or payable to the respective attorneys for the parties. You and we will comply with all applicable laws in connection with any such Repurchase and will cooperate in complying with all such requirements.
- G. This Agreement shall terminate upon the date the above-described Repurchase becomes effective, subject to any surviving obligations described in this Agreement (unless earlier terminated as a result of a default by you or by expiration of this Agreement). If you fail to complete or to continue to comply with any surviving obligation(s), we will not be obligated to pay that portion of the Repurchase price otherwise due or payable following such failure, in addition to any other remedies to which we are otherwise entitled.

14.12 Bankruptcy Issues. If you or any person holding any interest (direct or indirect) in the Franchisee becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any

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similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any Transfer of the Franchisee, the Franchisee's obligations and/or rights hereunder, any assets of the Franchisee or the Unit Franchise, or any indirect or direct interest in the Franchisee shall be subject to all of the terms of this Section 14.

15. RENEWAL FRANCHISE

15.1 Your Option. If you are awarded this Agreement for the initial term of your Franchise, then this Agreement terminates at the expiration of the initial term. At that time, subject to the provisions of this Section 15, you will be eligible to be awarded a renewal Franchise. The renewal Unit Franchise Agreement may differ materially from this one in financial and other ways and terms. The renewal term will be a single ten (10) year period, without any further term. You have no right to an additional renewal term if this Agreement is being awarded to you as a renewal Unit Franchise Agreement, although we may grant you an additional renewal term in our Business Judgment.

15.2 Notice of Election. You must give us written notice of election to obtain the renewal Franchise not less than six (6) months, but not more than twelve (12) months, before the expiration of the initial term of this Agreement. Within ninety (90) days after our receipt of the notice, we will give to you in writing:

- A. any reasons which could cause us to not award the renewal Franchise, including any deficiencies requiring correction; and
- B. our then-current requirements relating to all aspects of a CARTRIDGE WORLD Unit Franchise, including, but not limited to, image, appearance, decoration, furnishings, equipment, operations, and programs for a Unit Franchise (collectively, the "specifications and standards then-applicable for new Unit Franchises and with the Operations Manuals").

15.3 Conditions to Award of Renewal. Any award of the renewal Franchise must meet all of the following conditions applicable to your Unit Franchise, together with the then-current standards applicable to renewal Franchises, each of which is agreed to be reasonable:

- A. You (and each Affiliate of yours) must be in Good Standing;
- B. Your Unit Franchise and its operations must fully comply with all specifications and standards then-applicable for new Unit Franchises and with the Operations Manuals by the expiration of this Agreement;
- C. You must present evidence satisfactory to us that you have the right to remain in possession of the Premises for your Unit Franchise for the duration of the renewal Franchise, unless we otherwise agree in writing. If you are unable to maintain possession of your Premises, or in our judgment your Premises should be relocated, you must have obtained our consent to and secured substitute Premises by the

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Expiration Date. Such Premises must comply with all specifications and standards then-applicable for new Unit Franchises and with the Operations Manuals;

- D. You (and each Affiliate of yours) must have paid all amounts owed to us and any Franchisor-Related Parties;
- E. You must have executed our then-current form of Unit Franchise Agreement and related documents then customarily used by us (with appropriate modifications to reflect the fact that the Unit Franchise Agreement to be awarded relates to a single renewal Franchise as contemplated by this Agreement). You will not be required to pay the then-current Initial Franchise Fee, and we will not be required to provide you any site location, initial training or other “start-up” services in connection with the award of any renewal Franchise;
- F. You must have complied with our then-current qualification and training requirements. We can require your personnel to successfully complete any retraining program(s), at such times and location(s) as we then specify. There will be no charge for any retraining program(s), but you will be responsible for all Travel Expenses and other expenses of your personnel;
- G. You (and each owner and/or Affiliate of yours) must have executed a General Release, except for any claims exclusively related to the renewal Franchise (where expressly so required by applicable law), if you, your owners and your Affiliates comply with all of the requirements of this Section 15, including providing us with a General Release; and
- H. You must have paid us a renewal fee in the amount set forth in Exhibit A-1 below. The fee must be received from you at the time of your election and is non-refundable unless we do not grant a renewal agreement to you.

Failure by you and/or your owners to timely complete all of the foregoing requirements will be deemed an election by you not to obtain the renewal Franchise.

16. TERMINATION OF FRANCHISE

- 16.1 Automatic Termination.** You shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to you, if you become insolvent or makes a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; or if you are adjudicated a bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless unappealed or a supersedeas bond is filed); or if you are

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dissolved; or if execution is levied against your business or property; or if suit to foreclose any lien or mortgage against the Premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of your Unit Franchise is sold after levy thereupon by any sheriff, marshal, or constable.

16.2 Termination with No Right to Cure. This Agreement will automatically terminate upon delivery of our written notice of termination to you in compliance with Section 20 (without further action by us and without opportunity to cure) if you (or any of your owners):

- A. fail to timely meet the site selection, development, opening and other requirements provided in Sections 3.1 and 3.7 above, or failure to successfully complete training to our satisfaction as required in Section 5.1 above; or
- B. abandon your Unit Franchise; fail to open the Unit Franchise for normal business for seven (7) consecutive business days or during the operating hours approved by us for your Unit Franchise, without our prior written consent;
- C. lose the right to possession of your Premises and fail to relocate before the termination/expiration of any applicable lease/sublease to a substitute location authorized by us; or fail to open the Unit Franchise at the relocated Premises pursuant to Section 3.8 of this Agreement within six (6) months after the date of the approval of and/or decision to relocate your Premises; or
- D. make any material misrepresentation or omission in your application for the Franchise; or
- E. are convicted of, or plead no contest to, a felony, or to any crime or offense that is likely to adversely affect your reputation or the reputation of any owner, your Unit Franchise, us or the goodwill associated with the Marks; or
- F. engage in any misconduct which unfavorably affects your reputation or the reputation of any owner, your Unit Franchise, us, Cartridge World, the System or the goodwill associated with the Marks (including, but not limited to, child abuse, health or safety hazards, drug or alcohol abuse, or permitting unlawful activities in conjunction with your Unit Franchise); or
- G. make, or attempt to make, an unauthorized "Transfer," as defined in this Agreement, that is not in compliance with the provisions of this Agreement, or otherwise transfer, assign, sell, gift, pledge, surrender control of or grant any ownership or other interest in you, the Unit Franchise or the assets of the Unit Franchise without our prior written approval; or
- H. make an unauthorized use of the Marks or any unauthorized copy, use or disclosure of any Confidential Information, or directly or indirectly contests the validity of our or Cartridge World's rights to the Marks or our/its right to use and to license others to use the Marks; or

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- I. violate any of the restrictions against competition provided in Section 8.2 above (or any other person identified therein commits such a violation); or
- J. commit any act or omission of fraud or misrepresentation, whether with respect to us, any of the Franchisor-Related Parties and/or any third party, including (but not limited to) any misrepresentation of Gross Revenue or Gross Profit; or
- K. fail to permit or cooperate with us or our designee in any audit or inspection or fail to retain (or to produce on request) any records required to be maintained by you; or
- L. commit two (2) or more defaults under this Agreement in any twelve (12)-month period, or three (3) or more defaults in any twenty-four (24)-month period, whether or not such defaults involve the same or different provisions and whether or not such defaults are corrected after notice.

16.3 Termination with Right to Cure. Except as otherwise provided in Sections 16.1 and 16.2 above, we may terminate this Agreement by giving written notice of termination effective upon receipt:

- A. if you (or any of your owners) commit any of the following defaults and fail to cure such default within ten (10) days after your receipt of written notice from us of such default:
 - 1. failure to maintain required insurance; or
 - 2. failure to correct any condition that, in our reasonable judgment, might pose a danger to public health and/or safety; or
 - 3. failure to report accurately your Gross Revenue/Gross Profit or you fail to submit any other report due under this Agreement or any lease/sublease in accurate and complete form and when required; or
 - 4. failure to make payments of any amounts due us, any Franchisor-Related Party, any designee of ours and/or any supplier, taxing authority, landlord, equipment lessor or other creditor of yours or your Unit Franchise; or
 - 5. failure to comply with any of the dispute resolution provisions of this Agreement, including (but not limited to) failure to pay/deposit any amounts or otherwise and/or unexcused failure to appear or respond to any dispute resolution proceedings.

With respect to Sections 16.3.A.1 and/or A.2 above, we may require you to immediately cease all Unit Franchise operations until such defaults are fully cured.

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- B. if you (or any of your owners) commit any of the following defaults and fail to cure such default within thirty (30) days after your receipt of written notice from us of such default:
1. default under the lease or sublease for your Premises within the applicable cure period set forth in the lease or sublease (provided that such applicable cure period is less than thirty (30) days, then such applicable cure period will apply); or
 2. failure to comply with any other provision of this Agreement, any other agreement with us and/or any Affiliate of ours, or any specification, standard or operating procedure or rule prescribed by us in the Operations Manuals or by other writing which does not provide for a shorter notice period.

If a default under this Section 16.3.B cannot reasonably be corrected within the thirty (30) day period, then you must undertake diligent efforts within thirty (30) days to come into full compliance. On our request, you must furnish, proof acceptable to us of such efforts and the date full compliance will be achieved. In any event, all such defaults must be fully cured within sixty (60) days after delivery of the initial written notice to you of termination.

16.4 Cross-Defaults. Any default by you (or any owner or Affiliate of yours) under this Agreement may be regarded by us as a default under any other agreement between us (or any Franchisor-Related Parties) and you (or any owner or Affiliate of yours). Any such default under any other agreement or any other obligation between us (or any Franchisor-Related Parties) and you (or any owner or Affiliate of yours) may be regarded as a default under this Agreement. Any default by you (or any owner or Affiliate of yours) under any lease, sublease, loan agreement, or security interest related to the Unit Franchise can be regarded as a default under this Agreement, regardless of whether or not any such agreements are between you (or any owner or Affiliate of yours) and us (or any Franchisor-Related Parties).

16.5 Non-Exclusive Remedies. Whenever we have a right to terminate this Agreement, we (and any Franchisor-Related Party) will have all remedies allowed at law and in equity. No right or remedy which we and/or any Franchisor-Related Party may have under this Agreement or otherwise (including termination) is exclusive, and we and/or any Franchisor-Related Party may pursue any rights and/or remedies available at law and/or in equity. If we have the right to terminate this Agreement, we can elect in our Business Judgment to cancel any and/or all of your territorial or similar rights (including, but not limited to, any rights of first refusal), whether arising under this Agreement or in any other manner or document.

16.6 No Equity on Termination. Your rights regarding the Franchise are controlled by the provisions of this Agreement. You will have no equity or any other continuing interest in

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the Franchise, any goodwill associated with it, or any right to compensation or refunds at the expiration and/or termination of the Franchise.

16.7 Management of Unit Franchise After Issuance of Notice of Default.

- A. If we issue a notice of default, we will have the right (but not the obligation) to manage your Unit Franchise until you have cured all defaults. All revenues received by the Unit Franchise while we (or our designee) are managing it will be kept in a separate fund. All Unit Franchise expenses, including compensation and the Travel Expenses for the appointed Manager, may be paid out of such fund. We shall be paid Five Hundred Dollars (\$500)/day as a management fee. If such fund is insufficient to pay the Unit Franchise's expenses, we shall notify you. You must, within five (5) business days, deposit such amounts as shall be required by us to attain a reasonable fund balance.
- B. Operation of the Unit Franchise by us during any such period shall be on your behalf; provided that we shall only have a duty to use reasonable efforts and shall not be liable to any creditor of yours or for any debts, losses or obligations incurred by the Unit Franchise. This Section 16.7 shall not limit our right to terminate this Agreement as herein provided or affect any of our indemnity or other rights under this Agreement.

16.8 Our Right To Discontinue Supplying Items Upon Default. If we deliver a notice of default to you, we and/or each Franchisor-Related Party have the right to (i) require that you pay C.O.D. (i.e., cash on delivery) or by certified check for goods/services and/or (ii) stop selling and/or providing any goods/services to you until you have cured all defaults. No such action by us and/or any Franchisor-Related Party shall be a constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and you agree that you will not be relieved of any obligations under this Agreement because of any such action.

16.9 Market Withdrawal. We can terminate any or all Unit Franchise Agreements if we elect not to continue to regularly award Unit Franchises and/or maintain a franchise program for Unit Franchises in your area/state/region/country. If we (i) make an announcement (at any time) that we have made a determination that continued franchising (on a national, regional or other basis) is not appropriate in our Business Judgment and that we do not intend to continue to regularly award Unit Franchises or maintain a franchise program for Unit Franchises in your state; and (ii) do not open or award Unit Franchises in your state for twelve (12) months after the date of such announcement (provided that we can award renewal Unit Franchises where an older form of Unit Franchise Agreement or other basis requires us to do so, and/or continue to service existing franchisees under outstanding agreements), then we will be considered to have made a general market withdrawal and will have no liability to you with respect thereto. In that event and if you are in Good Standing, you will not be required to comply with your non-competition obligations under Section 8.2.B above. You agree that if any statute or court decision requires "good cause"

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(or any similar standard) for non-renewal, compliance by us with the provisions of this subsection will be considered to be good cause.

16.10 Prompt Notice of Claims by You. You understand that you are not permitted to terminate this Agreement for any default committed by us, except as permitted by applicable law. If you claim that such a default exists, or that you have any other basis for terminating your obligations under this Agreement or making any other claim against us, you must give us written notice and thirty (30) days to cure; any action by you to terminate will not proceed until we have had such notice and an opportunity to cure. If we cannot reasonably cure within such thirty (30)-day period, and we are diligently continuing efforts to cure, then we will have ninety (90) days to cure.

16.11 Bankruptcy. If, for any reason, this Agreement is not terminated pursuant to this Section 16, and this Agreement is assumed, or assignment of the same to any person or entity who has made a bona fide offer to accept an assignment of this Agreement is contemplated, pursuant to the United States Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth: (i) the name and address of the proposed assignee; and (ii) all of the terms and conditions of the proposed assignment and assumption, shall be given to us within twenty (20) days after receipt of such proposed assignee's offer to accept assignment of this Agreement; and, in any event, within ten (10) days before the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and we shall thereupon have the prior right and option, to be exercised by notice given at any time before the effective date of such proposed assignment and assumption, to accept an assignment of this Agreement to us upon the same terms and conditions and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by you out of the consideration to be paid by such assignee for the assignment of this Agreement.

17. RIGHTS AND OBLIGATIONS ON TRANSFER, REPURCHASE, TERMINATION AND/OR EXPIRATION OF FRANCHISE

17.1 Payments of All Amounts Owed, Etc. You must pay all Royalties, Marketing Fund Contributions and all amounts of any kind owed to us and/or any Franchisor-Related Parties within ten (10) days after the Repurchase of the Unit Franchise, termination or expiration of the Franchise, or from a later date when the amounts due can be determined.

17.2 Intellectual Property, Confidential Information, Trade Dress, Etc. After any Transfer, Repurchase, termination or expiration of the Franchise:

- A. You agree to immediately and permanently discontinue operating your Unit Franchise and any use of the Intellectual Property and/or the Confidential Information, and will not use any similar or derivative marks, or materials, or colorable imitations of any of the Intellectual Property in any medium or manner or for any purpose;

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- B. You must return to us or (at our option) destroy all software, Operations Manuals, forms, materials, signage and any other items containing any Intellectual Property or Marks, or otherwise identifying or relating to a Unit Franchise (to the extent they have not been assigned in connection with an authorized Transfer or a Repurchase);
- C. You must take such actions as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark which have not been assigned in connection with an authorized Transfer or a Repurchase;
- D. You must de-identify the Unit Franchise in every manner and remove any distinctive signage, physical and/or structural features associated with the trade dress of Unit Franchises (and, as applicable, remodel, repaint, or otherwise alter the appearance of the Premises and any equipment and vehicles used in the operation of the Unit Franchise), so that the Unit Franchise is clearly distinguished from other Unit Franchises and does not create any public confusion (to the extent the Unit Franchise has not been assigned in connection with an authorized Transfer or a Repurchase);
- E. You agree not to identify yourself, or any business you may operate or in which you may become involved, or to advertise or promote yourself in any manner, as a present or former CARTRIDGE WORLD franchisee;
- F. You must furnish to us within thirty (30) days satisfactory evidence of your compliance with the obligations described in this Section 17.2 and in Section 17.3 below. If you operate any business using any of the Intellectual Property, Marks, Confidential Information or any aspect of the System, our remedies will include (but will not be limited to) recovery of the greater of (i) all profits earned by you in the operation of such business, or (ii) all Royalties, Marketing Fund Contributions and other amounts which would have been due if this Agreement remained in effect with you.

17.3 Telephone and Other Directory Listings, Internet Sites.

- A. You understand and agree that we own all telephone numbers, domain names, Internet addresses/sites and/or other communications services links (collectively, the “**Numbers**”), and any related directory listings/advertising, used in connection with the operation of your Unit Franchise. We can in our Business Judgment require you to sign an assignment of such Numbers prior to training or at another time. After any termination and/or expiration of the Franchise or the Repurchase of the Unit Franchise, you must promptly transfer, call-forward, discontinue or otherwise deal with the Numbers and any related directory listings/advertising as we direct. You agree to sign any documents and/or pay any amounts required by a telephone/-communication services provider as a condition to our dealing with the Numbers and any related directory advertising/listings. By signing this Agreement, you irrevocably appoint us your attorney in fact to take any such actions regarding the Numbers and any related directory listings/advertising if you do not do so

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yourself within ten (10) days after the termination, Repurchase or expiration of this Franchise. Such companies may accept this Agreement as conclusive evidence of our exclusive rights in such Numbers and related directory listings, web pages and advertising/marketing.

- B. If we choose at any time to be direct billed by a provider for any account for the Numbers and/or directory listings/advertising, you agree to pay us all amounts due such providers within ten (10) days of our written notice to you. If you fail on two (2) or more occasions to pay any such amounts to us when due, then we can require you to maintain a deposit with us in an amount reasonably determined by us based upon usage history and other relevant factors.

17.4 Continuing Obligations.

- A. All Post-Termination Provisions and any other obligations and rights which expressly or by their nature survive the Transfer, Repurchase, expiration or termination of this Agreement will continue in full force and effect until they are satisfied or by their nature expire (including but not limited to indemnity, non-competition, audit, and confidentiality rights and obligations; obligations to pay and the provisions of Sections 19, 20, 20 and 22). These obligations continue notwithstanding any rejection of this Agreement in a bankruptcy proceeding or otherwise.
- B. If this Agreement is terminated because of a default of yours, you will not be released or discharged from your obligations, including payment of all amounts then due and other amounts which would have become due under this Agreement if you had continued in operation as a Unit Franchise for the full term. Our remedies will include (but are not limited to) the right to collect the present value of these amounts and to receive the benefit of our bargain with you, as well as to accelerate the balances of any promissory notes owed and to receive any other unpaid amounts owed to us or any Affiliates of ours. You and we agree that it would be commercially unreasonable and damaging to the integrity of the System if a CARTRIDGE WORLD unit franchisee could default and then escape the financial consequences of its contractual commitment to meet payment obligations for the term of the Unit Franchise Agreement. You (and each of your owners/Affiliates) agree to sign a General Release if we choose in our Business Judgment to waive our rights to collect any amounts that would have become due if you had continued in operation as a CARTRIDGE WORLD Franchise.

18. GRANT OF SECURITY INTEREST

For valuable consideration, as security for the payment of all amounts owing or to be owed by you (and/or any Affiliate of yours) to us (and/or any Affiliate) under this Agreement or any other agreements, and your performance of all obligations thereunder, you hereby grant to us a security interest in all proceeds of your Unit Franchise and in all of the assets, including equipment, furniture, fixtures and signs, used by, at or in connection with, your Unit Franchise and its related

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business assets (the “**Collateral**”). You will not remove the Collateral or any portion thereof without our prior written consent. You represent and warrant that the security interest granted is prior to all other security interests in the Collateral except for (i) bona fide purchase money security interests and (ii) the security interest granted to a third party in connection with your original financing for your Unit Franchise, if any. In connection with any request for our approval of a security interest, we will make commercially reasonable efforts to accommodate reasonable lender’s requirements, including the subordination of our interests to the lender’s and/or lessor’s, as applicable, in our Business Judgment, bearing in mind the interests of the borrower, lender, ourselves and the System. On the occurrence of any event entitling us to terminate this Agreement or any other agreement between the parties, or if we reasonably determine that we are not assured that your (and/or any Affiliates’) obligations will be timely and fully paid and/or performed, we will have all the rights and remedies of a secured party under the Uniform Commercial Code of the State in which your Unit Franchise is located, including, without limitation, the right to take possession of the Collateral. You will execute and deliver to us financing statements and/or such other documents as we reasonably deem necessary to perfect our interest in the Collateral within ten (10) days of your receipt of such documents from us.

19. GOVERNING LAW AND DISPUTE RESOLUTION

For the purposes of this Section 19, “you” shall be deemed to include you, your owners and Affiliates and their respective employees, and “we” shall be deemed to include “Franchisor-Related Parties.”

19.1 DAMAGE WAIVER. YOU AND WE WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO PURSUE AND RECEIVE ANY EXEMPLARY AND PUNITIVE DAMAGES AGAINST THE OTHER PARTY IN ANY DISPUTE ARISING UNDER THIS AGREEMENT OR RELATING TO THE FRANCHISE RELATIONSHIP, WHETHER ASSERTED AS A RELATED OR INDEPENDENT TORT, AS A BREACH OF CONTRACT, OR AS ANY OTHER CLAIM OR CAUSE OF ACTION BASED ON CONSTITUTIONAL, STATUTORY OR COMMON LAW, AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

19.2 JURY TRIAL WAIVER. THE PARTIES IRREVOCABLY WAIVE THE RIGHT TO A JURY TRIAL IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OR ANY OF THEM AGAINST ANOTHER PARTY, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING, RELATED TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES, ANY GUARANTOR, AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS.

19.3 Governing Law. This Agreement takes effect upon its acceptance and execution by us, and shall be interpreted and construed exclusively under the laws of the jurisdiction set forth in Exhibit A-1, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of the choice-of-law rules of such

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jurisdiction); provided, however, that if the covenants in Section 8.2 of this Agreement would not be enforceable under the laws of such jurisdiction and the Unit Franchise is located outside of such jurisdiction, then such covenants shall be interpreted and construed under the laws of the state in which the Unit Franchise is located. Nothing in this Section 19.3 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of any state to which this Agreement would not otherwise be subject.

- 19.4 Mediation.** The parties shall attempt in good faith to resolve any dispute concerning this Agreement or the parties' relationship promptly through negotiation between authorized representatives. If these efforts are not successful, either party may attempt to resolve the dispute through non-binding mediation. Either party may request mediation through the National Franchise Mediation Program, using the procedures employed by the CPR Institute for Dispute Resolution, Inc., or other nationally recognized mediation services as we may reasonably designate. We will provide you with the contact address for that organization. The mediation will be conducted by a mutually acceptable and neutral third party. If the parties cannot resolve the dispute through negotiation or mediation, or choose not to negotiate or mediate, either party may pursue litigation.
- 19.5 Venue.** The parties agree that any action brought by you against us in any court, whether federal or state, shall be brought within such state and in the judicial district in which we have our principal place of business. Any action brought by us against you in any court, whether federal or state, may be brought within the state and judicial district in which we have our principal place of business or, at our election, the state and judicial division in which you have your principal place of business. The parties agree that this Section 19.5 shall not be construed as preventing either party from removing an action from state to federal court; provided, however, that venue shall be as set forth above. Each party to this Agreement hereby consents to any of those courts' exercise of non-exclusive personal jurisdiction over the party and expressly waives all objections the party otherwise might have to that exercise of personal jurisdiction and venue, including forum non conveniens.
- 19.6 Class Action Waiver.** Any judicial proceeding directly or indirectly arising from or relating to this Agreement shall be considered unique as to its facts and may not be brought as a class action. You and each of your owners waive any right to proceed against us by way of class action.
- 19.7 Legal Fees.** You shall pay to us all damages, costs and expenses (including reasonable Attorneys' Fees) that we incur subsequent to the termination or expiration of the Franchise granted under this Agreement in: (i) obtaining injunctive or other relief for the enforcement of any provisions of this Agreement (including Section 8 above); and/or (ii) successfully defending a claim that we defrauded you into signing this Agreement, that the provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this Agreement do not govern the parties' relationship.
- 19.8 Parties Rights Are Cumulative.** No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right

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or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

19.9 Injunctions. Nothing contained in this Agreement including, but not limited to, the provisions relating to the resolution of disputes between the parties, shall bar our right to obtain injunctive relief against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders, emergency relief and preliminary and permanent injunctions.

19.10 Must Bring Claims Within One Year. Any and all claims and actions arising out of or relating to this Agreement, the relationship of us and you, or your operation of the Unit Franchise, brought by any party hereto against the other, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or, it is expressly acknowledged and agreed by all parties, such claim or action shall be irrevocably barred.

20. NOTICES AND PAYMENTS

All written notices and reports to be delivered by the provisions of this Agreement or of the Operations Manuals will be deemed so delivered when delivered by hand, immediately on transmission by facsimile transmission or other electronic system, including e-mail or any similar means, one (1) business day after being placed in the hands of a commercial courier service for overnight delivery, or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the respective parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery. Any required payment or report not actually received by us during regular business hours on the date due will be deemed delinquent. Notice to any one Unit Franchisee, or owner of the Unit Franchise, shall be deemed effective as to all Unit Franchisees under this Agreement and all owner(s) of the Unit Franchise.

21. ENTIRE AGREEMENT; CONSTRUCTION

21.1 Entire Agreement. This Agreement and the exhibits referred to herein constitute the entire, full, and complete Agreement between us and you concerning the subject matter hereof, and supersede all prior agreements, no other representations having induced you to execute this Agreement. The parties acknowledge and agree that they relied only on the words printed in this Agreement in deciding whether to enter into this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representation that we made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that we delivered to you or your representative, subject to any agreed-upon changes to the contract terms and conditions described in that Franchise Disclosure Document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement).

Unit Franchisee Initials ____/____

- 21.2 Amendment.** Except for those permitted to be made unilaterally by us hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.
- 21.3 Severability.** Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.
- 21.4 No Third Party Rights.** Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you, us, and such of your and our respective successors and assigns as may be contemplated (and, as to you, permitted) by Section 14 above, any rights or remedies under or by reason of this Agreement.
- 21.5 Reform of Provisions.** You expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.
- 21.6 Construction.** All captions in this Agreement are intended solely for the convenience of the parties, and no caption shall be deemed to affect the meaning or construction of any provision hereof. The word “including” shall be construed to include the words “without limitation.” The term “you” or “Unit Franchisee” is applicable to one or more persons, a corporation, limited liability company or a partnership and its owners, as the case may be. If two (2) or more persons are at any time the Unit Franchisee hereunder, whether as partners, joint venturers or otherwise, their obligations and liabilities to us should be joint and several. Reference to a “controlling” interest in an entity shall mean more than fifty percent (50%) of the equity or voting control of such entity. Where this Agreement (or anything else) indicates that we (and/or any Affiliate or designee of ours) may or can do something, the meaning is permissive and we (and/or the Affiliate or designee of ours) will not be required to do that thing.
- 21.7 Force Majeure.**
- A. **Impact.** Neither party shall be responsible to the other for non-performance or delay in performance occasioned by causes beyond its control, including without

Unit Franchisee Initials ____/____

limiting the generality of the foregoing: (i) acts of God; (ii) acts of war, terrorism, or insurrection; (iii) strikes, lockouts, labor actions, boycotts, floods, fires, hurricanes, tornadoes, and/or other casualties; and/or (iv) the inability of us and/or our Affiliates or suppliers to manufacture, purchase, and/or cause delivery of any Products or Services used in the operation of the Unit Franchise. Nothing in this provision shall be construed to affect, eliminate or reduce your obligation to procure and maintain the insurance coverages required by us for your Unit Franchise.

- B. Transmittal of Funds. The inability of either party to obtain and/or remit funds shall be considered within control of such party for the purpose of Section 21.7.A above. If any such delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost; provided, however, that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay; and further provided, however, that you shall remain obligated to promptly pay all fees owing and due to us hereunder, without any such delay or extension.

22. MISCELLANEOUS

- 22.1 Changes to System. You agree that it is critical to you, us, and each CARTRIDGE WORLD unit franchisee for the System to be flexible to respond to commercial opportunities and challenges. An inability to change the System could adversely affect other CARTRIDGE WORLD unit franchisees. You, therefore, agree and anticipate that the Operations Manuals and the System may be changed by us from time to time in our Business Judgment. You agree to comply with the Operations Manuals and the System as they are changed by us.
- 22.2 Compliance with System. Every detail of your Unit Franchise is important — not only to you, but to us and to all CARTRIDGE WORLD unit franchisees — to increase and maintain the value of the Marks and the businesses associated with them. Therefore, during the term of this Agreement, you must at all times develop, maintain and operate your Unit Franchise in accordance with each System standard, as modified and supplemented by from time to time in our Business Judgment.
- 22.3 Competition. You understand and agree that your investment in a CARTRIDGE WORLD Franchise involves risks, including, but not limited to, the following: the CARTRIDGE WORLD name and business model is an evolving brand in the United States; positive name recognition and goodwill be established as the result, in large measure, by you and other CARTRIDGE WORLD unit franchisees providing quality business services and following the Operations Manuals and the System; substantial competition to the CARTRIDGE WORLD business model and concept may exist in the United States, with certain competitors having established businesses and/or channels of distribution; competition includes, among others, Internet suppliers, office supply stores, cartridge manufacturers, other cartridge refilling franchises, mail order, and other channels of distribution; the CARTRIDGE WORLD business model is subject to frequent changes in

Unit Franchisee Initials ____/____

the business environment, including technological developments, some of which might impact you negatively. All of these and other factors make your investment speculative.

- 22.4 Review of Agreement.** You acknowledge that you (and each of your owners, if you are a Business Entity) have had the opportunity and been advised by us to have this Agreement and all other documents reviewed by your own attorney, and that you have read, understood, had an opportunity to discuss and agreed to each provision of this Agreement. You agree that you are under no compulsion to sign this Agreement.
- 22.5 Need for Uniformity and Predictability.** You and we expressly acknowledge and agree that the provisions of Section 19 above (whether relating to choice of law, mediation, waiver of jury trial, venue, limitations on damages, prohibition against multiple plaintiff-class actions, shortened statutes of limitation, and/or otherwise) may require you to travel to a distant location to resolve a dispute, expend additional funds, and/or raise challenges for you and/or us in prosecution of claims/actions. You and we view these provisions in the context of a diverse franchise system with both large and small, and sophisticated and unsophisticated participants, and that requires uniformity and predictability. As such, you and we knowingly accept such provisions and limitations as justified by business necessities and representative of a reasonable balancing of your and our interests, and those of the System as a whole, and not as unfair or burdensome.
- 22.6 No Reliance.** You specifically acknowledge that you have not received or relied on (nor have we or anyone else representing us provided) any statements, promises or representations that your Unit Franchise will succeed in the Territory, at the Premises or at any location or in any market area; achieve any particular sales, income or other levels of performance; earn any particular amount, including any amount in excess of your Initial Franchise Fee or other payments to us; or receive any rights, goods, or services not expressly set forth in this Agreement. You understand and acknowledge that CARTRIDGE WORLD master franchisees and unit franchisees are distinct from us and are independently owned and operated. While we have encouraged you to speak with such franchisees in evaluating this franchise opportunity, you understand and acknowledge that they do not act as our agents or representatives in providing any information to you and that no such information can be attributed to us and/or relied upon as such.
- 22.7 No Contingencies; No Misrepresentations.** You represent, warrant and agree that no contingency, prior requirement, or otherwise (including but not limited to obtaining financing) exists with respect to you fully performing any or all of your obligations under this Agreement. You further represent to us, as an inducement to our entering into this franchise relationship, that you have made no misrepresentations or material omissions in obtaining the Franchise.
- 22.8 No Earnings Representations.** You acknowledge that you have not received or relied on (nor have we or any representative of ours provided, except as may have been contained in the Franchise Disclosure Document received by you): (i) any sales, income or other projections of any kind or nature; (ii) any statements, representations, charts, calculations or other materials which stated or suggested any level or range of sales, income, profits or

Unit Franchisee Initials ____/____

cash flow; or (iii) any representations as to any profits you may realize in the operations of your Unit Franchise or any working capital or other funds necessary to reach any 'break-even' or any other financial level. If any such information, promises, representations and/or warranties have been provided to you, they are unauthorized and inherently unreliable. You agree to advise us of the delivery of any such information. You must not rely upon any such information, nor shall we be bound by it. We do not, nor do we attempt to, predict, forecast or project future performance, revenues or profits of any you or any franchisee. We are unable to reliably predict the performance of a Unit Franchise even operated by us, and certainly cannot predict results for your Unit Franchise.

- 22.9 No Guaranty of Success.** You acknowledge and agree that the success of the business venture contemplated to be undertaken by you under this Agreement is speculative and will be dependent on your personal efforts, and success is not guaranteed. You further acknowledge that the CARTRIDGE WORLD business model is and will continue to be under development. You acknowledge and represent that you have entered into this Agreement and made an investment only after making an independent investigation of the opportunity, including having received a list with the Franchise Disclosure Document of others currently operating, or who have operated, CARTRIDGE WORLD Unit Franchises.
- 22.10 Receipt of Agreement.** You acknowledge that you (and each of your owners) have received a copy of this Agreement, the exhibit(s) hereto, and agreements relating hereto, if any, as well as a copy of our current Franchise Disclosure Document, at such time(s) as required by the applicable federal and state franchise laws and regulations.
- 22.11 Different Terms.** You understand, acknowledge and agree that (i) we may have offered Franchises in the past, may currently be offering Franchises and/or may offer Franchises in the future, on economic and/or other terms, conditions and provisions which may significantly differ from those offered by this Agreement and any related documents and (ii) there may be instances where we have varied, or will vary, the terms on which we offer Franchises, the changes we (and/or our Affiliates) make or otherwise deal with our franchisees to suit the circumstances of a particular transaction, the particular circumstances of that franchisee or otherwise, in each case in our Business Judgment.
- 22.12 Written Statement of Issues.** You understand that we are relying on you to bring forward in writing at this time any matters inconsistent with the representations contained in this Section. You agree that if any of the statements or matters set forth in this Section are not true, correct and complete that you will make a written statement regarding such next to your signature below so that we can address and resolve any such issue(s) at this time.
- 22.13 Representative Capacity.** You acknowledge and agree that our officers, directors, employees, and agents and/or our Affiliates act only in a representative capacity and not in an individual capacity, and that no other persons and/or entities other than us has or will have any direct duties or obligations to you.
- 22.14 Pricing Structure.** You acknowledge that you have considered the pricing structure for the Designated Equipment, Products and Services sold by designated and approved

Unit Franchisee Initials ____/____

suppliers as of the Effective Date of this Agreement, including, but not limited to, inks and cartridges, and further acknowledge that we and/or our Affiliates have the right to be the exclusive supplier of any such Designated Equipment, Products and Services and that prices and pricing practices are subject to change.

22.15 No Precluding Obligations. Each party represents and warrants to the other party(ies) that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (i) negotiating and entering into this Agreement; (ii) exercising its rights under this Agreement; and/or (iii) fulfilling its responsibilities under this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Agreement in three counterparts on the day and year first above written.

THIS AGREEMENT WILL NOT BECOME EFFECTIVE UNLESS AND UNTIL SIGNED BY THE PRESIDENT OR A VICE PRESIDENT OF FRANCHISOR. NO FIELD REPRESENTATIVE OR OTHER PERSON IS AUTHORIZED TO EXECUTE THIS AGREEMENT FOR FRANCHISOR.

Cartridge World North America, LLC

Unit Franchisee

By:_____

By:_____

Name:_____

Name:_____

Title:_____

Title:_____

Address for Notices:

Address for Notices:

3917 Mercy Drive
McHenry, IL 60050

Telephone: (815) 321-4400

Telephone:_____

Fax: (815) 675-6321

Fax:_____

Attn:_____

Attn:_____

CARTRIDGE WORLD®
Unit Franchise Agreement

Exhibit A-1
Data Sheet

You acknowledge and agree that by signing the Unit Franchise Agreement and this Exhibit, you are subject to the terms and conditions of the Unit Franchise Agreement and this Exhibit.

¶	Section Cross-Refer- ence	Item
1	First Paragraph; 2.1	Effective Date: _____, 20__ Expiration Date: _____, 20__ (10 years after Effective Date, unless this Agreement is for a Renewal Franchise and the provisions of the expired Unit Franchise Agreement provides for a different Expiration Date).
2	First Paragraph	Unit Franchisee: _____, a [resident of] [corporation organized under the laws of] [limited liability company organized under the laws of] _____ and having its principal place of business at _____.
3	1.8	Designated Individual: _____
4	1.20	Premises (address): _____ _____.
5	1.23	*Territory: _____ _____ _____.
7	3.1.D	Grand Opening Advertising Expenditure: Five Thousand Dollars (\$5,000)
8	9.1	Initial Franchise Fee: Forty Thousand Dollars (\$40,000)
9	5.1.B, 9.2, 14.3.A.6	Training Fee: _____ Dollars (\$_____)
10	11.1	Marketing Fund Contribution: For each Royalty period, the Marketing Fund Contribution shall be calculated as follows with respect to the two business segments identified below: 1. up to four percent (4%) of Gross Revenue received or earned by you during the preceding Royalty period, PLUS 2. up to four percent (4%) of the Gross Profit received or earned by you on all Ancillary Items during the preceding Royalty period.

Unit Franchisee Initials ____/____

¶	Section Cross-Refer ence	Item
11	11.3	Local Advertising Expenditure: _____ Dollars (\$____) per month
12	14.3.A.9	Transfer Fee: Ten Thousand Dollars (\$10,000)
13	15.3.H	Renewal Fee: Twenty percent (20%) of our then-current Initial Franchise Fee for a first Unit Franchise, but not less than Five Thousand Dollars (\$5,000)
14	19.3	Governing Law: Illinois, unless otherwise required by the laws of the state in which the Unit Franchise is located, in which case this Agreement will be governed by the laws of the State of _____.

** Note: Boundary lines include only the area within the boundary line and extend only to the middle of the boundary demarcation (for example, only to the middle of a street or highway.) You have no rights under this Agreement or otherwise with respect to a facility on the other side of the boundary line, street or highway or otherwise, and no matter how close to such boundary a facility may be, regardless of the distance from, impact on, or vicinity of, your Premises or the number of Unit Franchises, other outlets or otherwise in any area or market.*

Cartridge World North America, Inc.

Unit Franchisee

By:_____

By:_____

Name:_____

Name:_____

Title:_____

Title:_____

CARTRIDGE WORLD®
Unit Franchise Agreement

Exhibit A-2
Royalty Fee Data Sheet

You acknowledge and agree that by signing the Unit Franchise Agreement and this Exhibit, you are subject to the terms and conditions of the Unit Franchise Agreement and this Exhibit.

¶	Section Cross-Reference	Item												
1	9.3	Royalty: For each Royalty period, the Royalty shall be calculated as follows with respect to the two business segments identified below: 1. six percent (6%) of the Gross Revenue received or earned by you during the preceding Royalty period, PLUS 2. six percent (6%) of the Gross Profit received or earned by you on all Ancillary Items during the preceding Royalty period.												
2	9.3	Pre-Opening Minimum Royalty: Five Hundred Dollars (\$500), payable to us commencing on the 10th day of the sixth Royalty period (currently a calendar month) after the Effective Date of this Agreement, and continuing until the payment of the Royalty for the Royalty period in which you commence operating the Unit Franchise generating Gross Revenue and/or Gross Profit.												
3	9.3	Minimum Royalty After Opening: Commencing with the Royalty payment for the Royalty period in which you the commence operating your Unit Franchise and continuing each Royalty period thereafter for the remaining term of this Agreement, you will pay Royalties for each Royalty period as follows: For each Royalty period, the Royalty shall be calculated as set forth in Paragraph 1 of this Exhibit. Each “Year” period, as defined below in this Paragraph of this Exhibit A-2, after you commence business, you will pay Royalties to us each Royalty period equal to the greater of (a) the amount calculated as set forth in Paragraph 1 above, or (b) the amount set forth in the following schedule: <table><tr><th><u>Year Period</u></th><th><u>Minimum Royalty Payable For Each Royalty Period During Year</u></th></tr><tr><td>Year 1</td><td>\$750</td></tr><tr><td>Year 2</td><td>\$1,050</td></tr><tr><td>Year 3</td><td>\$1,200</td></tr><tr><td>Year 4</td><td>\$1,500</td></tr><tr><td>Year 5 and each Year (or partial Year) thereafter</td><td>\$1,800</td></tr></table> Year 1 in the above schedule will commence on the first day of the Royalty period (currently a calendar month; a “Month”) in which you commence business and will	<u>Year Period</u>	<u>Minimum Royalty Payable For Each Royalty Period During Year</u>	Year 1	\$750	Year 2	\$1,050	Year 3	\$1,200	Year 4	\$1,500	Year 5 and each Year (or partial Year) thereafter	\$1,800
<u>Year Period</u>	<u>Minimum Royalty Payable For Each Royalty Period During Year</u>													
Year 1	\$750													
Year 2	\$1,050													
Year 3	\$1,200													
Year 4	\$1,500													
Year 5 and each Year (or partial Year) thereafter	\$1,800													

Unit Franchisee Initials ____/____

¶	Section Cross-Refer ence	Item
		continue for 12 consecutive Months. Year 2 and each Year period thereafter will commence on the applicable anniversary date of Year 1 and will continue for 12 consecutive Months until the Expiration Date of this Agreement.

Cartridge World North America, Inc.

Unit Franchisee

By:_____

By:_____

Name:_____

Name:_____

Title:_____

Title:_____

CARTRIDGE WORLD®
Unit Franchise Agreement

Exhibit B
Continuing Personal Guarantee

In consideration of, and as an inducement to, the execution by **Cartridge World North America, LLC**, a Nevada limited liability company, (“Franchisor”) of the unit franchise agreement (the “Unit Franchise Agreement”) between Franchisor and _____, (“Unit Franchisee”), each of the undersigned hereby personally and unconditionally, jointly and severally:

- (1) guarantees to Franchisor, its Affiliates, the Franchisor-Related Parties (as defined in the Unit Franchise Agreement) and each of their respective successors and assigns, for the term of the Unit Franchise Agreement and thereafter as provided for in the Unit Franchise Agreement, that the undersigned will be personally bound by, and punctually pay and perform, each and every agreement and obligation set forth in the Unit Franchise Agreement including, but not limited to, the continuing obligations set forth in Sections 17.4.A and 17.4.B of the Unit Franchise Agreement;
- (2) agrees to be personally bound by, and personally liable for, any breach of any provision in the Unit Franchise Agreement;
- (3) agrees to be personally bound by, and personally liable for, each obligation of Unit Franchisee to Franchisor, its Affiliates and/or any Franchisor-Related Parties, and
- (4) agrees that neither Franchisor, its Affiliates, and/or any Franchisor-Related Parties need to bring suit first against Unit Franchisee or any of the undersigned in order to enforce the provisions of this Continuing Personal Guarantee (this “Guarantee”), and each may enforce this Guarantee against any or all of the undersigned as it chooses in its sole and absolute discretion.

Each of the undersigned waives presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever including, without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under this Guarantee and/or otherwise and of the amount and terms thereof; and notice of all defaults, disputes or controversies between Unit Franchisee and Franchisor, and the settlement, compromise or adjustment thereof.

Further, each of the undersigned consents and agrees that:

- (1) his or her direct and immediate liability under this Guarantee will be joint and several and shall not be relieved or diminished by any release or compromise of any liability of any of the other undersigned or of any party or parties primarily or

Unit Franchisee Initials ____/____

secondarily liable under the Unit Franchise Agreement, this Guarantee and/or otherwise;

- (2) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Unit Franchisee and/or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guarantee, which will be continuing and irrevocable;
- (3) the liabilities and obligations of the undersigned, whether under this Guarantee or otherwise, will not be diminished or otherwise affected by the termination, rescission, expiration, renewal or modification of the Unit Franchise Agreement;
- (4) the undersigned will comply with the Post-Termination Provisions of the Unit Franchise Agreement, as that term is defined in the Unit Franchise Agreement; and
- (5) the provisions of Sections 19, 20 and 22 of the Unit Franchise Agreement are incorporated in and will apply to this Guarantee as if fully set forth herein and shall apply to any dispute involving Franchisor and any of the undersigned; provided that in all events the undersigned agrees to pay all expenses paid or incurred by Franchisor in enforcing the provisions of this Guarantee against the undersigned and in collecting or attempting to collect any amounts due hereunder, including reasonable Attorneys' Fees.

In connection with the execution of this Guarantee and with Franchisor permitting the Unit Franchise Agreement to be awarded to Unit Franchisee, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the undersigned hereby grants a General Release of any and all claims, liabilities and/or obligations, of any nature whatsoever, however arising, known or unknown, against Franchisor and/or any or all of the Franchisor-Related Parties, excepting only those claims solely related to the offer and sale of the Unit Franchise, where such releases are expressly prohibited by applicable law.

Terms not defined in this Guarantee shall have the same meanings as in the Unit Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned has here unto affixed his or her signature on the same date as the Unit Franchise Agreement has been executed.

GUARANTOR(S)	PERCENTAGE OF OWNERSHIP OF UNIT FRANCHISEE
_____	_____ %
_____	_____ %
_____	_____ %

CARTRIDGE WORLD®
Unit Franchise Agreement

Exhibit C
Territorial Rights and Obligations

Your and our respective rights in the Territory are subject to the terms and conditions of the Unit Franchise Agreement and this Exhibit. All rights not expressly granted to you are reserved by us and Franchisor-Related Parties.

A. Start-Up Period:

The “Start-Up Period” is defined as the first twenty-four (24) months of the term of the Unit Franchise Agreement, commencing on the Effective Date of the Unit Franchise Agreement. We will not enter into a Unit Franchise Agreement licensing a CARTRIDGE WORLD Unit Franchise, or open a CWNA-owned CARTRIDGE WORLD business, located in or that includes the Territory during the Start-Up Period. Regardless of the foregoing, if you are awarded the Franchise as a successor Unit Franchise Agreement or as a transferee of an existing Unit Franchise, there shall be no Start-Up Period for the purposes of your Unit Franchise Agreement.

B. Right of First Refusal:

After the Start-Up Period, we will provide you with a right for first refusal before any additional CARTRIDGE WORLD Unit Franchise is located in the Territory if: (1) you are in Good Standing; and (2) you meet our then-current financial, operational and other business standards for the award of the applicable Unit Franchise. Such standards may be modified by us from time to time in our Business Judgment.

C. Right of First Refusal Process:

The procedure for the right of first refusal for the Unit Franchises in your Territory will be as follows:

1. We will provide you with prior written notice of the proposed Unit Franchise to be operated in your Territory either because the territory for the proposed Unit Franchise will include a portion of your Territory or the Premises for the proposed Unit Franchise will be located in your Territory;
2. The written notice will include a description of the territory for the proposed Unit Franchise and an explanation of the new unit franchisee’s first refusal rights (if any) to own future proposed Unit Franchises in such territory if you decline to own and operate the proposed Unit Franchise, and/or any changes to your rights in (or a portion of) your Territory if you decline to own and operate the proposed Unit Franchise.
3. You will have fifteen (15) days in which to tell us in writing (and pay any initial fees) that you wish to own and operate the proposed Unit Franchise;

Unit Franchisee Initials ____/____

4. If you notify us in writing within fifteen (15) days that you are not interested in the proposed Unit Franchise or if you **do not** respond to us in writing within fifteen (15) days, then we may pursue and/or grant any other person/entity the right to own, operate or otherwise participate in such Unit Franchise without any liability or further obligation to you;

5. If you timely notify us in writing that you **do** wish to own and operate the Unit Franchise, then we may condition your participation on compliance with terms and conditions that we consider appropriate in our Business Judgment to the particular Unit Franchise. Conditions may include, but are not limited to: your execution of the agreements and related documents that are then generally used by us in connection with the award of the applicable Unit Franchise; payment of all initial fees and any other applicable fees; meeting any eligibility requirements as are then generally applied by us to candidates for the particular Unit Franchise; and the execution by you (and any Affiliate and owner of yours) of a General Release, as defined in Section 1.11 of the Unit Franchise Agreement. Such General Release will exclude, where such releases are expressly prohibited by applicable law, those claims solely related to the offer and sale of the new Unit Franchise. If you do not meet the conditions applicable to the awarding of the Unit Franchise and/or any opening requirements that may be included in any agreements, then we may pursue such Unit Franchise; and/or grant any other person/entity the right to participate in it, without any liability or further obligation to you.

D. Reserved Rights:

We expressly reserve all other rights, including among them the rights to:

1. own and/or operate ourselves, and/or authorize others to own and/or operate:
 - (a) any kind of business in the Territory selling to customers and clients located anywhere, whether or not using the Marks and System, except (1) a Unit Franchise during the Start-Up Period (if the Unit Franchise Agreement is not a renewal Unit Franchise Agreement or for the Transfer of an existing Unit Franchise); and (2) subject to any applicable right of first refusal as described above in this Exhibit; and
 - (b) any kind of business outside of the Territory selling to customers and clients located anywhere, whether or not using the Marks and System including, without limitation, Unit Franchises.
2. develop or become associated with other concepts (including dual branding and/or other franchise systems), and award franchises under such other concepts for locations anywhere, and/or operate units/channels of distribution owned by us and/or any Affiliate under such other concepts for locations anywhere, selling to customers located anywhere;
3. acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere and

Unit Franchisee Initials ____/____

selling to customers located anywhere. Such transactions may include (but are not limited to) arrangements involving competing outlets and brand conversions (to or from the Marks and System). Such transactions are expressly permitted under this Agreement, and you agree to participate at your expense in any such conversion as instructed by us;

4. market and sell products and services, whether or not under the Marks and whether or not competitive to the Products and Services, to customers and clients located anywhere using any channel of distribution located anywhere; and
5. in every instance in which we have the right to terminate this Agreement under Section 16, we may elect in our Business Judgment to cancel any and/or all of your territorial or similar rights (including, but not limited to, any rights of first refusal), whether arising under this Agreement or in any other manner or document.

E. Customer Policies; Special Accounts and Internet Use.

1. We have the right to place geographic or other restrictions upon the operations and marketing activities of your Unit Franchise, among other things. You agree to comply with all such policies and restrictions issued and/or implemented by us in this Exhibit or otherwise in writing. You also agree only to deal with Special Account(s), as defined below, in the manner that we authorize. We may service and/or administer Special Accounts and may request related assistance from Unit Franchisees, according to processes and procedures we establish. If you accept such a request from us, you will be required to participate in the applicable project on the terms negotiated for such Special Account. **“Special Accounts”** shall mean classes of special customers and clients (which may include national accounts, other large businesses, government agencies, and/or other specified accounts) as designated by us from time-to-time in our Business Judgment.
2. Your use of the Internet and other electronic or other means of marketing and distribution of goods and/or services must be consistent with any specifications, policies and/or standards we establish from time to time in our Business Judgment. You will not market or sell through such venue(s) or any channel of distribution other than your Unit Franchise without our written permission, which we can grant, condition or deny in our Business Judgment.
3. We may choose in our Business Judgment to offer/provide the Products and/or Services through the Internet and/or other similar venues (no matter where the customer is located), including websites administered by third parties such as Amazon.
4. Other than specifically authorized by us, you must operate your Unit Franchise only as authorized by the terms of the Unit Franchise Agreement, and you must not engage in sales in any other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales.

Unit Franchisee Initials ____/____

CARTRIDGE WORLD®
Unit Franchise Agreement

Exhibit D
COLLATERAL ASSIGNMENT OF LEASE

THIS COLLATERAL ASSIGNMENT OF LEASE (this "Assignment") is entered into as of _____, 20__, between _____ ("Unit Franchisee") and Cartridge World North America, LLC, a Nevada limited liability company ("Franchisor.").

Subject to the provisions hereof, Unit Franchisee, to secure its obligations to Franchisor under the unit franchise agreement between Franchisor and Unit Franchisee for the operation of a "CARTRIDGE WORLD Unit Franchise" business, dated _____, 20__ (the "Unit Franchise Agreement") and under every agreement between Unit Franchisee and Franchisor, hereby assigns, transfers and sets over unto Franchisor [and/or such person(s)/entity(ies) as Franchisor may from time to time designate] all of Unit Franchisee's right, title and interest, whether as tenant or otherwise, in, to and under that certain lease (the "Lease"), a copy is attached to this Assignment, dated _____, 20__, between Unit Franchisee and _____ ("Landlord"), respecting that property at _____ (the "Premises"). Franchisor shall have no liabilities or obligations of any kind arising from, or in connection with, this Assignment, the Lease or otherwise (including, but not limited to, any obligation to pay rent and/or other amounts) **until and unless** Franchisor, in its Business Judgment, takes possession of the Premises pursuant to the terms hereof and expressly (and in writing) assumes the rights and obligations of Unit Franchisee under the Lease. Franchisor is only responsible for those obligations accruing after the date of such assumption.

Unit Franchisee agrees to indemnify and hold harmless Franchisor from and against all claims and demands of any type, kind or nature made by the Landlord or any third party that arise out of or are in any manner connected with Unit Franchisee's use and occupancy of the Premises subject to the Lease.

Unit Franchisee represents and warrants to Franchisor that Unit Franchisee has full power and authority to assign the Lease and its interest in the Lease.

Franchisor will not take possession of the Premises until and unless Unit Franchisee defaults (and/or until there is a termination, cancellation, rescission or expiration of Unit Franchisee's rights) under the Lease, any sublease, the Unit Franchise Agreement or other agreement between Unit Franchisee and Franchisor (or any Affiliate). In such event, Franchisor (or its designee) shall have the right, and is hereby empowered, (but has no obligation) to take possession of the Premises, expel Unit Franchisee therefrom. Unit Franchisee shall then have no further right, title or interest in or under the Lease or to the Premises, all such rights thereby passing to Franchisor or its designee, in each case without the Landlord's further consent. Unit Franchisee agrees to do all acts necessary or appropriate to accomplish such assignment on Franchisor's request. Unit Franchisee will reimburse Franchisor for the costs and expenses

Unit Franchisee Initials ____/____

incurred in connection with any such retaking, including, without limitation, the payment of any back rent and other payments due under the Lease (whether such payments are made by a separate agreement with the Landlord or otherwise), Attorneys' Fees and expenses of litigation incurred in enforcing this Assignment, costs incurred in reletting the Premises and costs incurred for putting the Premises in good working order and repair.

Unit Franchisee agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Franchisor. Throughout the term of the Unit Franchise Agreement, Unit Franchisee agrees that it shall elect and exercise all options to extend the term of (or renew or assume in bankruptcy) the Lease not less than ten (10) days prior to the last day that said option must be exercised, unless Franchisor otherwise agrees in writing. Unit Franchisee shall provide Franchisor with a copy of all documents related to such options, extensions and other similar documents.

Failure of Franchisor to exercise any remedy hereunder shall not be construed or deemed to be a waiver of any of its rights hereunder. The rights and remedies of Franchisor under this Assignment are cumulative and are not in lieu of but are in addition to any other rights and remedies which Franchisor shall have under or by virtue of the Unit Franchise Agreement or otherwise. The terms, covenants, and conditions contained herein shall bind Unit Franchisee and its successors and assigns, and inure to the benefit of Franchisor and its successors and assigns. In the event of any dispute between the parties regarding this Assignment, or any matter related in any way to it, the dispute resolution provisions (including, but not limited to, mediation, binding arbitration, waiver of jury trial and limitation of damages) of the Unit Franchise Agreement between Franchisor and Unit Franchisee shall apply. The arbitrator in any such proceeding shall have the full power and authority to grant an appropriate award to give full effect to this Assignment, expelling Unit Franchisee from the Premises and awarding possession to Franchisor, as well as granting such other relief as may be proper and fair at law and by equity. If there is more than one Unit Franchisee, their obligations hereunder will be joint and several.

This Assignment, any memorandum hereof or any financial statement related hereto may be recorded by, and at the expense of, Franchisor. Unit Franchisee hereby appoints Franchisor as its attorney in fact to execute any and all documents and to take any and all such actions, as are necessary or appropriate to record such instrument referenced above.

UNIT FRANCHISEE:

FRANCHISOR:

Cartridge World North America, LLC

Signature

Signature

Printed Name

Printed Name

LANDLORD APPROVAL:

The undersigned Landlord under the Lease hereby:

1. Agrees to notify Franchisor in writing of any default and any failure of Unit Franchisee to cure any default under the Lease;
2. Agrees that Franchisor shall have the right, but not be obligated, to cure any default by Unit Franchisee under the Lease within 30 days after delivery by Landlord of written notice thereof;
3. Consents to the foregoing Collateral Assignment and agrees that if Franchisor takes possession of the Premises and confirms to Landlord the assumption of the Lease by Franchisor as tenant, Landlord shall recognize Franchisor, or its designee, as tenant under the Lease;
4. Agrees that Franchisor may further assign the Lease or sublet the Premises to a designee and/or a person or entity who is a CARTRIDGE WORLD Unit Franchisee reasonably acceptable to Landlord. Franchisor will have no further liability under the Lease upon such an assignment. This Approval of Landlord shall apply to any subsequent Unit Franchisee;
5. Agrees to provide a copy of this Collateral Assignment of Lease to any actual and/or prospective purchaser of the Premises.

LANDLORD

By: _____

Its _____

FRANCHISOR

Cartridge World North America, LLC

By: _____

Its _____

CARTRIDGE WORLD®
Unit Franchise Agreement

Exhibit E

SITE SELECTION ACKNOWLEDGMENT
AND ADA CERTIFICATION FORM

Cartridge World North America, LLC (“Franchisor”, or “we”, “us” or “our”) and _____ (“Unit Franchisee(s)” or “you”) are parties to a unit franchise agreement dated _____, 20__ (the “Unit Franchise Agreement”) for the operation of a CARTRIDGE WORLD Unit Franchise at the Premises identified below (the “Unit Franchise”). This Form refers to the following proposed location of the Premises for the Unit Franchise (the “site”), which we have accepted and consented to under the terms of the Unit Franchise Agreement:

(ADDRESS OF PREMISES).

You understand and agree that:

- You have independently selected and are solely responsible for the selection, development and operation of the Site.
- Our consent to the Site is not, and should not be relied upon as, a recommendation or endorsement of such location, nor a representation or warranty as to the suitability of the Site for any purpose, the likelihood of any success at such Site, or otherwise. We cannot and do not guarantee the success of any location.
- Although we, or companies referred by or associated with us, may assist you in Site location, identification, financing and/or development by providing consultation, evaluation and/or other assistance, including references to potential locations, contractors and other professionals (individually and collectively referenced as “Site-Related Matters”) neither we nor any Franchisor-Related Parties will have any liability with respect to any location to be selected, obtained and/or used by you or for any Site-Related Matters. The sole responsibility for the selection of the Site and all Site-Related Matters is your own.
- We and/or any Franchisor-Related Parties may have made, or may make, available to you standard and/or Site specific plans and specifications to be used by you in the construction of your Premises at the Site. You are solely responsible for obtaining architectural, engineering and other applicable professional services to prepare surveys, Site and foundation plans and adapt any plans and specifications to the Site and all applicable laws, regulations and ordinances.
- In signing this Form, you acknowledge that you have not relied on any assistance or input from us or any Franchisor-Related Parties with respect to the Site and any Site-Related Matter, and you waive any claims you may have against us and/or any Franchisor-Related Parties in connection with the Site and any such matters.
- You agree that this Form, along with the Unit Franchise Agreement between us, contains the final, complete and exclusive expression of the terms of your and our agreement with respect to the subject matter of this Form and supersedes all other agreements and/or representations of any kind or nature. Any understandings, agreements, representations, or otherwise (whether oral or written) which are not fully expressed in this document and the Unit Franchise Agreement are expressly disclaimed by you.

Unit Franchisee Initials ____/____

ADA Certification:

In accordance with Section 3.3 of the Unit Franchise Agreement, Unit Franchisee certifies to Franchisor that to the best of Unit Franchisee's knowledge, the Premises of the Unit Franchise and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act. Unit Franchisee acknowledges that it is an independent contractor and the requirement of this certification by Franchisor does not constitute ownership, control, leasing or operation of the Unit Franchise. Unit Franchisee acknowledges that Franchisor has relied on the information contained in this certification. Furthermore, Unit Franchisee agrees to indemnify Franchisor and Franchisor-Related Parties, and each of their respective officers, directors, and employees, in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by such indemnified party(ies) as a result of any matters associated with Unit Franchisee's compliance (or failure to comply) with the Americans with Disabilities Act, as well as the costs, including attorneys' fees, related to the same.

In the event of any dispute concerning or relating to this document and/or any of the transactions and/or matters to which it may apply, such dispute will be resolved in accordance with the dispute resolution provisions of the Unit Franchise Agreement (including, but not limited to, Sections 19, 20 and 22 of the Unit Franchise Agreement). Terms not defined in this document shall have the same meaning as they do in the Unit Franchise Agreement.

All signers are jointly and severally responsible for the representations and promises described in this Acknowledgment and Certification Form.

UNIT FRANCHISEE(S)

By: _____

Printed Name: _____

Date: _____

By: _____

Printed Name: _____

Date: _____

By: _____

Printed Name: _____

Date: _____

Unit Franchisee Initials ____/____

**EXHIBIT A-2
TO DISCLOSURE DOCUMENT
MULTI-UNIT AGREEMENT**

**CARTRIDGE WORLD®
MULTI-UNIT AGREEMENT**

This Multi-Unit Agreement (the “**Agreement**”) is entered into as of _____, 20__ between **Cartridge World North America, LLC (“Franchisor”)** and _____ (“**Unit Franchisee**”), upon the following terms, conditions, covenants and agreements.

INTRODUCTION

- A. Franchisor and Unit Franchisee are, concurrently with the signing of this Agreement, entering into the Unit Franchise Agreement (the “**1st FA**”) for the operation of a CARTRIDGE WORLD Unit Franchise at _____ (the “**1st Unit Franchise**”). All capitalized terms not otherwise defined in this Agreement shall have the same meanings given in the 1st FA.
- B. Unit Franchisee desires to obtain and qualifies for a second Unit Franchise Agreement (the “**2nd FA**”) for a second Unit Franchise (the “**2nd Unit Franchise**”), or for a 2nd FA for a 2nd Unit Franchise and a third Unit Franchise Agreement (the “**3rd FA**”) for a third Unit Franchise (the “**3rd Unit Franchise**”), and to pay the applicable Initial Franchise Fees for such Unit Franchises in the amounts as agreed under this Agreement, instead of under the then-current form of Unit Franchise Agreement.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree as follows:

1. INITIAL FRANCHISE FEES; CONDITIONS ON FRANCHISE.

- 1.1 Unit Franchisee understands and agrees that this Agreement confers upon Unit Franchisee a conditional right to obtain an additional Franchise for an additional Unit Franchise. Unit Franchisee agrees that Unit Franchisee’s right to obtain an additional Unit Franchise is expressly contingent upon: (i) Unit Franchisee’s compliance at all times with the requirements of this Agreement, the 1st FA, any other agreements between Franchisor and Unit Franchisee, and Franchisor’s standards, policies and specifications for Unit Franchises, whether contained in the Operations Manuals or any other written communication to Unit Franchisee by Franchisor, relating to the development, appearance or operation of the 1st Unit Franchise; (ii) Unit Franchisee’s delivery of a General Release; (iii) Unit Franchisee’s ability to meet Franchisor’s then-current financial criteria then generally applicable to the award of a second or third Unit Franchise to a unit franchisee, as applicable; and (iv) the opening of any such Unit Franchise(s) within the applicable timeframes noted below in this Section 1.1. Based upon the understanding of all such conditions and agreement by Unit Franchisee, Franchisor covenants to grant to Unit Franchisee, subject to all of the other terms of the applicable Unit Franchise Agreement for such Unit Franchises: **[choose one]**

_____ The Initial Franchise Fee for the 2nd Unit Franchise shall be \$20,000. The 2nd Unit Franchise must be open for business not later than _____ (the “**Deadline Date**”); or

_____ The Initial Franchise Fee for the 2nd Unit Franchise shall be \$20,000. The 2nd Unit Franchise must be open for business not later than _____ (the “**1st Deadline Date**”). The Initial Franchise Fee for the 3rd Unit Franchise shall be \$20,000. The 3rd Unit Franchise must be open for business not later than _____ (the “**2nd Deadline Date**”).

- 1.2 Unit Franchisee understands and agrees that Unit Franchisee obtains no rights (including, without limitation, any right of first refusal, right of first offer, or option) with respect or relating to any site, location, geographical area or territory under this Agreement. Unit Franchisee is not required under this Agreement to develop and open any additional Unit Franchises.
- 1.3 If Franchisor terminates this Agreement due to Unit Franchisee’s failure to comply with the Unit Franchise opening Deadline Date(s) established in Section 1.1 above, Unit Franchisee agrees that Unit Franchisee shall not be entitled to any refund or credit for any amounts paid pursuant this Agreement or any Unit Franchise Agreement upon the termination of this Agreement.

2. AGREEMENT PROCESS

- 2.1 For the 2nd Unit Franchise and the 3rd Unit Franchise (if applicable), the parties shall enter into Franchisor’s then-current form of Unit Franchise Agreement. The parties’ rights and obligations under the 2nd FA and 3rd FA (if applicable) shall be governed exclusively by the terms and conditions thereof, except with respect to the amount of the Initial Franchise Fee and the deadline to open the 2nd Unit Franchise and 3rd Unit Franchise (if applicable), as expressly provided in Section 1.1 of this Agreement. Franchisor reserves the right to modify, in its sole discretion and from time to time, Franchisor’s form Unit Franchise Agreement, and the terms of the 2nd FA and/or 3rd FA may be materially different from the terms of the 1st FA.
- 2.2 If Franchisor and Unit Franchisee enter into the 2nd FA and, if applicable, the 3rd FA, then the applicable Initial Franchise Fee as set forth above will be paid by Unit Franchisee to Franchisor on the signing of the then-current Unit Franchise Agreement.
- 2.3 Unit Franchisee agrees that as a condition to Franchisor granting Unit Franchisee an additional Unit Franchise, Unit Franchisee, including all of its shareholders, owners, members and partners, must sign Franchisor’s then-current standard form General Release of all claims against Franchisor and its Affiliates, officers, directors, members, shareholders, employees and representatives in their corporate and individual capacities, before executing the 2nd FA and the 3rd FA (if applicable).

3. OPENING DEADLINES PER ADDITIONAL UNIT FRANCHISE; TERM AND TERMINATION.

- 3.1 Unit Franchisee is not required under this Agreement to develop and open any additional Unit Franchises. However, if Unit Franchisee chooses to pursue an additional location, subject to the above described conditions, each Unit Franchise must be opened by the applicable Deadline Date(s) stated in Section 1.1 above. For purposes of this Agreement,

the Unit Franchise will be considered to have been “opened” on the day it is open for regular, continuous business to the public. Unit Franchisee acknowledges and agrees that if Franchisor is not able to deliver a Franchise Disclosure Document to Unit Franchisee by reason of any lapse or expiration of any applicable franchise registration, or because Franchisor is in the process of amending such registration, or for any other reason, Franchisor may delay the award/execution of any Unit Franchise Agreement accordingly without liability to Unit Franchisee. If Unit Franchisee is attempting, but is unable to meet, the applicable opening Deadline Date for the Unit Franchise solely as a result of a force majeure event as described in Section 21.7 of the 1st FA, and which Unit Franchisee could not by the exercise of due diligence have avoided, the applicable Deadline Date shall be extended only for the duration of such force majeure event.

- 3.2 The term of this Agreement shall expire on the last Deadline Date noted in Section 1.1 above, unless earlier terminated as provided herein or extended under the circumstances noted in Section 3.1 above.
- 3.3 Franchisor shall have the right, but not the obligation, to immediately terminate this Agreement effective upon delivery to Unit Franchisee of written notice of termination, if:
 - A. Unit Franchisee fails to comply with any provision of this Agreement and does not correct such failure within thirty (30) days after Franchisor sends written notice.
 - B. Unit Franchisee, or any owner, shareholder, partner or member, if Unit Franchisee is a corporation, partnership or limited liability company, attempts to make an unauthorized assignment or transfer of this Agreement.
 - C. Any Unit Franchise Agreement between Unit Franchisee and Franchisor is terminated for whatever reason.
 - D. Unit Franchisee ceases to be a unit franchisee of Franchisor.

4. GENERAL PROVISIONS

- 4.1 Franchisee acknowledges and agrees that any award of the 2nd FA or, if applicable, the 3rd FA by Franchisor will depend upon Unit Franchisee meeting the requirements provided in Section 1.1.
- 4.2 The parties agree that the provisions of the following sections of the 1st FA are incorporated by reference into this Agreement and also apply, *mutatis mutandis*, to this Agreement): 1 (Definitions); 7 (Relationship of the Parties; Indemnification); 14 (Transfer); 16 (Termination of Franchise); 17 (Rights and Obligations on Transfer, Repurchase, Termination and/or Expiration of Franchise); 19 (Governing Law and Dispute Resolution); 20 (Notices and Payments); 21 (Entire Agreement; Construction); and 22 (Miscellaneous).
- 4.3 This Agreement, the 1st FA of even date, and any exhibits referenced in either of them constitute the entire understanding among the parties with respect to the 1st FA and this Agreement and supersede all negotiations, prior discussions and preliminary agreements.

Except as referenced herein, no prior agreement or other contemporaneous understanding pertaining to the 1st FA and this Agreement exists. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Unit Franchisee to waive reliance on any representation that Franchisor made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that Franchisor delivered to Unit Franchisee or its representative, subject to any agreed-upon changes to the contract terms and conditions described in that Franchise Disclosure Document and reflected in the 1st FA and this Agreement. This Agreement may not be modified except in writing executed by each of the parties and approved by Franchisor.

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Agreement in three counterparts on the day and year first above written.

THIS AGREEMENT WILL NOT BECOME EFFECTIVE UNLESS AND UNTIL SIGNED BY THE PRESIDENT OR A VICE PRESIDENT OF FRANCHISOR. NO FIELD REPRESENTATIVE OR OTHER PERSON IS AUTHORIZED TO EXECUTE THIS AGREEMENT FOR FRANCHISOR.

Cartridge World North America, LLC

Unit Franchisee

By:_____

By:_____

Name:_____

Name:_____

Title:_____

Title:_____

EXHIBIT A-3
TO DISCLOSURE DOCUMENT
SPOUSAL/DOMESTIC PARTNER CONSENT

Spousal/Domestic Partner Consent Form

I, _____ [SPOUSE'S/DOMESTIC PARTNER'S NAME], am the spouse/domestic partner of _____ [UNIT FRANCHISEE'S NAME], who is a party to and/or guarantor of that certain Unit Franchise Agreement dated _____, 20____ for the CARTRIDGE WORLD Unit Franchise located at the following address: _____ (the "Unit Franchise Agreement"), by and between Cartridge World North America, LLC (the "Franchisor"), on the one hand, and _____, an individual, and _____, an individual (individually and collectively, the "Unit Franchisee")
[or]

_____, a corporation/partnership/limited liability company (circle, as appropriate), (the "Unit Franchisee"),

on the other hand.

I represent, warrant, acknowledge, and agree that I am not a Unit Franchisee under the above referenced Unit Franchise Agreement and do not, and will not, have any legal, beneficial or other interest in the Unit Franchise Agreement and/or the Unit Franchise.

I hereby represent, warrant and acknowledge that, while I am not a prospective franchisee, I have reviewed a copy of the Franchisor's Franchise Disclosure Document, and read and understood the Unit Franchise Agreement, including:

1. The provisions of Section 19 [Governing Law and Dispute Resolution] of the Unit Franchise Agreement requiring dispute avoidance and resolution (e.g., governing law, venue, waiver of punitive damages, waiver of jury trial, class action waiver of legal fees, contractual statute of limitations, etc.); and
2. The provisions of Sections 8.1 [Confidential Information – Non-Disclosure and Non-Use] and 8.2 [Non-Compete Covenants] of the Unit Franchise Agreement pertaining to my spouse's/domestic partner's non-disclosure and non-compete obligations, both during and after the Unit Franchise Agreement, and his/her commitment to my compliance with those provisions; and
3. The other terms of the Unit Franchise Agreement including, but not limited to, the continuing obligations set forth in Section 17.4 of the Unit Franchise Agreement.

I hereby consent to the execution of the Unit Franchise Agreement and all related documents by my spouse/domestic partner and agree that I will not make any claim at any time in a manner contrary to the requirements of the Unit Franchise Agreement or the representations/statements contained in this document.

Any claims by me against or relating in any way to the Franchisor, its parent or affiliates, and/or any of their respective directors, officers, members, partners, agents, employees, attorneys and representatives, will be governed by the dispute resolution provisions of the Unit Franchise Agreement.

Signature

[Spouse's/Domestic Partner's Name]

Date _____

EXHIBIT A-4
TO DISCLOSURE DOCUMENT
AUTOMATIC BANK DRAFT – AUTHORIZATION FORM



Automatic Bank Draft Authorization Form

I hereby authorize Cartridge World North America, LLC (“CWNA”) and its agent EasyDraft to initiate withdrawals by electronic funds transfer (“EFT”) from my checking account, as identified below, for amounts owed under my Unit Franchise Agreement with CWNA. In addition, the financial institution at which my checking account is held is hereby authorized to debit my checking account for the withdrawals initiated by CWNA and its agent EasyDraft.

I authorize CWNA to withdraw funds at such days and times as CWNA shall determine via EFT from my bank account for all fees and other charges owed by me in connection with the Unit Franchise Agreement and this Authorization Form. I authorize ACH debits via EFT based on an amount: (1) 6% of my Gross Revenue and Gross Profit for Royalty Fees (as provided in the Unit Franchise Agreement) for the preceding Royalty period (currently a calendar month); and (2) up to 4% of my Gross Revenue and Gross Profit for the preceding Royalty period for Marketing Fund Contributions. I understand that all Royalty and Marketing Fund Contributions must be received by or credited to CWNA’s account no later than the 10th day after each Royalty period. Failure to pay or late payment is a default under the Unit Franchise Agreement.

If my account does not have sufficient funds to cover the debits authorized herein, I agree to pay a \$25 Returned Debit service charge, which may be collected electronically. I acknowledge that the origination of ACH transactions in my account must comply with all applicable laws and the NACHA operating guidelines.

This authority is to remain in full force and effect until the underlying obligations under my Unit Franchise Agreement have been satisfied in full or released in writing by CWNA.

This authorization further confirms my understanding of the Unit Franchise Agreement signed by me in which I expressly agree to participate in any then current electronic funds transfer program. I agree that this authorization shall apply to any and all depositories and bank accounts with which I/we open accounts during the term of the Unit Franchise Agreement and any renewals. I also agree that if I close any bank account, I am obligated immediately to: (i) notify CWNA thereof in writing, (ii) establish another bank account, and (iii) execute and deliver to CWNA all documents necessary to begin and continue making withdrawals from such bank account/depository by ACH debiting or other electronic means. I specifically agree and declare that this Authorization shall be the only written authorization needed from me in order to initiate debit entries/ACH debit originations to my bank account(s) established with any depository or bank in the future.

[Customer information and signature page to follow]

Customer Information

Name (as shown on bank account): _____ Unit Franchise
#: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Unit Franchise Phone Number: _____ Home Phone Number: _____

Bank Name: _____

Email: _____

_____/_____
Transit Routing Number / Account Number

Name (please print): _____

Signature

Date

Please attach a voided check with this application

Send to:

Cartridge World North America, LLC
3917 Mercy Drive
McHenry, Illinois 60050
Attention: Accounting Department

EXHIBIT B
TO UNIT FRANCHISE DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

Cartridge World North America, LLC

Financial Report
December 31, 2016

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Independent Auditor's Report

To the Board of Directors and Member
Cartridge World North America, LLC

We have audited the accompanying financial statements of Cartridge World North America, LLC (the "Company"), which comprise the balance sheet as of December 31, 2016, and the related statements of operations, member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cartridge World North America, LLC as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Prior Year Financial Statements and Restatement

The financial statements of Cartridge World North America, LLC as of December 31, 2015 and 2014 were audited by other auditors, whose report dated March 21, 2016 expressed an unqualified opinion on those statements.

A handwritten signature in black ink that reads "Plante & Moran, PLLC".

March 23, 2017

Cartridge World North America, LLC

Balance Sheet

December 31, 2016, 2015, and 2014

	2016	2015	2014
Assets			
Current Assets			
Cash and cash equivalents	\$ 280,378	\$ 658,432	\$ 403,952
Restricted cash - Ad Fund	693,001	378,462	260,817
Accounts receivable:			
Trade	508,767	490,999	671,729
Loans and notes receivable	-	-	131,200
Prepaid expenses and other current assets	107,856	101,021	50,709
Total current assets	1,590,002	1,628,914	1,518,407
Office Equipment and Software - Net of accumulated depreciation of \$312,292, \$283,019, and 251,167 as of December 31, 2016, 2015, and 2014, respectively			
Office equipment and software	457,261	357,496	338,909
Total office equipment and software	457,261	357,496	338,909
Less accumulated depreciation	312,292	283,019	251,168
Net office equipment and software	144,969	74,477	87,741
Other Assets	77,735	77,615	105,958
Total assets	<u><u>\$ 1,812,706</u></u>	<u><u>\$ 1,781,006</u></u>	<u><u>\$ 1,712,106</u></u>
Liabilities and Member's Equity			
Current Liabilities			
Accounts payable	\$ 97,734	\$ 49,418	\$ 69,327
Ad Fund liabilities	693,001	378,462	260,817
Accrued and other current liabilities:			
Accrued compensation	94,008	70,900	77,505
Customer deposits	36,300	44,300	76,300
Other accrued liabilities	144,056	270,126	159,938
Total current liabilities	1,065,099	813,206	643,887
Member's Equity	747,607	967,800	1,068,219
Total liabilities and member's equity	<u><u>\$ 1,812,706</u></u>	<u><u>\$ 1,781,006</u></u>	<u><u>\$ 1,712,106</u></u>

Statement of Operations

Years Ended December 31, 2016, 2015, and 2014

	2016	2015	2014
Revenue			
Franchise royalty revenue	\$ 2,020,344	\$ 2,378,577	\$ 2,888,300
Operational fees	623,368	722,050	847,660
Training fees	72,000	121,000	148,700
Franchise fees	82,500	84,750	231,600
Product sales	68,400	103,788	148,905
Other revenue	3,383	4,488	8,667
Total revenue	2,869,995	3,414,653	4,273,832
Cost of Revenue	636,293	760,001	831,569
Gross Profit	2,233,702	2,654,652	3,442,263
Operating Expenses			
Depreciation	29,273	33,103	17,634
Personnel expenses	1,098,759	974,398	947,043
Selling, general, and administrative expenses	1,488,132	1,550,458	1,968,558
Total operating expenses	2,616,164	2,557,959	2,933,235
Operating (Loss) Income	(382,462)	96,693	509,028
Nonoperating (Expense) Income			
Interest (expense) income	(1,042)	4,336	11,479
Product sale rebates	489,670	372,912	562,436
Ad Fund management fees	382,062	433,682	390,025
Total nonoperating income	870,690	810,930	963,940
Net Income	\$ 488,228	\$ 907,623	\$ 1,472,968

Cartridge World North America, LLC

Statement of Member's Equity

Years Ended December 31, 2016, 2015, and 2014

Balance - January 1, 2014	\$ 3,632,104
Net Income	1,472,968
Reclassification of related-party receivable as deemed equity distribution	<u>(4,036,853)</u>
Balance - December 31, 2014	1,068,219
Net income	907,623
Reclassification of related party receivable as deemed equity distribution	<u>(1,008,042)</u>
Balance - December 31, 2015	967,800
Net income	488,228
Reclassification of related party receivable as deemed equity distribution	<u>(708,421)</u>
Balance - December 31, 2016	<u><u>\$ 747,607</u></u>

Statement of Cash Flows

Years Ended December 31, 2016, 2015, and 2014

	2016	2015	2014
Cash Flows from Operating Activities			
Net income	\$ 488,228	\$ 907,623	\$ 1,472,968
Adjustments to reconcile net income to net cash and cash equivalents from operating activities:			
Depreciation	29,273	33,103	17,634
Bad debt expense	44,000	41,000	36,579
Loss (gain) on sale of fixed assets	-	2,214	(500)
Change in Ad Fund liabilities and restricted cash - Net	-	18,679	794
Changes in operating assets and liabilities which (used) provided cash and cash equivalents:			
Accounts receivable	(61,768)	159,917	(182,144)
Prepaid expenses and other current assets	(6,835)	2,028	28,378
Other assets	(120)	73,343	(10,852)
Accounts payable	48,316	(19,909)	(38,924)
Accrued and other current liabilities	(110,962)	564	27,775
Net cash and cash equivalents provided by operating activities	430,132	1,218,562	1,351,708
Cash Flows from Investing Activities			
Purchase of property and equipment	(99,765)	(22,053)	(68,491)
Proceeds from note receivable	-	66,013	20,929
Change in related party receivable, net	(708,421)	(1,008,042)	(1,481,251)
Net cash and cash equivalents used in investing activities	(808,186)	(964,082)	(1,528,813)
Net (Decrease) Increase in Cash and Cash Equivalents	(378,054)	254,480	(177,105)
Cash and Cash Equivalents - Beginning of year	658,432	403,952	581,057
Cash and Cash Equivalents - End of year	<u><u>\$ 280,378</u></u>	<u><u>\$ 658,432</u></u>	<u><u>\$ 403,952</u></u>
Supplemental Cash Flow Information			
Cash paid for taxes	\$ 15,095	\$ -	\$ 800
Cash paid for interest	1,042	-	-
Significant Investing and Financing Noncash Transactions - Reclassification of related party receivable	\$ 708,421	\$ 1,008,042	\$ 4,036,853

December 31, 2016, 2015, and 2014

Note 1 - Nature of Business

Cartridge World North America, LLC (the "Company" or CWNA) is a single-member limited liability company whose only member is Cartridge World International, Inc. (CWI), a Delaware corporation. CWI was previously an indirectly wholly owned subsidiary of Cartridge World Group Holdings Pty Ltd. (CWGH), an Australian company. On May 31, 2015, the ownership of CWI was acquired by Cartridge World Global Holding Co. Limited (CW Global), a Hong Kong entity formed on May 7, 2015. CW Global is a wholly owned subsidiary of Renjency Trading (H.K.) Co. Limited, a Hong Kong entity.

CWNA holds the master franchise agreement to award territorial master franchises for CWI in North America, South America, and Central America. The master franchise may operate or award unit franchise outlets in its territory. The unit franchise outlets provide printing solutions and services to the business and consumer markets, including high-quality replacement inkjet and laser printer cartridges, printers and printer service, business-to-business print management services, and paper and office supplies. In addition to awarding territorial master franchises, the Company provides training, marketing, and operational support tools, including a website and e-commerce site selling printer cartridges. Ongoing services, inventory, and supplies are provided to the unit franchises through approved suppliers.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the Company have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Cash Equivalents

The Company considers all investments with an original maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

The Company's accounts receivable include franchise royalties and franchise fees due from master franchises, operational fees due from unit franchises, and product rebates due from approved suppliers. An allowance for doubtful accounts is determined, with respect to those amounts that the Company has determined to be doubtful of collecting, using specific identification of doubtful accounts and an aging of accounts receivable analysis based on invoice due dates. Actual collection losses may differ from management's estimates. Uncollectible receivables are written off against the allowance for doubtful accounts when all efforts to collect them have been exhausted, and recoveries are recognized when they are received. Generally, accounts receivable are past due after 30 days of an invoice date unless special payment terms are provided. At December 31, 2016, 2015, and 2014 the Company's allowance for doubtful accounts amounted to \$49,153, \$67,662, and \$46,849 respectively.

Office Equipment and Software

Property and equipment, consisting of office equipment and software, are recorded at cost, net of accumulated depreciation. The Company computes depreciation using the straight-line method for property and equipment over a period of three to five years. Costs of maintenance and repairs are charged to expense when incurred.

December 31, 2016, 2015, and 2014

Note 2 - Significant Accounting Policies (Continued)

Ad Fund Liabilities

The Company has participated with its United States' franchisees in a National Unit Ad Fund (Ad Fund). The Ad Fund is established to collect and administer funds contributed for use in advertising and promotional programs designed to increase sales and benefit the overall Cartridge World brand. Contributions to the Ad Fund are derived from unit franchise outlets based on a percent of unit franchise outlet sales, and remitted to the Company.

The Company maintains a separate Ad Fund bank account and shows the balance as restricted cash on the balance sheet. The Ad Fund liabilities represent the corresponding obligation arising from the receipts of the Ad Fund. The receipts from the franchisees are recorded as a liability against which specified advertising costs are charged. The Company does not reflect franchisee contributions to the Ad Fund in its statement of operations or statement of cash flows. The Company is responsible for planning and supervising the spending of amounts collected on permissible marketing activities, as well as for obtaining reimbursement for its reasonable expenses attributable to providing services to and administering the Ad Fund (e.g., salaries, rent, and utilities for related staff, legal fees, etc.). The Company was reimbursed approximately \$266,000, \$349,000 and \$288,000 for administering the fund for the years ended December 31, 2016, 2015 and 2014, respectively. The Company also maintains a Master Marketing Ad Fund funded by contributions from the master franchisees, which operates similarly to the previously mentioned Ad Fund, other than the cash collected is not shown as restricted in a separate bank account. The Master Marketing Ad Fund liability was approximately \$68,000, \$52,000, and \$14,000 as of December 31, 2016, 2015, and 2014 respectively, and was included within other accrued liabilities on the balance sheet. The Company was reimbursed approximately \$116,000, \$85,000, and \$102,000 for administering the fund for the years ended December 31, 2016, 2015, and 2014, respectively.

Revenue and Cost Recognition

Franchise royalty revenue is based on franchisees' sales and is recognized as earned. Product sale rebate revenue is recognized as earned based on product sales made by approved suppliers to franchisees. Operational fees are for systems and services provided to unit franchises and are recognized as earned in the period provided. The Company recognizes franchise fee revenue when all material services or conditions relating to the granting or transfer of a franchise have been substantially performed or satisfied by the franchisor. Product sale revenue from ecommerce sales is recognized when the order is placed and submitted for third-party fulfillment of the order. Training fees is recognized when the training has been completed.

Advertising Expenses

Advertising expenses are charged to income during the year in which they are incurred. Advertising and promotion expense, excluding Ad Fund activity, for 2016, 2015, and 2014 was approximately \$127,000, \$95,000, and \$204,000, respectively, and is included in selling, general, and administrative expenses in the accompanying statement of operations.

Income Taxes

The Company is treated as a limited liability company for federal income tax purposes. Consequently, federal income taxes are not payable or provided for by the Company. Members are taxed individually on their pro-rata ownership share of the Company's earnings. The Company's net income or loss is allocated to the member in accordance with the Company's operating agreement.

December 31, 2016, 2015, and 2014

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Company's year ending December 31, 2019. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Company has not yet determined which application method it will use. The Company does not expect the ASU to significantly impact the recognition of revenue related to its main revenue stream, franchise royalty revenue, but is currently assessing the impact on its other revenue streams.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Company's year ending December 31, 2020 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is expected to have a significant effect on the Company's financial statements as a result of the lease for its headquarters classified as an operating lease. The effect of applying the new lease guidance is expected to increase long-term assets and liabilities. The effects on the results of operations are not expected to be significant as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

Reclassification

Certain amounts from the prior year were reclassified to conform with the current year presentation. A total of \$372,912 and \$562,436 of product sale rebates for 2015 and 2014, respectively, were reclassified from revenue to nonoperating (income) expense and \$433,682 and \$390,025 of Ad Fund management fees for 2015 and 2014, respectively, were reclassified from an offset to selling, general, and administrative expenses to nonoperating (income) expense on the statement of operations.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including March 23, 2017, which is the date the financial statements were available to be issued.

Note 3 - Franchise Activities

The Company awarded no new master franchise agreements during 2016, 2015, and 2014; however, there were transfers and renewals of master franchise agreements. Each master franchise agreement gives the holder territorial rights to operate or grant unit franchise outlets in its designated area.

Notes to Financial Statements

December 31, 2016, 2015, and 2014

Note 3 - Franchise Activities (Continued)

The holders of master franchise agreements awarded zero, one and five unit franchise outlets in their designated areas during 2016, 2015, and 2014 respectively, which accounted for approximately \$0, \$8,000, and \$42,500, respectively, in franchise fee revenue for the Company. In 2016, 2015 and 2014, the Company closed 48, 76 and 54 franchise outlets, respectively. There were 355 franchise outlets in operation as of December 31, 2016, compared to 403 and 519 franchise outlets at December 31, 2015 and 2014, respectively. There were no Company-owned franchise outlets in 2016, 2015 and 2014.

Note 4 - Note Receivable

In 2009, the Company extended a \$250,000 promissory note to four individuals in the sale of one of its master franchise agreements. The note bore interest at 4 percent with monthly payments of \$2,531, with a balloon payment due November 1, 2014. In November, 2014, when the balance of the note became due, the note holders did not make the final balloon payment, but continued to make the previous monthly payment. In November 2015, the Company reached a settlement on the remaining balance due. The Company received cash proceeds and the master franchise territory in the settlement and recognized \$20,000 of bad debt expense. The outstanding principal balance was \$131,200 as of December 31, 2014.

Note 5 - Retirement Plans

The Company sponsors a 401(k) plan for substantially all employees. This plan provides for employee salary deferrals, as well as a matching employer contribution equal to 100 percent of the amount each employee contributes during the plan year, up to a maximum of 4 percent of their compensation. In addition, the Company may also make discretionary contributions to this plan. Contributions to the plan totaled \$24,000, \$26,000, and \$29,000 for the years ended December 31, 2016, 2015 and 2014, respectively, and are included in personnel expenses in the accompanying statement of operations.

Note 6 - Related Party Transactions

As of December 31, 2016 and 2015, the Company had the following intercompany receivables (payables) from related entities through common ownership and control:

	2016	2015	2014
Cartridge World Global Holding Co. Limited (CW Global)	\$ 1,182,978	\$ 475,457	\$ 3,994,448
Cartridge World International, Inc. (CWI)	3,586	2,686	42,405
Reclassification of related party receivable as deemed equity distribution	(1,186,564)	(478,143)	(4,036,853)
Related-party receivable - Net	\$ -	\$ -	\$ -

The receivable was a result of transactions that include personnel and administrative expense of the CWGH and CW Global offices incurred at the CWNA headquarters, CWGH and CW Global allocated management expense, payments, and settlement of intercompany obligations. The allocated personnel and administrative expense reimbursement for the years ended December 31, 2016, 2015 and 2014 was approximately \$329,000, \$131,000, and \$0, respectively, which are recorded as an offset to the corresponding expenses in personnel expenses on the statement of operations.

The related party receivable is reclassified to member's equity as a deemed equity distribution due to uncertainty whether the receivable will be paid in the near term.

In 2015, under the terms of the acquisition of the Company by CW Global, the related party receivable due from CWGH was settled with no proceeds provided to CWNA. At the date of sale, CWNA had \$529,899 receivable due from CWGH and this was reclassified as a deemed equity distribution.

Notes to Financial Statements**December 31, 2016, 2015, and 2014****Note 6 - Related Party Transactions (Continued)**

During 2016, 2015, and 2014 CWGH and CW Global executive management provided oversight and services to the Company and its affiliates. The allocated management expense for the years ended December 31, 2016, 2015, and 2014 was approximately \$352,000, \$534,000, and \$660,000 respectively, which is included in selling, general, and administrative expenses in the accompanying statement of operations.

Note 7 - Commitments and Contingencies***Lease Commitments***

The Company is obligated under noncancelable operating lease commitments for its headquarters facility, which expires on December 31, 2019.

Minimum annual rental commitments under this operating lease at December 31, 2016 are as follows:

<u>Years Ending</u>	<u>Amount</u>
2017	\$ 82,000
2018	98,000
2019	98,000
2020	-
2021	-
Thereafter	-
Total	<u>\$ 278,000</u>

Rent expense for the years ended December 31, 2016, 2015 and 2014 was approximately \$96,000, \$88,000 and \$155,000, respectively, and is included in selling, general, and administrative expenses in the accompanying statement of operations.

Contingencies

The Company may, from time to time, be involved in various legal and administrative proceedings and claims arising in the ordinary course of its business. The ultimate resolutions of such claims would not, in the opinion of management, have a material effect on the Company's financial position or results of operations. The Company has been named in a class action lawsuit. The lawsuit alleges that the Company violated the Telephone Consumer Protection Act and is requesting \$500 per each alleged violation. At this time, the Company cannot estimate total damages or the likelihood of a negative outcome. The Company is also named in a lawsuit requesting damages in excess of \$1,000,000 due to alleged fraudulent behavior by a unit franchise. The Company believes that the indemnification language in the franchise agreement with the corresponding Master Franchise protects the Company from a negative outcome.

EXHIBIT C
TO UNIT FRANCHISE DISCLOSURE DOCUMENT
STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

**STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Business Oversight California Department of Business Oversight	320 West 4 th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 th Place East, Suite 500 St. Paul, MN 55101-2198
New York (State Administrator)	Office of the New York State Attorney General Investor Protection Bureau, Franchise Section	120 Broadway, 23rd Floor New York, NY 10271-0332 212-416-8236 Phone 212-416-6042 Fax
New York (Agent)	New York Secretary of State New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 69-1 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Securities	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9 th Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 201 W. Washington Ave., Suite 300 Madison, WI 53703

**EXHIBIT D
TO UNIT FRANCHISE DISCLOSURE DOCUMENT**

FRANCHISEE INFORMATION

**D-1
Current Unit Franchisees**

**D-2
Former Unit Franchisees**

**D-3
Unit Franchise Agreements Signed But Units Not Yet Open**

Exhibit D-1
Current Unit Franchisees

Exhibit D-1
Current Unit Franchisees
As of December 31, 2016

Master Code	Store Number	Owner First Name	Owner Last Name	Street Address	City	State	Zip / Postal Code	Phone Number
AMT	0749	Erich	Walchek	1401 Doug Baker Blvd Suite 103	Birmingham	Alabama	35242	(205) 408-0506
AMT	0879	George	Harrell	23858 US Hwy 98 Suite C	Fairhope	Alabama	36532	(251) 308-4080
AMT	0522	Gary	Campbell	700 C Airport Rd	Huntsville	Alabama	35802	(256) 883-4567
AMT	0842	Brook	Conkle	3664A Airport Blvd.	Mobile	Alabama	36608	(251) 725-6380
AMT	0672	Wiley	Dempsey	6383 Atlanta Highway	Montgomery	Alabama	36117	(334) 819-8797
AMT	0792	Rick	Baker	1940 Highway 31 South	Pelham	Alabama	35244	(205) 733-2299
AMT	0285	Rick	Baker	1360 Montgomery Highway Suite 108	Vestavia Hills	Alabama	35216	(205) 822-6767
AKA	0194	Diana	Pierce	2815-A Dawson	Anchorage	Alaska	99503	(907) 569-4465
AZN	0020	Jeff	Sayas	3029 North Alma School Rd Ste 121A	Chandler	Arizona	85224	(480) 756-8615
AZN	0316	Laurence	Flinders	1155 South Power Road Suite 116	Mesa	Arizona	85206	(480) 854-3080
AZN	0235	William	Cavinder	8411 W. Thunderbird A103	Peoria	Arizona	85381	(623) 776-7400
AZN	0524	Linda	Neider	749 E Bell Rd Ste 7	Phoenix	Arizona	85022	(602) 298-5100
AZN	0308	Dan	Lasure	2432 W. Peoria Ave Ste 1288	Phoenix	Arizona	85029	(602) 943-3223
AZN	0284	Linda	Neider	4015 E Bell Rd Suite 124	Phoenix	Arizona	85032	(602) 788-0840
AZN	0022	Linda	Neider	635 E. Indian School Rd.	Phoenix	Arizona	85012	(602) 636-1400
AZN	0372	Kathleen	Heckel	1260 Gail Gardner Way Suite 129	Prescott	Arizona	86303	(928) 776-0444
AZN	0544	John	Fortunato	14884 N. Pima Road Suite 105	Scottsdale	Arizona	85260	(480) 443-4465
AZN	0546	Linda	Neider	9897 W McDowell Rd # 340	Tolleson	Arizona	85353	(623) 742-9192
AZN	0391	Chuck	Sawyer	7292 N. Oracle Road	Tucson	Arizona	85704	(520) 544-4646
AZN	0129	Chuck	Sawyer	4592 E. Broadway	Tucson	Arizona	85711	(520) 325-7979
ARK	0752	Joe	Frederick	180 E. Joyce Blvd. # 108	Fayetteville	Arkansas	72703	(479) 251-1900
ARK	0742	Glenda	Lennier	4900 Rogers Ave Suite 103E	Fort Smith	Arkansas	72903	(479) 434-4657
ARK	0667	Joe	Frederick	11321 W. Markham Ste 1	Little Rock	Arkansas	72211	(501) 227-7480
ARK	0874	Kristie	Olson	4325 Mac Arthur	North Little Rock	Arkansas	72118	(501) 227-4657
ORA	0273	Rafael	Hernandez	860 W. Imperial Hwy Suite K	Brea	California	92821	(714) 256-9427
NCB	0723	Scott	Hansel	760 Mangrove Ave	Chico	California	95926	(530) 342-3333
NCC	0511	Hyun	Jun Kim	10133 S. De Anza Blvd	Cupertino	California	95014	(408) 996-8040
NCB	0796	Gary	McConnell	5145 Golden Foothill Parkway Ste 130	El Dorado Hills	California	95762	(916) 939-7384

Exhibit D-1
Current Unit Franchisees
As of December 31, 2016

Master Code	Store Number	Owner First Name	Owner Last Name	Street Address	City	State	Zip / Postal Code	Phone Number
NCB	0523	Stanley	White	7119 Elk Grove Blvd #121	Elk Grove	California	95758	(916) 714-6055
NCC	0839	Rajbir	Dudwal	22306 Foothill Blvd.	Hayward	California	94541	(510) 733-6363
NCB	0150	Young	Han	2265 Las Positas Road	Livermore	California	94551	(925) 455-4446
ORA	0512	Jack	Zarembor	11300 Los Alamitos	Los Alamitos	California	90720	(562) 594-7140
NCB	0312	Omar	Huda	6380 Wilshire Blvd Suite 110	Los Angeles	California	90048	(323) 653-3999
NCB	0469	Omar	Huda	319 S. Arroyo Parkway #5	Pasadena	California	91105	(626) 793-5555
NCB	0140	Ed	Belton	1420 Contra Costa Blvd. Suite C	Pleasant Hill	California	94523	(925) 609-9220
NCB	0461	Gary	McConnell	11170 Sun Center Dr #200	Rancho Cordova	California	95670	(916) 859-0961
NCB	0338	Scott	Hansel	3890 Truxel Rd #400	Sacramento	California	95834	(916) 285-8611
NCC	0247	Katy	Kao	2206 Ringwood Ave	San Jose	California	95131	(408) 777-9001
NCC	0481	Desmond	Lee	3973 Stevens Creek Blvd.	Santa Clara	California	95051	(408) 985-1688
NCB	0196	Wan	Chao	1554 Newell Avenue	Walnut Creek	California	94596	(925) 932-1096
NCB	0453	Scott	Hansel	1025 Gray Avenue	Yuba City	California	95991	(530) 751-9585
RMT	0501	Allan	Chan	955-G Garden of Gods Road Oak Center	Colorado Springs	Colorado	80907	(719) 268-6880
RMT	0215	Garry	Hill	1737 Briargate Blvd	Colorado Springs	Colorado	80920	(719) 260-0710
RMT	0673	Nancy	Follender	273-C E 29th Street	Loveland	Colorado	80538	(970) 669-2120
CNE	0163	Mike	Mancuso	2 Willowbrook Road	Cromwell	Connecticut	6416	(860) 632-9922
CNE	0615	Greg	Oneill	247 Connecticut Ave	Norwalk	Connecticut	6854	(203) 956-5915
CNE	0855	Robert	Wilson	68 Bridge St Suite 102	Suffield	Connecticut	6078	(860) 814-4126
PAD	0472	Bob	Nicholson	800 Peoples Plaza	Newark	Delaware	19702	(302) 832-2933
FLA	0233	Jeff	Karakoosh	801 W. SR 436 Ste 1025	Altamonte Springs	Florida	32714	(407) 767-0680
FLA	0190	Jeff	Rosenzweig	1777 N Congress Ave	Boynton Beach	Florida	33426	(561) 732-0016
FLA	0736	Robert	Bohacek	932 W Lumsden Rd	Brandon	Florida	33511	(813) 288-8465
FLA	0881	Ramon	Casanova	10330 W Sample Rd	Coral Springs	Florida	33065	(954) 800-7512
FLA	0354	Lech	Jaszcz	1808 International Speedway Blvd Unit 302	Daytona Beach	Florida	32114	(386) 253-3555
FLA	0865	David	Monuse	1418 S Andrews Avenue Unit B	Fort Lauderdale	Florida	33316	(954) 554-5566

Exhibit D-1
Current Unit Franchisees
As of December 31, 2016

Master Code	Store Number	Owner First Name	Owner Last Name	Street Address	City	State	Zip / Postal Code	Phone Number
FLA	0840	Alexander	Irigoyen	13141 McGregor Blvd. Suite 4	Fort Myers	Florida	33919	(239) 689-5123
FLA	0849	James	A Dieugenio	3501 SW 2nd Ave	Gainesville	Florida	32607	(352) 505-6626
FLA	0880	Daniel	Schwob	4226 W 16th Ave	Hialeah	Florida	33012	(786) 618-9172
FLA	0543	Dean	Jayroe	790 Skymarks Dr #107	Jacksonville	Florida	32218	(904) 330-0156
FLA	0048	Clifton	Jayroe	8608 Baymeadows Rd	Jacksonville	Florida	32256	(904) 636-7878
FLA	0882	Janyer	Pino	3855 SW 137th Ave	Kendall	Florida	33175	(786) 558-9379
FLA	0221	Enrique	Yunis	2757 Coral Way	Miami	Florida	33145	(305) 856-3434
FLA	0479	Rohit	Kapadia	1500 Alafaya Trail Suite 1044	Oviedo	Florida	32765	(407) 366-0699
FLA	0876	Todd	Keesler	622 W 23rd St	Panama City	Florida	32405	(850) 257-5148
FLA	0677	Stephen	Eittreim	3800 S Tamiami Trail Unit 325B	Sarasota	Florida	34239	(941) 924-2221
FLA	0203	Roger	Madore	107 King Street	St. Augustine	Florida	32084	(904) 826-1462
FLA	0009	Robert	Boheck	1111 N. Himes Ave	Tampa	Florida	33607	(813) 288-8465
GEO	0172	Lowell	(Alan) A Greer	2820 Meredyth Drive Suite #2	Albany	Georgia	31707	(229) 883-8826
GEO	0152	Brad	Bishoff	210 Hawthorne Ave.	Athens	Georgia	30606	(706) 354-1333
GEO	0631	Joe	Oxman	2221 Peachtree Rd	Atlanta	Georgia	30305	(404) 231-5000
GEO	0428	Brian	Oxman	3220 Cobb Parkway #106	Atlanta	Georgia	30339	(770) 850-3455
GEO	0229	Robert	Amos	266 Bobby Jones Expressway Suite 128	Augusta	Georgia	30907	(706) 228-6000
GEO	0436	Dave	Jeffers	2501 Whittlesey Blvd Suite G	Columbus	Georgia	31909	(706) 507-3943
GEO	0686	John	Debroux	2239 Hwy. 20 Suite G	Conyers	Georgia	30013	(770) 929-9110
GEO	0445	Curtis	Harkins	1800 Marketplace Blvd Suite 106	Cumming	Georgia	30041	(770) 888-8220
GEO	0478	Ashish	Gupta	2109 N Decatur Road	Decatur	Georgia	30033	(404) 321-3220
GEO	0706	Mike	Powers	4900 Stewart Mill Rd #C	Douglasville	Georgia	30135	(770) 949-4465
GEO	0430	Curtis	M Harkins	2628 Pleasant Hill Rd Suite 400	Duluth	Georgia	30096	(770) 497-4910
GEO	0454	Jim	Walsh	1100 Hammond Dr. Suite 150	Dunwoody	Georgia	30346	(770) 391-1100
GEO	0455	Curtis	Harkins	33 Shallowford Rd Suite C	Gainesville	Georgia	30504	(855) 998-6637
GEO	0864	Rafael	Guerra	5157 Jimmy Smith Parkway Suite 209	Hiram	Georgia	30141	(770) 635-1100
GEO	0405	Steve	Gornall	10475 Medlock Bridge Rd Suite 104	Johns Creek	Georgia	30097	(770) 232-9990

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GEO	0687	Nancy	McGill	911 Duluth Hwy 120 #C1C	Lawrenceville	Georgia	30043	(770) 995-4465
GEO	0156	Nancy	McGill	911 Duluth Highway Suite C-1-C	Lawrenceville	Georgia	30043	(770) 995-4465
GEO	0635	Dennis	Fraser	8200 Mall Pkwy Suite 145	Lithonia	Georgia	30038	(770) 484-4651
GEO	0813	Quinn and Mandy	Pinnell	4524 Forsythe Rd Suite 309	Macon	Georgia	31210	(931) 728-9505
GEO	0825	Brad	Bishoff	142 Martin Luther King Blvd	Monroe	Georgia	30656	(770) 207-6600
GEO	0805	Scott	Millen	90G Glenda Trace	Newnan	Georgia	30265	(770) 252-5255
GEO	0848	Brad	Hansard	712 Broad St	Rome	Georgia	30161	(706) 234-9465
GEO	0208	Luba	Bilentschuk	10713 Alpharetta Hwy	Roswell	Georgia	30076	(770) 594-1991
GEO	0556	Jitendra N	Patel	3320 Lawrenceville-Suwanee Road Suite 1-D	Suwanee	Georgia	30024	(678) 482-4822
GEO	0660	Ashish	Gupta	4135 Lavista Rd. Ste #220	Tucker	Georgia	30084	(770) 414-0400
GEO	0707	Brad	Bishoff	108 East May Street Suite 200	Winder	Georgia	30680	(678) 425-1599
HAW	0039	Glenn	Kinoshita	99-209 Moanalua Road #302	Aiea	Hawaii	96701	(808) 488-8855
HAW	0729	Wesley	Hara	1124 Kohou St	Honolulu	Hawaii	96817	(808) 593-4465
PNW	0059	Jason	King	1786 W. State St	Boise	Idaho	83702	(208) 363-7300
PNW	0307	Ben	Irwin	3524 N. Government Way	Coeur d'Alene	Idaho	83815	(208) 930-4355
PNW	0774	Byron	Nukaya	2087 E. 17th Street	Idaho Falls	Idaho	83404	(208) 522-5017
PNW	0058	Jason	King	1742 E Fairview	Meridian	Idaho	83642	(208) 884-0090
PNW	0517	Jacob	Davis	1432 S. Main St	Moscow	Idaho	83843	(208) 882-0206
PNW	0195	Jason	King	624 12th Ave South	Nampa	Idaho	83651	(208) 465-1800
PNW	0503	Nick	Fort	647 Blue Lakes Blvd North	Twin Falls	Idaho	83301	(208) 736-8667
MIN	0811	Steve	Belt	438 Orchard St	Antioch	Illinois	60002	(847) 395-5705
MIN	0207	Dominique	Dauphin	358 W Army Trail Rd. Suite 150	Bloomington	Illinois	60108	(630) 893-6300
MIN	0490	Larry	Gusk	3106 Three Oaks Road Unit B	Cary	Illinois	60013	(847) 639-0644
MIN	0170	Steve	Szeszel	17E Crystal Lake Plaza	Crystal Lake	Illinois	60014	(815) 477-0600
MIN	0260	Dominique	Dauphin	7341 Lemont Road	Downers Grove	Illinois	60516	(630) 353-1113
MIN	0632	Daniel	Silberman	1316 S. Milwaukee Ave.	Libertyville	Illinois	60048	(847) 996-0642

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MIN	0112	Karrie	Holland	3924 38th Avenue	Moline	Illinois	61265	(309) 762-2465
MIN	0387	Dan	Crepeau	744 E. Dundee	Palatine	Illinois	60074	(847) 202-0008
MIN	0647	Ed	Pocius	16114 S Rte 59	Plainfield	Illinois	60586	(815) 267-7571
MIN	0404	Jeff	Mcbee	6139 E. State Street	Rockford	Illinois	61108	(815) 316-7722
MIN	0571	Doug	Watson	3307 E. Lincoln Way	Sterling	Illinois	61081	(815) 625-2345
MIN	0471	Curtis	Drayton	7751-2 159th St	Tinley Park	Illinois	60477	(708) 532-3337
INA	0857	Tomm	Triplett	5450 Coldwater Road	Ft. Wayne	Indiana	46825	(260) 444-5681
INA	0486	Steve	Farley	7120 Zionsville Rd	Indianapolis	Indiana	46268	(314) 471-8681
INA	0567	Jeff	Peek	5550 W 86th St. Ste 102	Indianapolis	Indiana	46268	(317) 471-8661
INA	0622	Marlin	Horner	7225 US 31 S Unit D1	Indianapolis	Indiana	46227	(317) 887-9100
INA	0761	Greg	Bewley	2110 B. Boulevard Crossing	Kokomo	Indiana	46902	(765) 456-3465
INA	0424	Dorrie	Henderson	210 Meijer Drive Suite D	Lafayette	Indiana	47905	(765) 448-4500
MIN	0111	Karrie	Holland	5252 Utica Ridge Rd	Davenport	Iowa	52807	(563) 344-0465
NTX	0504	Tim	Reed	2116 Park Avenue	Muscatine	Iowa	52761	(563) 288-1610
NTX	0527	Tim	Reed	1509 Flammang Drive	Waterloo	Iowa	50702	(319) 226-3041
NTX	0460	Joe	Jerome	801 73rd Street Suite I	Windsor Heights	Iowa	50324	(515) 564-7400
NTX	0508	James	Burd	612 N. Broadway	Pittsburg	Kansas	66762	(620) 231-3455
NTX	0457	Dal	Lindstrom	2919 SW Wanamaker	Topeka	Kansas	66614	(785) 861-7455
NTX	0506	Joseph	Copper	7130 W. Maple St. Suite 290	Wichita	Kansas	67209	(316) 729-7465
NTX	0348	Dal	Lindstrom	11333 E. Kellogg Suite 202	Wichita	Kansas	67207	(316) 684-3455
NTX	0084	Joseph	Copper	2250 North Rock Road	Wichita	Kansas	67226	(316) 681-1183
COR	0871	Kimberly	Wisner	808 N Hwy 190	Covington	Louisiana	70433	(985) 373-6752
COR	0697	William	Bisland	265 Corporate Dr	Houma	Louisiana	70360	(985) 580-1010
COR	0487	Ramona	Begnaud	3603-E Ambassador Caffery Parkway	Lafayette	Louisiana	70503	(337) 984-9000
CNE	0224	Philip	J. Coupe	183 U.S. Rte 1	Scarborough	Maine	04074	(207) 510-7048
MDA	0519	Barry	Taylor	330 140 Village Road Suite 14 Fairground Village Shopping Center	Westminster	Maryland	21157	(410) 848-9183
CNE	0795	Stephen	R Trask	83 Parkhurst Rd #16	Chelmsford	Massachusetts	01824	(978) 735-4311

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CNE	0735	Chuck	Wallace	223 Maple St	Middleton	Massachusetts	01949	(978) 762-4657
CNE	0762	Salvatore	Schembre	1 Robert Tower Blvd Suite 6	North Attleboro	Massachusetts	02760	(508) 699-8999
OHM	0251	Steven	Meyer	1958 S Industrial Highway Suite C	Ann Arbor	Michigan	48104	(734) 213-1739
OHM	0618	Amy	Tate	206 N. Euclid Ave.	Bay City	Michigan	48706	(989) 686-1491
OHM	0155	Steven	Meyer	9864 E. Grand River Suite 140	Brighton	Michigan	48116	(810) 229-5599
OHM	0866	Mark	Provencher	2119 S. Linden Road	Flint	Michigan	48532	(810) 732-5080
OHM	0353	Kieu	Thu Le (Alt)	2839 Breton Rd	Grand Rapids	Michigan	49512	(616) 532-1717
OHM	0868	Steven	Rumler	72 W. Carleton Rd	Hillsdale	Michigan	49242	(517) 437-2990
OHM	0591	Brad	Troyer	4512 Stadium Drive	Kalamazoo	Michigan	49008	(269) 342-6331
OHM	0815	Brian	Tallon	5025 W. Saginaw Hwy	Lansing	Michigan	48917	(517) 853-0709
OHM	0211	Amy	Tate	1112 S. Saginaw Road	Midland	Michigan	48640	(989) 631-0716
OHM	0210	Brian	Tallon	1715 E. Grand River	Okemos	Michigan	48864	(517) 721-1307
OHM	0819	Amy	Tate	5647 State Street Suite C	Saginaw	Michigan	48603	(989) 790-2855
OHM	0086	Amy	Tate	5699 Bay Rd.	Saginaw	Michigan	48604	(989) 790-8060
OHM	0167	Matt	Markus	3281 Rochester Rd	Troy	Michigan	48083	(248) 619-9959
MIN	0627	Tom	Schablitsky	7595 W. 148th Street	Apple Valley	Minnesota	55124	(952) 891-4545
MIN	0157	Dan	Stafford	10450 Baltimore Street NE Suite 120	Blaine	Minnesota	55449	(763) 717-0114
MIN	0716	Steve	Horbul	138 Main St S	Cambridge	Minnesota	55008	(763) 552-4657
MIN	0044	Steve	Vollmer	7906 Eden Road	Eden Prairie	Minnesota	55344	(952) 224-8555
MIN	0049	Erv	Zinter	13760 83rd Way	Maple Grove	Minnesota	55369	(763) 420-6632
MIN	0541	Jeanne	ONeal	3035 White Bear Avenue Suite 11	Maplewood	Minnesota	55109	(651) 779-9700
MIN	0557	Erv	Zinter	9125 Quaday Avenue NE Suite 101	Otsego	Minnesota	55330	(763) 441-7368
MIN	0271	Steve	Vollmer	1615 1st SW #4	Rochester	Minnesota	55902	(507) 424-3959
MIN	0414	Stan	Case	1633 County Road C West	Roseville	Minnesota	55113	(651) 379-0390
MIN	0252	Bill	Hafdal	3411 W. Division St	St. Cloud	Minnesota	56301	(320) 258-3148
AMT	0521	Sreemukh	Sanne	201 LayFair Drive Suite 110	Flowood	Mississippi	39232	(601) 939-3373
NTX	0370	Ky	Ngo	14248 Manchester Road	Ballwin	Missouri	63011	(636) 391-2278
NTX	0347	James	Burd	211 West 3rd	Carthage	Missouri	64836	(417) 781-3455

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NTX	0340	Ky	Ngo	17277 Chesterfield Airport Blvd	Chesterfield	Missouri	63005	(636) 532-8484
NTX	0505	Jeff	Zehner	770 Market Street	Farmington	Missouri	63640	(573) 747-0070
NTX	0294	Susan	Abbott	6024 NE Antioch Road	Gladstone	Missouri	64119	(816) 741-4465
NTX	0507	James	Burd	102 North Range Line	Joplin	Missouri	64801	(417) 206-3455
NTX	0216	Mary	Pycior	412 SW Ward Road	Lee's Summit	Missouri	64081	(816) 246-4845
NTX	0603	Ky	Ngo	9532 Manchester Road	Rock Hill	Missouri	63119	(314) 963-3439
NTX	0462	Scott	Hertzke	1842 S. Glenstone	Springfield	Missouri	65804	(417) 886-1234
NTX	0431	Dan	McNeil	3656 South Campbell	Springfield	Missouri	65807	(417) 823-9990
NTX	0416	Ken	Jones	824 Washington Corners	Washington	Missouri	63090	(636) 390-0550
NTX	0426	Ken	Jones	504 West Pearce	Wentzville	Missouri	63385	(636) 887-4840
RMT	0861	Tom	Ryan	2455 Central Ave Suite 1	Billings	Montana	59102	(406) 652-2445
NTX	0272	Andy	Neil	5400 S. 56th Street #6	Lincoln	Nebraska	68516	(402) 464-3455
NTX	0611	Rachelle	Ogden	701 S. 25th St. #900	Norfolk	Nebraska	68701	(402) 844-3455
NTX	0091	Andy	Neil	11728 W. Dodge Rd	Omaha	Nebraska	68114	(402) 334-3455
AZN	0781	Sham	Mehta	9550 S. Eastern Avenue Suite 190	Las Vegas	Nevada	89123	(702) 586-0634
AZN	0318	Sherin	Holla	4825 West Flamingo Road Suite 12	Las Vegas	Nevada	89103	(702) 444-1116
AZN	0561	John	Braun	1300 E. Plumb Ln Suite B2	Reno	Nevada	89502	(775) 826-2465
CNE	0509	Brian	Gallagher	777 South Willow St	Manchester	New Hampshire	03103	(603) 657-7121
CNE	0075	Brian	Gallagher	295 Daniel Webster Hwy Ste 2B	Nashua	New Hampshire	03060	(603) 598-4657
CNE	0597	Zeina	Saghbini	13 Plaistow Rd #1	Plaistow	New Hampshire	03865	(603) 378-9465
CNE	0403	Brian	Gallagher	379A South Broadway Unit C-1	Salem	New Hampshire	03079	(866) 211-4200
NWJ	0859	Daniel	Menders	525 Becket Rd	Beckett	New Jersey	08085	(518) 786-5188
NWJ	0115	Norm	Friedman	205 Brick Mall	Brick	New Jersey	08723	(732) 920-1774
NWJ	0652	Robert	Long	2 Split Rock Dr Suite 6	Cherry Hill	New Jersey	08003	(856) 751-0900
NWJ	0136	Eric	Chui	60 Rte 10 W	East Hanover	New Jersey	07936	(973) 884-1306

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NWJ	0662	Steven	Pallo	105 Route 46 West	Fairfield	New Jersey	07004	(973) 808-1903
NWJ	0291	Lynn	Furman	268 US HWY 202/31	Flemington	New Jersey	08822	(908) 782-1180
NWJ	0634	Jeff	Bier	830 Franklin Ave.	Franklin Lakes	New Jersey	07417	(201) 891-0990
NWJ	0230	Jack	Pezzuti	2 Kiel Avenue	Kinnelon	New Jersey	07405	(973) 248-1010
NWJ	0027	Mohammad	Haq	2300 Wrangleboro Road # 304	Mays Landing	New Jersey	08330	(609) 484-1001
NWJ	0062	Michael	Guido	469 Main Street	Metuchen	New Jersey	08840	(848) 229-2390
NWJ	0757	John	Applegate	4095 Route 1 South Suite 33B	Monmouth Junction	New Jersey	08852	(732) 329-2222
NWJ	0083	John	Figueiredo	1310 Springfield Ave.	New Providence	New Jersey	07974	(908) 771-9696
NWJ	0187	Greg	Carafello	55 Mill St	Newton	New Jersey	07860	(973) 383-0204
NWJ	0560	Michael	Webb	291 Ridge Rd	North Arlington	New Jersey	07031	(201) 438-8070
NWJ	0237	Robert	Doyle	106 E Ridgewood Ave	Paramus	New Jersey	07652	(201) 261-3131
NWJ	0085	Donna	Anderson	44 East Main Street	Ramsey	New Jersey	07446	(201) 934-0020
NWJ	0236	Thomas	Rippman	1304 Rte 47 Unit E	Rio Grande	New Jersey	08242	(609) 760-0814
NWJ	0078	Ken	Bohs	350 Route 46 Suite 110	Rockaway	New Jersey	07866	(973) 586-9099
NWJ	0051	Jose	Villacorta	415 Egg Harbor Road Ste 21B	Sewell	New Jersey	08080	(856) 245-7386
NWJ	0533	Mahmoud	Mesheh	863 Somerset St	Somerset	New Jersey	08873	(732) 246-7575
NWJ	0299	Jyoti	Desai	120 Cedar Grove	Sommerset	New Jersey	08873	(732) 384-4411
NWJ	0056	Alex	Martello	2576 Route 22 East	Union	New Jersey	07083	(908) 688-5601
NWJ	0305	Thomas	Terranova	1370 South Main Road #8	Vineland	New Jersey	08360	(856) 692-0372
NWJ	0088	Robin	Bordman	1055 Hamburg Turnpike Wedgewood Plaza	Wayne	New Jersey	07470	(973) 696-2880
NWJ	0089	Jim	Feeney	Plaza 46 1590 Hwy 46 West	woodland park	New Jersey	07424	(973) 256-5610
NYS	0528	Howard	Service	2068 Flatbush Avenue	Brooklyn	New York	11234	(718) 252-7771
NYS	0024	Mark	Becker	19 Clifton Country Road	Clifton Park	New York	12065	(518) 371-2207
NYS	0017	Frank	Francia	776 Hempstead Turnpike	Franklin Square	New York	11010	(516) 539-1211
NYS	0826	Glenn	Norman	1200-8 East Jericho Turnpike	Huntington	New York	11743	(631) 271-0240
NYS	0437	Qing	Li	56-11 A Marathon Parkway	Little Neck	New York	11362	(718) 504-2862
NYS	0847	Henri	Kalajian	805 Third Ave	New York	New York	10022	(212) 308-1465

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NYS	0844	Gerry	Moultry	225 West 23rd St	New York	New York	10011	(212) 414-8406
NYS	0098	Glen	Friedman	155 West 35th Street	New York	New York	10001	(212) 777-6600
NYS	0853	Greg	Carafello	14 Wall St	New York City	New York	10005	(973) 768-9780
NYS	0128	Phil	Caputo	101 Route 112	port Jefferson	New York	11776	(631) 979-3292
NYS	0077	Trevor	Rose	425 Willis Ave	Williston Park	New York	11596	(516) 222-2422
NYS	0817	Michael	Traina	1928 Commerce St	Yorktown Heights	New York	10598	(914) 245-8939
PAD	0082	Dave	Culp	11046-A Cedar Walk Lane	Charlotte	North Carolina	28277	(704) 529-7360
PAD	0270	Mark	Crampton	105 W. NC Hwy 54 Suite 281	Durham	North Carolina	27713	(919) 806-0500
PAD	0183	Trena	Daignault	440 Westwood Shopping Center	Fayetteville	North Carolina	28314	(910) 482-4465
PAD	0440	Mark	Wickham	1838 Startown Rd	Hickory	North Carolina	28602	(828) 322-1001
PAD	0046	Scott	Cohen	424 Airport Blvd Suite 400	Morrisville	North Carolina	27560	(919) 678-0910
PAD	0605	Steve	Holder	6325 Falls of Neuse Rd. Suite 5	Raleigh	North Carolina	27615	(919) 872-8072
MIN	0794	William	R Bernhagen	537 South 7th St.	Bismarck	North Dakota	58504	(701) 751-3334
MIN	0691	Henry	Holtgard	3501 13th Ave S	Fargo	North Dakota	58103	(701) 235-6200
OHM	0141	Steve	Tirrell	1918 Buchholzer Road	Akron	Ohio	44310	(330) 633-2735
OHM	0123	Gregory	Winn	1393 Grandview Ave	Columbus	Ohio	43212	(614) 457-1324
OHM	0036	Eric	Kehler	323 W. Bridge Street	Dublin	Ohio	43017	(614) 889-8488
OHM	0613	Dawn	Rettig	820 N Main St Suite 4	Findlay	Ohio	45840	(419) 422-7166
OHM	0099	Christopher	Ratchford	1004 N. Hamilton Rd.	Gahanna	Ohio	43230	(614) 532-5368
OHM	0657	Alan	Horvath	4508 Cemetery Rd	Hilliard	Ohio	43026	(614) 777-4465
OHM	0070	Gary	Goodwin	6567 Brandt Pike	Huber Heights	Ohio	45424	(937) 233-4655
OHM	0831	David	Fett	1094 N Cable Rd	Lima	Ohio	45805	(419) 999-9278
OHM	0830	David	Fett	2100 Harding Highway Suite 6	Lima	Ohio	45804	(419) 999-9276
OHM	0383	Mike	Detrow	327 N Lexington-Springmill Rd	Mansfield	Ohio	44906	(419) 747-7468
OHM	0069	Steve	Tirrell	4901 Portage Street NW	North Canton	Ohio	44720	(330) 305-1424
OHM	0658	Rusty	McNair	1347 E. Kemper Road	Springdale	Ohio	45246	(513) 671-5700
OHM	0739	Tom	Rhoden	3814 W. Alexis Rd	Toledo	Ohio	43623	(419) 517-7555
NTX	0034	Jane	Porter	1015 East Lansing Street	Broken Arrow	Oklahoma	74012	(918) 251-5096

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NTX	0143	Frank	Smith	1704 South Broadway	Edmond	Oklahoma	73013	(405) 359-8765
NTX	0330	James	Burd	1620 S Main St Ste E	Grove	Oklahoma	74344	(918) 791-9465
NTX	0313	Joe	DeBerry	114-C W. Taft	Sapulpa	Oklahoma	74066	(918) 227-3500
NTX	0730	Joe	DeBerry	1251 S Harvard Ave	Tulsa	Oklahoma	74112	(918) 747-4340
NTX	0148	Scott	Brown	11161 E. 31st Street	Tulsa	Oklahoma	74146	(918) 270-1300
NTX	0071	Joe	DeBerry	2727 E 21st St Suite 305	Tulsa	Oklahoma	74114	(918) 369-2888
NTX	0382	Nancy	K Wood	108 E Main	Wilburton	Oklahoma	74578	(918) 426-5900
PNW	0304	Brian	McCann	810 Eastman Parkway	Gresham	Oregon	97080	(503) 489-1884
PNW	0135	Richard	Jarvis	3962 SE Hawthorne Blvd Suite B	Portland	Oregon	97214	(503) 231-7900
PNW	0807	Keith	Figueroa	476 Lancaster Dr NE	Salem	Oregon	97301	(503) 363-0966
PNW	0327	Brian	McCann	10115 SW Nimbus Avenue Ste 600	Tigard	Oregon	97223	(503) 624-2171
PAD	0368	Drew	Sinclair	3420 Pleasant Valley Blvd	Altoona	Pennsylvania	16602	(814) 944-5554
PAD	0451	David	Crown	200 S. Spring Garden Suite D	Carlisle	Pennsylvania	17013	(717) 249-8900
PAD	0037	Bob	Bilbow	7A Gateway Shopping Center	Edwardsville	Pennsylvania	18704	(570) 822-4100
PAD	0579	Samuel	Hoffman	346 N. Reading Road	Ephrata	Pennsylvania	17522	(717) 721-1850
PAD	0606	Tom	Landis	1000 Carlisle St. #20	Hanover	Pennsylvania	17331	(717) 637-1311
PAD	0563	David	Shaffer	1052 Oakland Ave	Indiana	Pennsylvania	15701	(724) 465-2679
PAD	0390	Karen	McCready	1309 Eisenhower Blvd.	Johnstown	Pennsylvania	15904	(814) 262-7464
PAD	0008	Michael	Szwast	1937-B Fruitville Pike	Lancaster	Pennsylvania	17601	(717) 509-8989
PAD	0692	Joe	Jasek	1049 Waterdam Plaza Dr Waterdam Plaza	McMurray	Pennsylvania	15317	(724) 731-0218
PAD	0860	Thomas	Laird	2671 Monroeville BLVD	Monroeville	Pennsylvania	15146	(412) 374-1700
PAD	0449	Bruce	Thaler	536 Smithfield Street	Pittsburgh	Pennsylvania	15222	(412) 281-7950
PAD	0599	Norman	Washick	26 Laurel St Suite 6	Pittston	Pennsylvania	18640	(570) 883-0300
PAD	0408	Gerald	Stricker	4886 Penn Ave	Sinking Spring	Pennsylvania	19608	(610) 927-9202
PAD	0582	Karen	Mazurek	1805 Loucks Rd Suite 100	York	Pennsylvania	17404	(717) 699-4465
PTR	0721	Hector	Despiau	Road 2 km. 71.5 Int. Road 638 Domingo Ruiz Ward	Arecibo	Puerto Rico	00612	(787) 878-5542

Exhibit D-1
Current Unit Franchisees
As of December 31, 2016

Master Code	Store Number	Owner First Name	Owner Last Name	Street Address	City	State	Zip / Postal Code	Phone Number
PTR	0694	Adonay	Ramirez	Ave. Lomas Verdes IF-47 Royal Palm	Bayamon	Puerto Rico	00956	(787) 786-3800
PTR	0645	Joe	V Rodriguez-Nazario	C15 Acuarela Street Urb Munoz Rivera	Guaynabo	Puerto Rico	00969	(787) 999-2032
CNE	0489	Mike	Mancuso	776 Main St	East Greenwich	Rhode Island	02818	(401) 515-2011
CNE	0212	Mike	Mancuso	1744 Mineral Spring Avenue	North Providence	Rhode Island	02904	(401) 353-3246
SCR	0725	Joe	Medlin	3275-C N Pleasantburg Drive	Greenville	South Carolina	29609	(864) 286-6300
SCR	0367	Joe	Medlin	1140 Woodruff Road Suite 105	Greenville	South Carolina	29607	(864) 286-6300
SCR	0621	Barry	Stachnik	1200 Queensborough	Mt Pleasant	South Carolina	29464	(843) 856-2344
SCR	0790	Susan	DeMarco	104B Franklin Avenue	Spartanburg	South Carolina	29301	(864) 576-2766
MIN	0690	Scott	Bauer	5013 S Louise Ave.	Sioux Falls	South Dakota	57108	(605) 362-1900
AMT	0376	Dan	Stockel	5985 Stage Road Unit #28	Bartlett	Tennessee	38134	(901) 372-7373
GEO	0244	Hyuck	Jin Kwon	7540 East Brainerd Road Suite 109	Chattanooga	Tennessee	37421	(423) 894-5737
AMT	0803	Taylor	Morse	1016 W. Poplar Ave. Suite 104	Collierville	Tennessee	38017	(901) 853-3230
GEO	0535	Arun	Mahtani	4115 Mallory Lane Suite 216	Franklin	Tennessee	37067	(615) 327-3600
GEO	0829	Cameron	Gonder	5502 Hixson Pike Suite I	Hixson	Tennessee	37343	(423) 842-0702
GEO	0198	Larry	England	1735 W. State of Franklin Road Suite 9	Johnson City	Tennessee	37604	(423) 722-0333
GEO	0199	Larry	England	1420 E Stone Dr Suite B1	Kingsport	Tennessee	37660	(423) 247-7465
GEO	0555	David	Grafton	221 N. Peters Rd	Knoxville	Tennessee	37923	(865) 690-4465
GEO	0108	Gerald	T. Utermark	10420 B Kingston Pike	Knoxville	Tennessee	37922	(865) 312-9456
AMT	0806	Michael	Willis	1603 Union Avenue	Memphis	Tennessee	38104	(901) 721-6024
AMT	0732	Michael	Willis	4717 Poplar Ave	Memphis	Tennessee	38117	(901) 767-4065
GEO	0653	Marcy	Jacobs	215 Robert Rose Dr. Suite F	Murfreesboro	Tennessee	37129	(615) 848-0465
GEO	0536	Arun	Mahtani	218 20th Ave N Suite 1	Nashville	Tennessee	37203	(615) 327-3600
GEO	0814	Jerry	Day	4935 Main St #8	Spring Hill	Tennessee	37174	(615) 302-0252
NTX	0786	Raja	Bhatti	3648 Matlock Road	Arlington	Texas	76015	(817) 557-0300
STX	0245	Danny & JoAnn	Studdard	500 Canyon Ridge Drive Suite B-200	Austin	Texas	78753	(512) 833-8490

Exhibit D-1
Current Unit Franchisees
As of December 31, 2016

Master Code	Store Number	Owner First Name	Owner Last Name	Street Address	City	State	Zip / Postal Code	Phone Number
STX	0073	Danny & JoAnn	Studdard	MOBILE STORE	Austin	Texas	78704	(512) 833-8490
NTX	0688	Paul	Andow	836 E Renfro St	Burleson	Texas	76028	(817) 386-7606
STX	0227	James	Spillman	2200B I 45 North	Conroe	Texas	77301	(936) 539-1080
NTX	0286	Ali	Master	7632 Campbell Rd Suite 311	Dallas	Texas	75248	(972) 705-9494
STX	0586	Christopher	David	5638 Westheimer Road	Houston	Texas	77056	(713) 572-1700
STX	0568	Berhane	Reddy	4036 Bellaire Blvd.	Houston	Texas	77025	(713) 518-1484
STX	0200	Clay	Deaton	1560 Eldridge Pkwy Suite 156	Houston	Texas	77077	(281) 497-4465
STX	0127	Christopher	David	8582 Westheimer	Houston	Texas	77063	(713) 783-9200
STX	0120	Iqbal	Budhwani	7331 Harwin Dr. Suite 201	Houston	Texas	77036	(713) 975-1562
STX	0030	Van	Arrington	2055 Westheimer #165	Houston	Texas	77098	(713) 526-0040
STX	0031	Ray	Curtis	317 Sidney Baker South #200	Kerrville	Texas	78028	(830) 895-3465
NTX	0643	Paul	Holloway	2414 Gilmer Rd Ste. #3	Longview	Texas	75604	(903) 759-4657
NTX	0442	Paul	Younger	3205 N. University Drive Suite L	Nacogdoches	Texas	75964	(936) 559-8347
STX	0181	George	Morato	290 S Business I-35	New Braunfels	Texas	78130	(830) 625-3338
STX	0760	Gerald	Nickelson	10904 Memorial Hermann Drive Suite 105	Pearland	Texas	77584	(281) 998-3050
STX	0590	Ray	Edinger	7959 Fredericksburg Rd Suite 213	San Antonio	Texas	78229	(210) 949-0565
STX	0072	Jim	Timmer	7312 Louetta Rd. Suite A100	Spring	Texas	77379	(281) 257-8668
STX	0179	Robert	Snider	16126 Southwest Freeway Suite 150	Sugar Land	Texas	77479	(281) 980-1145
NTX	0267	Paul	Holloway	1400 W. Southwest Loop 323 Ste 50	Tyler	Texas	75701	(817) 921-2344
RMT	0712	Brandt	Wilcox	101 E. 1600 N.	Logan	Utah	84341	(435) 753-2180
RMT	0050	Kelly	Thompson	832 E Fort Union Blvd	Midvale	Utah	84047	(801) 567-0202
RMT	0659	Kelly	Mason	46 N Main St.	Richfield	Utah	84701	(435) 893-0105
RMT	0648	Kelly	Thompson	2120 S 700 E Suite H	Salt Lake City	Utah	84106	(801) 484-4657
CNE	0870	Marc	Bouchard	7 Turner Ave	Milton	Vermont	05468	(802) 734-0528
MDA	0675	Sharon	Hiatt	44050 Ashburn Shopping Plaza Unit 171	Ashburn	Virginia	20147	(703) 858-9558

Exhibit D-1
Current Unit Franchisees
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Master Code	Store Number	Owner First Name	Owner Last Name	Street Address	City	State	Zip / Postal Code	Phone Number
MDA	0798	Tom	Boone	6327 Multiplex Drive	Centreville	Virginia	20121	(703) 266-6666
MDA	0702	Jamie	Parker	45 Conston Ave	Christiansburg	Virginia	24073	(540) 381-0016
MDA	0589	Bruce	J Barnett	1990 William St	Fredericksburg	Virginia	22401	(540) 621-0320
MDA	0097	William	Papierniak	4120 Cox Rd Suite A	Glen Allen	Virginia	23060	(804) 237-6844
MDA	0696	Fung	Yong (Angela) Tee	13924 Hull Street Road	Midlothian	Virginia	23112	(804) 639-6797
MDA	0804	Joann	Hubbard	610 Trent St. NE	Norton	Virginia	24273	(276) 679-1665
MDA	0480	William	Papierniak	11540 Busy Street	Richmond	Virginia	23236	(804) 423-6628
MDA	0743	Jamshed	Ahmed	3940 Valley Gateway Blvd	Roanoke	Virginia	24012	(540) 682-8200
MDA	0297	Jim	Ahmed	2020 Electric Rd.	Roanoke	Virginia	24018	(540) 776-1112
MDA	0539	Nathan	Evans	4001 Virginia Beach Blvd. Unit 136	Virginia Beach	Virginia	23452	(757) 340-7700
PNW	0101	Kay	Brewer	1360 N Louisiana Suite B	Kennewick	Washington	99336	(509) 735-9266
PNW	0439	Susan	Cowperthwaite	6020 Main St SW Suite H	Lakewood	Washington	98499	(253) 582-0300
PNW	0246	Bill	Johns	17190 Redmond Way	Redmond	Washington	98052	(425) 895-1465
PNW	0319	Bill	Johns	400 NE 45th Street	Seattle	Washington	98105	(206) 632-5555
PNW	0538	Patrick	McCord	2525 E 29th St Suite 8	Spokane	Washington	99223	(509) 315-8760
PNW	0418	Patrick	McCord	4407 N. Division St. #100	Spokane	Washington	99207	(509) 489-3000
PNW	0394	Patrick	McCord	9502 N Newport Hwy Suite 2A	Spokane	Washington	99218	(509) 465-8900
PNW	0258	Ben	Irwin	506 N. Sullivan Road Suite F.	Spokane	Washington	99037	(509) 927-1077
PNW	0175	Richard	Jarvis	2100 SE 164th Ave Suite D104	Vancouver	Washington	98683	(360) 882-4465
PNW	0823	Kay	Brewer	221 East Main Street	Walla Walla	Washington	99362	(509) 529-4556
PNW	0872	Kay	Brewer	2402 S 1st St Suite 102	Yakima	Washington	98903	(509) 469-9711
MIN	0080	Tim	Spilchen	2011 Richmond St	Appleton	Wisconsin	54913	(920) 954-7252
MIN	0081	Tim	Spilchen	2605 S. Oneida St Suite 111	Ashwaubenon	Wisconsin	54304	(920) 497-8669
MIN	0722	Corine	Nareski	19035 W. Bluemound Rd #9	Brookfield	Wisconsin	53045	(262) 754-2901
MIN	0572	Jennifer	Price	1424 E. Geneva St	Delavan	Wisconsin	53115	(262) 728-8570
MIN	0468	Steve	Vollmer	2919 Mall Drive Suite A	Eau Claire	Wisconsin	54701	(715) 839-9733
MIN	0518	Jeff	Faul	N6663 Rolling Meadows Dr. Suite D	Fond du Lac	Wisconsin	54937	(920) 322-1236

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Current Unit Franchisees
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Master Code	Store Number	Owner First Name	Owner Last Name	Street Address	City	State	Zip / Postal Code	Phone Number
MIN	0238	Scott	Kuhn	119 Green Bay Rd	Glendale	Wisconsin	53092	(414) 351-4655
MIN	0747	Steve	Vollmer	1015 Pearson Drive	Hudson	Wisconsin	54016	(715) 381-5000
MIN	0542	Doug	Franzen	3949 Calumet Ave Suite 5	Manitowoc	Wisconsin	54220	(920) 686-9395
MIN	0809	Bill	Fox	8608 University Green Ste #5	Middleton	Wisconsin	53562	(608) 831-9626
MIN	0263	Steve	Vollmer	1220 Crossing Meadows Dr Ste 100	Onalaska	Wisconsin	54650	(608) 783-2644
MIN	0158	Frank	Formiller	1171 S Washburn St	Oshkosh	Wisconsin	54904	(920) 230-1522
MIN	0269	Greg	Nickels	1230 George Towne Dr. Suite B	Pewaukee	Wisconsin	53072	(262) 695-8036
MIN	0718	Dan	Landsverk	5370 Highway 10 East Suite G	Stevens Point	Wisconsin	54482	(715) 544-4945
MIN	0042	David	Morrill	6650 West State Street	Wauwatosa	Wisconsin	53213	(414) 777-1830
MIN	0337	Dan	Landsverk	4551 8th Street South Suite 101	Wisconsin Rapids	Wisconsin	54494	(715) 424-0960

Exhibit D-2

Former Unit Franchisees

Exhibit D-2
Former Unit Franchisees
2016 Calendar Year

Master Code	Store Number	Primary Contact	Store City	Store State	Phone	Reason
AMT	0738	Gary Campbell	Huntsville	AL	245-429-9195	Ceased Operations/Other
AMT	0842	Craig Ferguson	Mobile	AL	251-725-6380	Transfer
AZN	0564	Randy Wiseman	Chandler	AZ	480-838-3505	Non-Renewal
AZN	0767	John Albers	Lake Havasu City	AZ	928-854-9300	Ceased Operations/Other
AZN	0186	Dan Lasure	Phoenix	AZ	602-955-5600	Ceased Operations/Other
AZN	0372	Al Gotland	Prescott	AZ	928-776-0444	Transfer
NCB	0776	Ed Belton	Brentwood	CA	925-240-7614	Ceased Operations/Other
NCC	0296	Dominique Woon	Fremont	CA	510-790-2023	Non-Renewal
NCB	0759	Seth Parker	Modesto	CA	209-545-5253	Ceased Operations/Other
RMT	0674	Nancy Follender	Longmont	CO	720-494-1715	Ceased Operations/Other
GEO	0687	Mary Hines	Buford	GA	770-995-4465	Transfer
GEO	0173	Kaushik Patel	Douglas	GA	912-384-4465	Ceased Operations/Other
GEO	0704	Mike Powers	Douglasville	GA	770-949-4465	Non-Renewal
GEO	0705	Susan Caballa	Liburn	GA	770-925-4465	Non-Renewal
GEO	0848	Missy Alford	Rome	GA	706-234-9465	Transfer
HAW	0039	Albert Holt	Aiea	HI	808-488-8855	Transfer
MIN	0693	Paul Buesse	Batavia	IL	630-406-3575	Non-Renewal
MIN	0651	Paul Roth	Carbondale	IL	618-529-1204	Non-Renewal
MIN	0427	Angela Cushing	Decatur	IL	217-875-0465	Non-Renewal
MIN	0573	Domick Dauphin	Wheaton	IL	630-653-5500	Non-Renewal
INA	0435	Sam Giannakis	Munster	IN	219-513-0565	Non-Renewal
NTX	0349	Dal Lindstrom	Derby	KS	316-788-7760	Ceased Operations/Other
MDA	0502	Brian Bandenburg	Kenington	MD	301-816-0465	Non-Renewal
OHM	0251	Laura Morris	Ann Arbor	MI	734-213-1739	Transfer
OHM	0166	Atul Laddad	Canton	MI	734-254-0544	Ceased Operations/Other
OHM	0592	Fred & Susan Watts	Royal Oak	MI	248-556-8020	Non-Renewal
OHM	0425	Imran Mussami	Southgate	MI	734-642-0011	Non-Renewal
PAD	0834	Jeff Neal	Goldboro	NC	919-778-6552	Non-Renewal
NTX	0396	Jon Zvolanek	Grand Island	NE	308-384-6644	Ceased Operations/Other
NTX	0746	Jon Zvolanek	Omaha	NE	918-455-0422	Ceased Operations/Other
NTX	0065	Brad Rohrig	Omaha	NE	402-334-3455	Non-Renewal
NWJ	0355	David Sciascia	Lopatcong	NJ	908-454-8776	Non-Renewal
NWJ	0047	Joseph Betesh	Oakhurst	NJ	732-531-4232	Non-Renewal
NWJ	0758	Martin Kennedy	Spotswood	NJ	732-251-4657	Ceased Operations/Other
NWJ	0859	Greg Carafello	Swedesboro	NJ	518-786-5188	Transfer
AZN	0311	Sham Mehta	Las Vegas	NV	702-870-0099	Non-Renewal
OHM	0393	Steve Tirrell	Cleveland	OH	216-251-6300	Ceased Operations/Other
OHM	0623	Kurt Pritz	Westerville	OH	614-794-3040	Non-Renewal
NTX	0443	Kelly Seratt	Tahlequah	OK	918-207-1777	Ceased Operations/Other

Exhibit D-2
Former Unit Franchisees
2016 Calendar Year

Master Code	Store Number	Primary Contact	Store City	Store State	Phone	Reason
NTX	0314	Joe DeBerry	Muskogee	OK	918-935-2701	Non-Renewal
PNW	0327	Michelle Potter	Tigard	OR	503-624-2171	Transfer
PAD	0184	Linda Eyer	Harrisburg	PA	717-724-2201	Ceased Operations/Other
PAD	0493	Alan Seymour	Indiana	PA	724-349-4615	Ceased Operations/Other
PAD	0563	Karen McCready	Indiana	PA	724-465-2679	Transfer
SCR	0734	Rob Whitlock	Columbia	SC	803-736-2992	Ceased Operations/Other
GEO	0477	Barry Bean	Hermitage	TN	615-232-2465	Non-Renewal
GEO	0555	Scott Landry	Knoxville	TN	865-690-4465	Transfer
GEO	0814	Eric Barnes	Spring Hill	TN	615-302-0252	Transfer
NTX	0877	Wayne Gordon	Amarillo	TX	580-237-2790	Ceased Operations/Other
STX	0878	Bhupesh Patel	Beaumont	TX	409-225-5398	Non-Renewal
STX	0364	Dennis Edklund	Bryan	TX	979-823-4800	Non-Renewal
NTX	0510	Todd Kuentler	Dallas	TX	214-361-2850	Ceased Operations/Other
STX	0010	Robert Clark	Friendswood	TX	281-286-8244	Non-Renewal
STX	0808	Clay Deaton	Houston	TX	832-427-5214	Ceased Operations/Other
NTX	0153	Wayne Gordon		TX	580-237-2790	Ceased Operations/Other
PNW	0369	Ed Horowitz	Issaquah	WA	425-391-4657	Non-Renewal
PNW	0319	James Kinskey	Seattle	WA	206-632-5555	Transfer
MIN	0158	Ron Hasselbacher	Oshkosh	WI	920-230-1522	Transfer
MIN	0491	Randy Johnson	Sheboygan	WI	920-208-7077	Non-Renewal
MIN	0717	Greg Nickels	West Allis	WI	414-727-4830	Ceased Operations/Other
RMT	0637	Jennifer James	Sheridan	WY	307-675-2010	Non-Renewal

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Exhibit D-3

Unit Franchise Agreements Signed But Units Not Yet Open

Exhibit D-3
Unit Franchise Agreements Signed But Units Not Yet Open
As of December 31, 2016

Master Code	Store Number	Date Store Awarded	Primary Contact	Address	City	State	Zip Code	Phone
AMT	0810	3/31/2008	Rick Baker	7713 Clayton Cove Pkway	Pinson	AL	35126	205-680-6098
AZN	0838	8/26/2009	Randy Weisman	652 E. Torrey Pines Pl	Chandler	AZ	85249	480-248-8707
NCA	0724	2/16/2007	Edris Niakian	2998 W Sugar Hill Terrace	Dublin	CA	94568	925-361-0153
NCC	0303	3/23/2005	Charles Dietz	1941 Grande Circle #55	Fairfield	CA	94533	707-208-6808
NCB	0249	1/28/2005	Wan Chao	2 Neva Court	Oakland	CA	94611	925-932-1096
NCC	0483	1/12/2006	Krishna Katikaneni	20810 Arbeleche Ln	Saratoga	CA	95070	408-872-1188
NCC	0484	1/12/2006	Krishna Katikaneni	20810 Arbeleche Ln	Saratoga	CA	95070	408-872-1188
RMT	0791	12/7/2007	Walt Van Bibber	25704 Shiloh Circle	Conifer	CO	80433	303-838-7040
CNY	0824	11/4/2008	Frank P Lyons	252 Oronoque Rd	Milford	CT	06461	203-640-7761
PAD	0661	9/29/2006	Bruce Thaler	116 Union Ave	Altoona	DE	16602	814-949-2767
PAD	0473	12/16/2005	Scott Andersen	101 Citation Court	Bear	DE	19701	302-838-0915
FLA	0737	3/27/2007	Francisco Garrido			FL		267-275-2101
FLA	0678	11/14/2006	Keith Harrison	4001 Arrow Ave	Sarasota	FL	34232	941-323-0063
FLA	0407	9/16/2005	David Bennett	11125 Marina Bay Rd	Wellington	FL	33467	561-793-1353
HAW	0773	7/31/2007	Robert McKinney	1405 Hiahia St	Wailuku	HI	96793	808-283-1858
NTX	0644	8/11/2006	Todd Clausen	2702 Cedar Heights Dr	Cedar Falls	IA	50613	319-266-2448
NTX	0766	7/11/2007	Shawn Jerrett	10506 Borah Rd	Lancaster	IA	53813	608-778-6165
NTX	0526	2/22/2006	Tim Reed	3301 Spinning Wheel Ct	Muscatine	IA	52671	563-264-1518
MIN	0132	7/26/2004	Doug McLennan	1040 N. Winchester Ave Apt 2R	Chicago	IL	60622	312-282-0304
MIN	0529	2/22/2006	Domineca Neal	575 W Madison #4507	Chicago	IL	60661	312-902-2851
MIN	0689	11/8/2006	Chris Gallagher	931 W VanBuren	Chicago	IL	60607	312-399-5299
MIN	0754	6/8/2007	Ronald Francisco	1010 Salim Place	Lemont	IL	60439	630-243-1144
MIN	0569	4/12/2006	Joseph Stadler	9197 Alamo St	Blaine	MN	55449	763-783-4516
NTX	0763	7/10/2007	Jim Kennedy	299 Glyn Cagny Rd	Ballwin	MO	63021	314-574-4305
NTX	0764	7/10/2007	Jim Kennedy	299 Glyn Cagny Rd	Ballwin	MO	63021	314-574-4305
NTX	0463	11/30/2005	Scott Hertzke	1555 E 646 Rd	Bolivar	MO	65613	417-777-6366
NTX	0464	11/30/2005	Scott Hertzke	1555 E 646 Rd	Bolivar	MO	65613	417-777-6366
NTX	0552	3/27/2006	Jay Sowash	101 Ellerman Ridge Dr	Foristell	MO	63348	636-447-6699

Exhibit D-3
Unit Franchise Agreements Signed But Units Not Yet Open
As of December 31, 2016

Master Code	Store Number	Date Store Awarded	Primary Contact	Address	City	State	Zip Code	Phone
NTX	0292	3/14/2005	Susan Abbott	7423 Hickory St	Kansas City	MO	64118	816-468-7411
NTX	0293	3/14/2005	Susan Abbott	7423 Hickory St	Kansas City	MO	64118	816-468-7411
NTX	0520	2/22/2006	Rick Johnson	1691 Frontenac Woods Ln	St. Louis	MO	63131	314-616-3685
NTX	0384	7/21/2005	Debra Pickrel	2462 E 13th Ave	Columbus	NE	68601	402-563-9661
NWJ	0185	10/22/2004	Christine Tashjian			NJ		201-261-3131
NWJ	0554	3/30/2006	Tim Carter	118 Independence Trl	Totowa	NJ	07521	201-921-5298
NWJ	0558	3/30/2006	Tim Carter	118 Independence Trl	Totowa	NJ	07521	201-921-5298
NWJ	0559	3/30/2006	Tim Carter	118 Independence Trl	Totowa	NJ	07521	201-921-5298
NWJ	0816	8/19/2008	Dominick Cicalese	10190 E Honey Mesquite Dr	Tucson	NJ	85730	520-465-9562
NWJ	0497	1/31/2006	Kathleen Petitt	5 Alanon St	Whippany	NJ	07981	973-887-4939
NYS	0323	4/12/2005	Bill Paolini			NY		718-380-6803
NYS	0324	4/13/2005	Phil Caputo			NY		631-476-4104
NYS	0325	4/13/2005	Phil Caputo			NY		631-476-4104
NYS	0326	4/13/2005	Phil Caputo			NY		631-476-4104
NYS	0333	4/19/2005	Glen Friedman	157 E 18th St Apt 2H	New York	NY	10003	917-566-6852
NYC	0845	11/30/2009	Gerry Moultry	50 Mayhew Dr	South Orange	NY	07079	973-327-4086
NYC	0846	11/30/2009	Gerry Moultry	50 Mayhew Dr	South Orange	NY	07079	973-327-4086
NTX	0315	4/11/2005	Jane Porter			OK		918-251-5096
NTX	0421	9/14/2005	Stan Corley	8029 NW 114th St	Oklahoma City	OK	73162	405-722-8913
NTX	0423	9/14/2005	Stan Corley	8029 NW 114th St	Oklahoma City	OK	73162	405-722-8913
NTX	0744	4/11/2007	James Turley	4000 N. Sara Rd	Yukon	OK	73099	405-354-7884
PNW	0438	10/14/2005	Michelle Potter	9243 SE Main St	Portland	OR	97214	502-235-7566
PAD	0397	8/18/2005	Bruce Thaler	116 Union Ave	Altoona	PA	16602	814-949-2767
PAD	0398	8/18/2005	Bruce Thaler	116 Union Ave	Altoona	PA	16602	814-949-2767
PAD	0399	8/18/2005	Bruce Thaler	116 Union Ave	Altoona	PA	16602	814-949-2767
PAD	0607	5/31/2006	Tom Landis	192 Hillside Dr	East Berlin	PA	17316	717-637-1311
PAD	0608	5/31/2006	Tom Landis	192 Hillside Dr	East Berlin	PA	17316	717-637-1311
PAD	0616	6/28/2006	Rajat Agarwal	120 Sandstone Dr	Hollidaysburg	PA	16648	814-695-8016

Exhibit D-3
Unit Franchise Agreements Signed But Units Not Yet Open
As of December 31, 2016

Master Code	Store Number	Date Store Awarded	Primary Contact	Address	City	State	Zip Code	Phone
PAD	0728	2/28/2007	Michael Szwest	318 Rumford Rd	Litiz	PA	17543	717-569-6497
PAD	0525	2/15/2006	Gerald Stricker	35 Old Rockingham Rd	Salem	PA	03079	603-893-1697
PAD	0562	4/11/2006	Gayle Sauer	2342 Fairhill Rd	Sewickley	PA	15143	412-741-6765
PAD	0576	4/13/2006	Thomas Gorman III	319 W Union St	West Chester	PA	19382	484-716-9591
PAD	0577	4/13/2006	Thomas Gorman III	319 W Union St	West Chester	PA	19382	484-716-9591
PAD	0610	5/31/2006	Karen Mazurek	811 Shenandoah Ln	York	PA	17404	717-764-9201
PTR	0843	11/24/2006	Anibal Roldan Rodriguez	K28 Calle10 Rub. Bonneville	Gardens Cagus	PR	00725	011/787-608-7676
SCR	0055	3/17/2005	Joe Medlin	535 Crimson Rose Run	Wessterville	SC	43081	864-286-6300
NTX	0709	12/29/2006	Robert McMichael	PO Box 1300	Farmington	TX	72730	479-267-1775
NTX	0602	5/25/2006	Matt Tilley	2109 Canterbury Dr	Ft. Worth	TX	76107	817-738-3026
NTX	0740	4/10/2007	Peter Stuermer	32446 Green Ave	Sioux City	TX	51108	712-239-6113
NTX	0458	11/22/2005	Dal Lindstrom	319 Fieldstone	Valley Center	TX	67147	316-755-1305
RMT	0802	3/13/2008	Darin Hoki	1061 Nayon Drive #L	Layton	UT	84040	801-682-8237
RMT	0649	8/17/2006	Kelly Thompson	5801 Stone Flower Way	Salt Lake City	UT	84118	208-351-1696
MDA	0540	3/7/2006	Nathan Evans	4908 B Lauderdale Ave	Virginia Beach	VA	23455	757-363-7505
MIN	0306	3/31/2005	Sam Adams	2919 Mall Dr suite A	Eau Claire	WI	54701	715-839-9733
MIN	0680	10/27/2006	Randall Johnson	W4519 City Rd EH	Elkhart Lake	WI	53020	920-565-2011
MIN	0389	7/29/2005	Mike Campbell	3605 Saddle Brooke Trail	Sun Prairie	WI	53590	608-825-9954
RMT	0784	10/12/2007	Jennifer James	368 Burkitt St	Sheridan	WY	82801	307-675-8032

EXHIBIT E
TO UNIT FRANCHISE DISCLOSURE DOCUMENT
OPERATIONS MANUAL TABLE OF CONTENTS

Operations Manual Table of Contents

Section	Pages
Introduction	6-8
Cartridge World® Franchise System	9-19
Marketing Policies & Programs	19-29
IT Operations	29-38
Human Resources & Staff Management	38-47
Health & Safety	47-56
Operating Procedures	57-71
Total	71

The Operations Manual is updated frequently. The above sections and corresponding page numbers may be changed by us at any time.

EXHIBIT F
TO UNIT FRANCHISE DISCLOSURE DOCUMENT
STATE DISCLOSURE AND AGREEMENT ADDENDA

[STATE FRANCHISE DISCLOSURE DOCUMENT ADDENDA]

California Unit Disclosure Document Addendum

The Unit Franchise Disclosure Document is also amended to include the following:

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THIS FRANCHISE DISCLOSURE DOCUMENT.

The Unit Franchise Agreement provides for termination upon your bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101, et seq.).

Neither CWNA nor any person identified in Item 2 of the Unit Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sec. 78a, et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to California franchisees concerning termination, transfer or nonrenewal of a franchise. If the Unit Franchise Agreement or the Multi-Unit Agreement contains a provision that is inconsistent with California law, California law will control.

You must sign a joint and mutual release of claims if you transfer your Unit Franchise. California Corporations Code, Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Consequently, California Corporations Code, Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516), and California Business and Professions Code, Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The provisions of the Unit Franchise Agreement containing post-term covenants not to compete may not be enforceable under California law.

A contract which restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

California Corporations Code, Section 31125 requires franchisors to give California franchisees a disclosure document, approved by the California Department of Business Oversight, before the solicitation of a proposed material modification of an existing franchise.

The Unit Franchise Agreement provides for non-binding mediation. The mediation will occur in Illinois, with the costs being borne by the parties. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Unit Franchise Agreement restricting venue to a forum outside the State of California.

Neither the Unit Franchise Agreement nor the Multi-Unit Agreement contains a liquidated damages clause.

CWNA'S WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

[STATE AMENDMENTS TO UNIT FRANCHISE AGREEMENT]

None.

EXHIBIT G
TO UNIT FRANCHISE DISCLOSURE DOCUMENT
STATEMENT OF PROSPECTIVE FRANCHISEE

STATEMENT OF PROSPECTIVE FRANCHISEE

**[Note: Dates and Answers Must Be Completed
in the Prospective Franchisee's Own Handwriting.]**

Since the Prospective Franchisee (also called "me," "our," "us," "we" and/or "I" in this document) and Cartridge World North America, LLC (also called the "Franchisor," "you" or "your") both have an interest in making sure that no misunderstandings exist between them, and to verify that no violations of law might have occurred, and understanding that the Franchisor is relying on the statements I/we make in this document, I/we assure the Franchisor as follows:

A. The following dates and information are true and correct:

- | | |
|---|---|
| 1. _____, 20____
Initials _____ | The date on which I/we received a Franchise Disclosure Document about a CARTRIDGE WORLD Unit Franchise. |
| 2. _____, 20____
Initials _____ | The date when I/we received a fully completed copy (other than signatures) of the Unit Franchise Agreement and all other documents I/we later signed. |
| 3. _____, 20____
Initials _____ | The earliest date on which I/we signed the Unit Franchise Agreement or <u>any</u> other binding document (not including any Letter or other Acknowledgment of Receipt.) |
| 4. _____, 20____
Initials _____ | The earliest date on which I/we delivered cash, check or other consideration to the Franchisor, or any other person or company. |

B. Representations and Other Matters:

1. No oral, written, visual or other promises, agreements, commitments, representations, understandings, "side deals," options, rights-of-first-refusal or otherwise of any type, including, but not limited to, any which expanded upon or were inconsistent with the Franchise Disclosure Document or the Unit Franchise Agreement or any other written documents, have been made to or with me/us with respect to any matter (including, but not limited to, advertising, marketing, site location and/or development, operational, marketing or administrative assistance, exclusive rights or exclusive or protected territory or otherwise) nor have I/we relied in any way on any such, except as expressly set forth in the Unit Franchise Agreement or a written Addendum thereto signed by the Prospective Franchisee and the President of the Franchisor, except as follows:

(If none, the Prospective Franchisee should write NONE in his/her/their own handwriting.)

Prospective Franchisee's Initials: _____

2. No oral, written, visual or other claim, guarantee or representation (including, but not limited to, charts, tables, spreadsheets or mathematical calculations to demonstrate actual or possible results based on a combination of variables, such as multiples of price and quantity to reflect gross sales, or otherwise), which stated or suggested any specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained), from franchised or non-franchised units, was made to me/us by any person or entity, nor have I/we relied in any way on any such, except for information (if any) expressly set forth in Item 19 of the Franchisor's Franchise Disclosure Document (or an exhibit referred to therein), except as follows:

_____.
(If none, the Prospective Franchisee should write NONE in his/her/their own handwriting.)

Prospective Franchisee's Initials: _____

3. No contingency, prerequisite, reservation or otherwise exists with respect to any matter (including, but not limited to, the Prospective Franchisee obtaining any financing, the Prospective Franchisee's selection, purchase, lease or otherwise of a location, any operational matters or otherwise) or the Prospective Franchisee fully performing any of the Prospective Franchisee's obligations, nor is the Prospective Franchisee relying on the Franchisor or any other entity to provide or arrange financing of any type, nor have I/we relied in any way on such, except as expressly set forth in the Unit Franchise Agreement or a written Addendum thereto signed by the Prospective Franchisee and the President of the Franchisor, except as follows:

_____.
(If none, the Prospective Franchisee should write NONE in his/her/their own handwriting.)

Prospective Franchisee's Initials: _____

4. The individuals signing for the "Prospective Franchisee" constitute all of the executive officers, partners, shareholders, investors and/or principals of the Prospective Franchisee and each of such individuals has received the Franchise Disclosure Document and all exhibits and carefully read, discussed, understands and agrees to the Unit Franchise Agreement, each written Addendum and any Personal Guarantees.

Prospective Franchisee's Initials: _____

5. I/we have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and the Franchisor has strongly recommended that I/we obtain such independent professional advice. I/we have also been strongly advised by the Franchisor to discuss my/our proposed purchase of, or investment in, a CARTRIDGE WORLD Franchise with existing CARTRIDGE WORLD Franchisees prior to signing any binding documents or paying any sums and I/we have been supplied with a list of existing CARTRIDGE WORLD Franchisees.

Prospective Franchisee's Initials: _____

6. I confirm that, as advised, I've spoken with past and/or existing CARTRIDGE WORLD Franchisees, and that I made the decision as to which, and how many, CARTRIDGE WORLD Franchisees to speak with. I understand and acknowledge that CARTRIDGE WORLD Franchisees are distinct from the Franchisor and are independently owned and operated. I understand and acknowledge that they do not act as the Franchisor's agents or representatives in providing any information to me and that no such information can be attributed to the Franchisor and/ or relied upon as such.
7. I/we understand that: entry into any business venture necessarily involves some unavoidable risk of loss or failure, the purchase of a CARTRIDGE WORLD Unit Franchise (or any other) franchise is a speculative investment, investment beyond that outlined in the Franchise Disclosure Document may be required to succeed, there exists no guaranty against possible loss or failure in this or any other business and the most important factors in the success of a CARTRIDGE WORLD Unit Franchise, including the one to be operated by me/us, are my/our personal business, marketing, sales, management, judgment and other skills.

Prospective Franchisee's Initials: _____

8. I acknowledge receiving, reviewing and signing the receipt page for the Franchise Disclosure Document that was delivered to me (the "Receipt"). I confirm that the Franchise Seller Information contained within the Receipt is complete and accurately identifies all of the persons who sold or arranged for the sale of my Unit Franchise and were involved in the franchise sales activities.

Prospective Franchisee's Initials: _____

If there are any matters inconsistent with the statements in this document, or if anyone has suggested that I sign this document without all of its statements being true, correct and complete, I/we will (a) **immediately** inform the Franchisor's President or Chief Executive Officer and (b) make a written statement regarding such next to my signature below so that the Franchisor may address and resolve any such issue(s) at this time and before either party goes forward.

I/we understand and agree that the Franchisor does not furnish or endorse, or authorize its salespersons or others to furnish or endorse, any oral, written or other information concerning actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained), from franchised or non-franchised units, that such information (if any) not expressly set forth in Item 19 of the Franchisor's Franchise Disclosure Document (or an exhibit referred to therein) is not reliable and that I/we have not relied on it, that no such results can be assured or estimated and that actual results will vary from unit to unit and may vary significantly.

Prospective Franchisee's Initials: _____

I/we understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

Date: _____

PROSPECTIVE FRANCHISEE (Individual)

Signature

Printed Name

Signature

Printed Name

PROSPECTIVE FRANCHISEE (Corp., LLC or Partnership) - Must be accompanied by appropriate personal guarantee(s)

Legal Name of Entity

Jurisdiction of Formation Corporation, LLC or Partnership

By: _____
Name

Signature

Title: _____

PRINCIPALS

All of the above is true, correct and complete to the best of my knowledge:

Franchise Marketing Representative

Reviewed by: _____

President of Franchisor Unit Franchise Agreement Number

EXHIBIT H
TO UNIT FRANCHISE DISCLOSURE DOCUMENT
SAMPLE GENERAL RELEASE

SAMPLE GENERAL RELEASE

Release-General Provisions. The Unit Franchisee(s), jointly and severally, hereby release and forever discharge each and all of the Franchisor-Related Parties (as defined below) of and from any and all causes of action, in law or in equity, suits, debts, liens, defaults under contracts, leases, agreements or promises, liabilities, claims, demands, damages, losses, costs or expenses, of any nature whatsoever, howsoever arising, **known or unknown**, fixed or contingent, past or present, that the Unit Franchisee(s) (or any of them) now has or may hereafter have against all or any of the Franchisor-Related Parties by reason of any matter, cause or thing whatsoever from the beginning of time to the date hereof (the “**Claims**”), it being the mutual intention of the parties that this release be unqualifiedly general in scope and effect and that any Claims against any of the Franchisor-Related Parties are hereby forever canceled and forgiven.

THE UNIT FRANCHISEE(S) ACKNOWLEDGE THAT THEY ARE FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

THE UNIT FRANCHISEE(S), BEING AWARE OF THIS CODE SECTION, HEREBY EXPRESSLY WAIVE ALL OF THEIR RIGHTS THEREUNDER AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT OF ANY APPLICABLE JURISDICTION, INCLUDING, WITHOUT LIMITATION, CALIFORNIA AND/OR ***[JURISDICTIONS OF UNIT FRANCHISEE’S(S’) RESIDENCE AND LOCATION OF FRANCHISED UNITS]***.

The Unit Franchisee(s) expressly assume the risk of any mistake of fact or fact of which they may be unaware or that the true facts may be other than any facts now known or believed to exist by the Unit Franchisee(s), and it is the Unit Franchisee’s(s’) intention to forever settle, adjust and compromise any and all present and/or future disputes with respect to all matters from the beginning of time to the date of this document finally and forever and without regard to who may or may not have been correct in their understanding of the facts, law or otherwise. All releases given by the Unit Franchisee(s) are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action whatsoever which exist, or might have existed, on the date of this document. The Unit Franchisee(s) represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this document as the Unit Franchisee(s), in the Unit Franchisee’s(s’) independent judgment, believe necessary or appropriate. The Unit Franchisee(s) have not relied on any statement, promise, representation or otherwise, whether of fact, law or otherwise, or lack of disclosure of any fact, law or otherwise, by the Franchisor-Related Parties or anyone else, not expressly set forth herein, in executing this document and/or the related releases.

No Assignment or Transfer of Interest. The Unit Franchisee(s) represent and warrant that there has been, and there will be, no assignment or other transfer of any interest in any Claims that the Unit Franchisee(s) may have against any or all of the Franchisor-Related Parties, all Claims having been fully and finally extinguished, and the Unit Franchisee(s) agree to forever indemnify and hold the Franchisor-Related Parties harmless from any liability, claims, demands, damages, losses, costs, expenses or attorneys’ fees incurred by any of the Franchisor-Related Parties as a result of any person asserting any interest in any of the Claims and/or any voluntary, involuntary or other assignment or transfer, or any rights or claims under any assignment, transfer or otherwise. It is the intention of the parties that this indemnity

does not require payment by any of the Franchisor-Related Parties as a condition precedent to recovery against the Unit Franchisee(s) under this indemnity.

Attorneys' Fees. If the Unit Franchisee(s), or anyone acting for, or on behalf of, the Unit Franchisee(s) or claiming to have received, by assignment or otherwise, any interest in any of the Claims, commence, join in, or in any manner seek relief through any suit (or otherwise) arising out of, based upon or relating to any of the Claims released hereunder or in any manner asserts against all or any of the Franchisor-Related Parties any of the Claims released hereunder, the Unit Franchisee(s) agree to pay all attorneys' fees and other costs incurred by any of the Franchisor-Related Parties in defending or otherwise responding to said suit or assertion directly to the Franchisor-Related Parties incurring such costs.

"Franchisor-Related Parties" shall mean Cartridge World North America, LLC, Cartridge World International, Inc., Cartridge World Australia Pty Ltd, CW Group Holdings Pty Ltd, and each Affiliate of any of the foregoing, each Cartridge World® marketing and/or advertising fund and each and all of the following, whether past, current and/or future: Each and all entities and/or persons acting through or in concert with any of the foregoing; each and all of the partners, shareholders, officers, directors, agents, attorneys, accountants, and/or employees of any of the foregoing, as well as each and all of the successors and/or assigns of any of the foregoing.

Date of Releases, Joint and Several Liability. The releases granted hereunder shall be deemed effective as of the date hereof. The liabilities and obligations of each of the Unit Franchisee(s) (and any other person/entity providing releases to the Franchisor-Related Parties) shall be joint and several.

Cartridge World North America, LLC

Unit Franchisee

By:_____

By:_____

Name:_____

Name:_____

Title:_____

Title:_____

Address for Notices:

Address for Notices:

3917 Mercy Drive
McHenry, Illinois 60050

Telephone: (815) 321-4400

Telephone:_____

Fax: (815) 675-6321

Fax:_____

Attn:_____

Attn:_____

EXHIBIT I
TO UNIT FRANCHISE DISCLOSURE DOCUMENT

RECEIPT OF UNIT FRANCHISE AGREEMENT AND EXHIBITS

I, the undersigned Franchise Candidate, do hereby acknowledge receipt of the following documents, in ready-to-sign form:

Cartridge World Unit Franchise Agreement and Exhibits

Exhibit A-1	Data Sheet
Exhibit A-2	Royalty Fee Data Sheet
Exhibit B	Continuing Personal Guarantee
Exhibit C	Territorial Rights and Obligations
Exhibit D	Collateral Assignment of Lease
Exhibit E	Site Selection Acknowledgment and ADA Certification Form

I further acknowledge my understanding that it is my responsibility, to review all such documents, so that I am fully familiar with their contents and the transaction they describe.

Date: _____ (*complete with the date you first received the documents*)

PLEASE DO NOT SIGN OR RETURN THESE DOCUMENTS UNLESS YOU RECEIVED OUR FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 CALENDAR DAYS AGO AND HAVE HELD THIS UNIT FRANCHISE AGREEMENT AND RELATED EXHIBITS FOR AT LEAST SEVEN (7) CALENDAR DAYS (EXCLUDE THE DAY OF DOCUMENT RECEIPT AND THE DAY OF SIGNING IN CALCULATING THESE HOLDING PERIODS).

Signature of Franchise Candidate

Print Name of Franchise Candidate

EXHIBIT J
TO UNIT FRANCHISE DISCLOSURE DOCUMENT
RECEIPTS

RECEIPT

This Disclosure Document summarizes certain provisions of the Unit Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Cartridge World North America, LLC ("CWNA") offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, CWNA or an affiliate in connection with the proposed franchise sale.

Iowa and New York require that CWNA give you this Disclosure Document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that CWNA give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If CWNA does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency.

The Franchisor is Cartridge World North America, LLC, located at 3917 Mercy Drive, McHenry, Illinois 60050. Its telephone number is (815) 321-4400.

The name, principal business address, and telephone number of each franchise seller is as follows:

Name: Michael R. Babcock	Name:
Address: 3917 Mercy Drive	Address:
Address: McHenry, Illinois 60050	Address:
Phone: (815) 321-4400	Phone:

Issuance Date: March 31, 2017, as amended August 30, 2017. See the third page of this Disclosure Document for additional state effective date(s).

CWNA authorizes the agents listed in Exhibit C to receive service of process for it.

I have received a Disclosure Document, dated March 31, 2017, as amended August 30, 2017, that included the following Exhibits and other Attachments:

- | | |
|--|---|
| A-1 Unit Franchise Agreement (including Exhibits) | D-3 Unit Franchise Agreements Signed But Units Not Yet Open |
| A-2 Multi-Unit Agreement | E Operations Manual Table of Contents |
| A-3 Spousal/Domestic Partner Consent | F State Disclosure and Agreement Addenda |
| A-4 Automatic Bank Draft – Authorization Form | G Statement of Prospective Franchisee |
| B Financial Statements | H Sample General Release |
| C State Administrators and Agents for Service of Process | I Receipt of Unit Franchise Agreement and Exhibits |
| D-1 Current Unit Franchisees | J Receipts (2 copies) |
| D-2 Former Unit Franchisees | |

Date Received

Prospective Franchisee

Name (please print)

Address:

(To be retained by Franchisee)

RECEIPT

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| D-2 Former Unit Franchisees | |

Date Received

Prospective Franchisee

Name (please print)

Address:

(To be signed, dated and sent to Franchisor)