# FRANCHISE DISCLOSURE DOCUMENT

CULLIGAN INTERNATIONAL COMPANY
a Delaware corporation
9399 West Higgins Road, Suite 1100
Rosemont, Illinois 60018
(847) 430-2800
(800) 428-2828
www.culligan.com

The franchise offered is the right to supply certain authorized water-related products and services and air filtration equipment under Culligan's proprietary marks and to conduct business under an authorized trade name that uses the "Culligan" name.

The total investment necessary to begin operation of a Culligan franchise is $130,000 to $810,082.61 for someone who is new to the Culligan franchise system to open a start-up Culligan dealership with product/service authorizations that are typical for a start-up dealership. This includes from $50,082.61 to $110,082.61 that must be paid to the franchisor or affiliate. If your dealership is authorized to offer deionization services and you choose to regenerate the resin needed to provide those services, you must also purchase certain production equipment at an estimated cost of between $35,000 and $150,000. If your dealership is authorized to engage in bottled water production, you must also purchase certain additional plant add-ons at an estimated cost of between $200,000 and $350,000.

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 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 the Franchise Department at 9399 W. Higgins Road, Suite 1100, Rosemont, Illinois 60618, (847) 430-2800 or (800) 428-2828.

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, N.W., 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.

Issuance Date: May 5, 2022

## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

| QUESTION | WHERE TO FIND INFORMATION |
|---|---|
| **How much will I earn?** | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 and Exhibit F. |
| **How much will I need to invest?** | Items 5 and 6 list fees you will be paying to the franchisor and at the franchisor's direction; Item 7 lists the initial investment to open, and Item 8 describes the suppliers you must use. |
| **Does the franchisor have the financial ability to support my business?** | Item 21 and Exhibit G include financial statements. Review these statements carefully. |
| **Is the franchise system stable and growing or shrinking?** | Item 20 summarizes the 3-year history of the number of company-owned and franchised outlets. |
| **Will my business be the only Culligan business in my market?** | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you. |
| **Does the franchisor have a troubled legal history?** | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings |
| **What's it like to be a Culligan franchisee?** | Item 20 and Exhibit F list current and former franchisees. You can contact them to ask about their experiences. |
| **What else should I know?** | These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents. |

## What You Need To Know About Franchising *Generally*

1. **Continuing Responsibility to pay fees**. You may have to pay royalties and other fees even if you are losing money.

2. **Business model can change**. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchised business or may harm your franchised business

3. **Supplier restrictions**. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

4. **Operating restrictions**. The franchise agreement may prohibit you from operating a similar business both during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

5. **Competition from franchisor**. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

6. **Renewal**. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

7. **When your franchise ends**. Your franchise agreement may not permit you to renew. Even if it does, most franchise agreements do not allow you to renew on the same terms and conditions. You may have to sign a new agreement with different terms and conditions in order to continue to operate your franchised business.

## Some States Require Registration

Your state may have a franchise law that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation by a private judicial service (JAMS) only in the state where the respondent's business is located or in a JAMS near a territory in dispute. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in another state than in your own state.

2. **Sales Performance Required**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

**THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives the franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the license of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual service.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee or subfranchisor until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

**ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE SECTION, G. MENNEN WILLIAMS BUILDING, 6TH FLOOR, LANSING, MICHIGAN 48933, (517) 373-7117.**

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APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES, OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT, IF ANY, APPEAR IN THE STATE SPECIFIC ADDENDA AT **EXHIBIT I** AND IN THE STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT AT **EXHIBIT D,** EXCEPT THAT ADDITIONAL DISCLOSURES RELATED TO MICHIGAN LAW CAN BE FOUND IMMEDIATELY BEFORE THE TABLE OF CONTENTS.

## Item 1
## THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

### The Franchisor

The franchisor is Culligan International Company, and will be referred to in this franchise disclosure document as "Culligan". "You" means the person, corporation, partnership or other form of legal entity (and its owners, as the context may require) who is buying the franchise. This franchise disclosure document is referred to as "Franchise Disclosure Document".

Culligan is a Delaware corporation formed on March 19, 1986, and the successor by merger of a company incorporated May 5, 1945, as Culligan Zeolite Company. Culligan's principal place of business is 9399 West Higgins Road, Suite 1100, Rosemont, Illinois 60018. From 1970 to June 8, 2007, Culligan was located at One Culligan Parkway, Northbrook, IL 60062.

Culligan does business under the names "Culligan" and "Culligan International Company." Culligan's agents for service of process in the franchise registration states are listed in **Exhibit B**.

### Our Parents and Predecessors

As of July 30, 2021, Culligan International Company is directly owned by AI Aqua Merger Sub, Inc., which in turn is an indirect subsidiary of the ultimate parent, Osmosis Holdings, LP. Certain investment funds affiliated with BDT Capital Partners, LLC ("BDT") own all of the outstanding shares of Osmosis Holdings, LP. BDT is located at 401 N. Michigan Ave., Chicago, Illinois 60611, and the address of AI Aqua Merger Sub, Inc. is 9399 W. Higgins Rd., Rosemont, Illinois 60018, and the address of and Osmosis Holdings, LP is 4$^{th}$ Floor, Harbour Place, 103 South Church Street, PO Box 10240, Grand Cayman KY1-1002, Cayman Islands.

Culligan has no predecessors, except for Culligan Zeolite Company that Culligan merged with on March 19, 1986.

An affiliate of Culligan and the guarantor of Culligan's performance is Culligan Franchise Company, a Delaware corporation, located at 9399 West Higgins Road, Suite 1100, Rosemont, Illinois 60018.

BDT also owns a majority interest in several other franchisors. Speed Queen Laundry Franchise, LLC ("Speed Queen") franchises high end laundromats under the Speed Queen name and franchise system. That is the only franchise it offers. Speed Queen is located at 221 Shepard Street, Ripon, Wisconsin. Speed Queen started offering franchises in 2019. As of the issuance date of this franchise disclosure document it had 7 franchised locations open and (through its affiliates) operated 14 company-owned locations.

BDT also owns a majority interest in Whataburger Franchise LLC ("Whataburger"). Whataburger franchises restaurants under the Whataburger name and franchise system. That is the only franchise it offers. Whataburger has its headquarters at 300 Concord Plaza Drive, San Antonio, Texas 78216. Whataburger started offering franchises in 1953. As of the issuance date of this franchise disclosure document, it had 127 franchised locations open and through its affiliates operated 764 company-owned locations.

**Culligan's Prior Business Experience**

Culligan has been in the business of manufacturing, selling and licensing water-related products and services since 1936 when Emmett J. Culligan founded the business. Culligan began a dealer program for portable exchange service over 70 years ago. Since that time, Culligan has only offered franchises in lines of business that relate to water and have not offered franchises in other lines of business.

The introduction of automatic "home-owned" water softeners in the 1950's provided an expanded opportunity for dealers to sell CULLIGAN® products, in addition to providing exchange-type services. Culligan has been authorizing dealers to sell household and commercial water conditioning products and services and to provide deionized water service for 60 years. For over 50 years, Culligan has also been distributing drinking water products through Culligan dealers.

For over 40 years, Culligan owned and operated dealerships through subsidiaries managed by Culligan's Company Owned Dealer Division. Those company owned dealerships are referred to in this Franchise Disclosure Document as a "COD" or, collectively, as "CODs". In 2011 Culligan began an initiative to franchise the CODs and the last COD was franchised in December 2012. Culligan reacquired 31 CODs in August 2018; and has reacquired an additional 13 since August 2018.

For certain multiple-brand producers of bottled water, Culligan may grant trademark licenses for the production of bottled water under the Proprietary Marks (as defined below) for resale to Culligan's Dealers and for the production of water in containers under 2 gallons in size ("Small Pack Water") under the Proprietary Marks for distribution to the general public.

Culligan (directly and/or through affiliates) has also engaged in business activities involving water treatment products and services to address areas of consumer demand and marketing channels that, in Culligan's business judgment, are areas that generally involve consumer preferences and purchasing decisions that do not correspond to the operating practices of Culligan's franchised dealers. These activities have included sales to certain mass merchandisers and home centers and the sale of components to original equipment manufacturers.

Culligan water treatment products and services are sold in the United States, Canada, Europe, South America, Central America, Mexico, the Middle East, Australia, and Asia by Culligan and certain of Culligan's affiliates, franchisees or licensees; through retail chains, department stores, mass merchants, home centers, as well as through online channels; and as components to household appliance, faucet and other original equipment manufacturers.

**The Culligan Franchises We Offer**

Culligan refers to its franchisees as "Dealers", "Independent Dealers" or "Franchised Dealers." Culligan Franchised Dealers operate their businesses ("dealerships") under various trademarks, trade names and service marks, including the registered trademark CULLIGAN® ("Proprietary Marks"). The Proprietary Marks have achieved a high degree of favorable consumer recognition, goodwill and distinction. You will buy products and equipment from Culligan, its Affiliates and suppliers Culligan authorizes as meeting its product specifications. You may buy generic products from any supplier you choose. You will resell the products and provide related services to the general public using uniform methods of operation distinctively associated with the Proprietary Marks. These products, services and methods, together with the Proprietary Marks, are integral and essential components for the single franchised package that Culligan refers to as the "Culligan System."

Under Culligan's franchise agreement attached as **Exhibit C** ("Franchise Agreement"), Culligan will authorize you to sell and distribute specific categories of products and perform specified types of services and processes ("Authorized Products and Services") to specified authorized customers ("Authorized Customers") identified in the Franchise Agreement. Culligan will authorize you to provide one or more of the following products or services to specified Authorized Customers, subject to certain territorial restrictions:

- Household Products and Services (including Portable Exchange and Drinking Water)
- Commercial Products and Services (including Portable Exchange Service and Deionized Water Service)
- Deionized Water Regeneration
- Bottled Water Distribution
- Bottled Water Production
- Industrial Products and Services
- Hemodialysis - Regeneration, Product Sales and Service
- Hemodialysis - Product Sales and Service Only

You may also be able to sell certain Ancillary Products and Services as discussed in Item 8. You will be required to pay a continuing royalty on your revenues from each of your authorized categories of goods and services, as listed above, but you will be entitled to a reduced royalty on Industrial and Ancillary Products and Services.

Other products and services may be test marketed and will not necessarily be available in every area. The services and products you provide will be similar, but not necessarily identical, to those offered by other Culligan Dealers, depending on the date of issuance of their franchises and their business capabilities.

If you are authorized under the Franchise Agreement to offer Culligan products and services to customers who use them in hemodialysis applications and you choose to regenerate resin for use in these hemodialysis applications ("Regeneration, Sales, and Service Program"), you must comply with Culligan's standards and audit procedures. You may (but are not required to) obtain comprehensive regulatory compliance assistance from Culligan.

Most new Culligan dealerships are expansions or conversions from an existing business rather than a start-up enterprise without a pre-existing customer base.

Some existing Culligan Dealers also operate, under trade names and marks other than the Proprietary Marks, water treatment systems and services provided to Industrial Customers for (i) installation in facilities involved in the manufacture of raw materials into finished goods and facilities employing processes to manufacture intermediate and/or finished goods (e.g., automobiles, automobile parts, textiles, electronics, pharmaceuticals, power, pulp, plating foundries, metal working, beverage, chemicals or rubber), including, in the case of sales of water treatment systems, sales and servicing of boiler and cooling tower chemical treatment equipment, or (ii) hemodialysis applications authorized by the U.S. Food and Drug Administration ("FDA") (collectively, "Non-Culligan Industrial Products and Services"). Those Dealers, if they signed the Non-Culligan Industrial Water Treatment Addendum ("Industrial Addendum"), will continue to operate their Culligan dealerships according to the terms and conditions of the Franchise Agreement, and will also continue to offer, sell and provide Non-Culligan Industrial Products and Services to end users at their business establishments selling products or services to wholesale accounts or through distributors, but not to (i) the general public, or (ii) Public Water Systems, as defined in the Federal Safe Drinking Water Act ("Industrial Customers"); in the case of hemodialysis applications, Industrial Customers include all medical facilities, such as hospitals and clinics. The Industrial Addendum will

require the payment of a royalty from the Non-Culligan Industrial Products and Services. New Franchised Dealers will not be allowed to operate businesses that offer Non-Culligan Industrial Products and Services.

In addition, certain existing Dealers also produce Small Pack Water for resale under brands other than the Proprietary Marks. Those Dealers, if they signed the Non-Culligan Small Pack Bottled Water Production Addendum ("Small Pack Addendum"), will continue to operate their Culligan dealerships according to the terms and conditions of the Franchise Agreement, and will also continue to offer, sell and provide Non-Culligan bottled water in containers under 2 gallons. New Franchised Dealers will not be allowed to produce Small Pack Water for resale under any brand other than the Proprietary Marks.

**Franchises Engaged in the Kidney Dialysis Market**

The FDA classifies water systems used in dialysis as Class II Medical devices. In order to participate in the dialysis market, you must have Culligan's authorization and any water system that you provide must have 510(k) approval from the FDA, and you must have a system in place to comply with Quality System Regulations ("QSR"). Culligan has initiated the QSR program to help meet and conduct business in compliance with FDA regulations and standards. If you plan to participate in the dialysis market, you must select from the options below:

1. ***Providing Service only to a Dialysis Customer:*** Participating in this option will allow you to sell, install, service and maintain new and existing authorized customers. This program requires purchasing equipment from approved dialysis vendors in compliance with a 510(k) approval, creation/distribution/maintenance of QSR procedures and annual training review.

2. ***Plant Regeneration of Resins and Service to Dialysis Customers:*** Participating in this option will allow you to regenerate dialysis resins, sell, install, service and maintain new and existing Authorized Customers. This program requires creation/distribution/maintenance of QSR procedures for both regeneration and distribution of portable exchange deionization, purchasing equipment and resin from approved dialysis vendors in compliance with a 510(k) approval, and annual training review. A Regeneration Facility Inspection is required as part of the QSR program.

3. ***Dealer Obtains own 510(k):*** Participating in this option will allow you to regenerate dialysis resins and sell, install, service and maintain new and existing accounts. You will select the equipment to include on your own 510(k) application that you will use to obtain your FDA approval to provide this service. You may choose to hire an outside consultant to obtain your 510(k) and plant registration. You must still implement a QSR program, which is subject to Culligan's review. You must also have a deionized water regeneration services franchise.

**Culligan's Affiliates**

For over 50 years, Culligan's affiliate, Culligan of Canada ULC formerly known as Culligan of Canada Ltd. ("Culligan of Canada"), currently located at 1600, 421 7th Ave SW, Calgary, Alberta T2P 4K9, Canada, has offered franchises in Canada for water-related products and services which are similar, but not identical, to the franchises Culligan offers in the United States. While Culligan of Canada has other lines of business, it has not offered franchises in any other line of business. For approximately 10 years before Culligan of Canada began offering franchises in Canada, Culligan offered franchises in Canada. Culligan of Canada operates 25 dealerships itself or as a joint venture partner, and is the franchisor for 35 Culligan dealerships in Canada.

Culligan and certain of its Affiliates have entered into various licensing and distribution arrangements for water-related products and services with parties throughout the world. For over 50 years, Culligan's affiliate, Culligan France S.A.S., has offered franchises for businesses that sell water-related products and services in France and Switzerland. Culligan France S.A.S. maintains its principal business address at 2, Rue René Caudron 78960 Voisins le Bretonneux, France. No other foreign affiliate offers franchises or provides products or services to franchisees in the United States. Culligan has licensees in approximately 90 countries. Culligan Italiana SpA licenses and sells products to dealers in Europe, the Middle East and Africa. Culligan licenses dealers in Central America, South America, Australia, New Zealand and the Far East.

Through certain other affiliates Culligan is involved in businesses that provide products and services to its franchisees. These affiliates do not offer franchises.

Culligan Franchise Company, a Delaware corporation wholly owned by Culligan Holding Inc., guarantees the performance of the Franchise Agreement issued under this Franchise Disclosure Document. A copy of the financial statements and the related guarantee of Culligan's affiliated company, Culligan Franchise Company, are annexed as **Exhibit G.**

Other entities managed by Advent International Corporation may from time to time hold interests, including controlling interests in other entities, whose businesses may include offering franchises or who have subsidiary companies that offer franchises.

**Industry Specific Regulations**

Like any other business, a Culligan dealership is subject to many federal, state and local regulations. Certain requirements, including compliance with federal and/or state home solicitation, telemarketing (e.g., the "do not call" registry), email solicitation (e.g., CAN-SPAM), privacy, and consumer credit and collection laws, are generally applicable to all businesses that sell directly to end-user consumers. In addition, depending on where your dealership is located and the products and services for which your dealership is authorized, you may be required to comply with additional industry-specific regulations. Several states place additional requirements on promotion, sales and service practices for water treatment equipment. Some states require plumbers' or contractors' licenses for installing water treatment equipment. In most areas, wastewater permits are required for the discharge of regenerant wastes. Some states may have regulations regarding discharge from water softeners into septic systems that may affect you.

In certain areas of California, the sale of salt-based, self-regenerating automatic water softeners may not be permitted. The sale of water softeners may be a significant part of your Culligan dealership.

In some areas, the authorities regulate brine discharge from home-owned softeners and portable exchange regeneration and/or disposal of used/spent filters. Because of the nature of certain operations (deionization ("DI") regeneration) certain wastewater discharge regulations may apply. These discharge regulations could include Point Source Discharges regulated under the National Pollutant Discharge Elimination Program (NPDES), and/or certain Pretreatment Standards for Indirect Discharge and Sanitary Wastewater to a Publicly Owned Treatment Works (POTW). These activities generally require that a permit be obtained from the state or POTW that regulates the facility. These permits also include various monitoring requirements.

Bottled water production facilities and processes are highly regulated by the FDA and/or state and local authorities on production, packaging, site security, bioterrorism requirements, quality control and labeling. Any products or services provided for use in hemodialysis applications are also subject to FDA regulations

and QSR. The Occupational Safety and Health Administration ("OSHA") standards affect all employers. Many of these standards require written programs and have employee training requirements.

These and other specific laws and regulations may apply to your Culligan dealership and you should investigate them with your own attorneys and advisors. You must operate your Culligan dealership in full compliance with all applicable laws and regulations.

**General Market and Competition**

Depending on your specific franchise authorizations, you will sell products and provide services to persons and organizations interested in altering or improving their water and in purchasing water from you. The particular type of services or products that each customer requires will depend on specific water characteristics, as well as the customer's requirements and preferences. Household water conditioning and drinking water products usually are sold to residential customers. Commercial and standard industrial products normally are sold to businesses or other customers who require more extensive or higher volume water treatment than residential customers. Bottled water is sold to both households and businesses. Except for bottled water (which, in northern climates, typically is more popular during warmer months), the market for Culligan products and services is not seasonal.

You will be competing with other businesses offering similar services and products, including in certain instances, with CODs. Some of these businesses sell directly to users. Others distribute through national and regional department and mail order stores, appliance and hardware stores and plumbers.

## Item 2
## BUSINESS EXPERIENCE

Listed below are Culligan's directors, principal officers and other individuals who have management responsibility relating to the sale or operation of the franchises offered by this Franchise Disclosure Document. Unless otherwise noted, all persons are officed at Culligan's corporate headquarters in Rosemont, Illinois.

Scott Clawson, Director, President and Chief Executive Officer

Mr. Clawson was appointed President and Chief Executive Officer of Culligan in October of 2012, at which in time he also became a Director.

Sheila Rutt, Senior Vice President and Chief Human Resources Officer

Ms. Rutt joined Culligan as Senior Vice President and Chief Human Resources Officer in May 2021. Before joining Culligan, Ms. Rutt served as EVP, Chief Human Resources Officer for RR Donnelley in Chicago, Illinois from June 2017 until April 2020; and she served as Chief Human Resources Officer for Diebold Nixdorf in Green, Ohio from March 2005 until March 2017.

Samuel Allan Hamood, Executive Vice President, Chief Financial Officer

Mr. Hamood was appointed Executive Vice President, Chief Financial Officer in August 2019, at which time he also became a Director. Before joining Culligan, Mr. Hamood served as Chief Financial Officer of ATI Physical Therapy in Bolingbrook, Illinois from December 2017 until July 2019; he served as Executive Vice President and Chief Financial Officer of Change HealthCare Corporation from August 2017 until

December 2017 in Atlanta, Georgia; and he served as Executive Vice President and Chief Financial Officer of the TransUnion Corporation from 2008 until August 2017 in Chicago, Illinois.

Judd Larned, President, North America Dealer Channel

Mr. Larned assumed his present position of President, North America Dealer Channel in November 2015 at which time he also became a Director.

Thomas P. Vitacco, Vice President, Franchise

Mr. Vitacco assumed his current position of Vice President, Franchise with Culligan in August 2001.

F. John Griffith, Vice President, General Counsel and Secretary

Mr. Griffith assumed his current position of Vice President and General Counsel of Culligan in March 2015.

## Item 3
## LITIGATION

**Concluded Litigation**

Water Systems of Birmingham, Inc., Water Systems of Montgomery, Inc. and Ray W. Carlisle v. Cecil Wayne Holmes, Culligan Store Solutions, and Culligan International Company, in the Circuit Court of Tallapoosa County, Alabama, Dadeville Division, 62-CV-2010-900036-00, filed May 14, 2010.

On May 14, 2010, Plaintiffs (former franchisees) filed an action against Cecil Wayne Holmes (a former independent contractor of Culligan Store Solutions), Culligan Store Solutions ("CSS"), and Culligan International Company (together with CSS the "Culligan Defendants"). Regarding the Culligan Defendants, the Complaint seeks compensatory and punitive damages as well as attorneys' fees and alleges, among other things, tortuous interference with business relationships and abuse of process. The Culligan Defendants deny the claims. Additionally, the Culligan Defendants filed a counterclaim against Plaintiffs for fraud for purposefully failing to de-identify from the Culligan name after Culligan terminated the respective Franchise Agreement. The Culligan Defendants filed a motion for summary judgment on all claims in September 2013. On October 11, 2013, the Court granted summary judgment in favor of the Culligan Defendants on the abuse of process claim, but denied the motion on all other claims. A jury verdict was rendered March 26, 2014 requiring the Culligan Defendants to pay Plaintiffs compensatory damages in an amount of $500,000. The judge denied Plaintiffs' attempts to seek punitive damages. The Culligan Defendants appealed the verdict. During the appeal process, the Culligan Defendants and the Plaintiffs reached a settlement whereby the Culligan Defendants would pay to Plaintiffs an amount equal to $450,000, and the Culligan Defendants would admit no wrong doing, as well dismiss the appeal. In return, the Plaintiffs would agree to a joint Order of Dismissal which would set aside the jury verdict and dismiss the lawsuit with prejudice. Culligan effectuated the Settlement Payment in December 2014, concluding the case.

Other than this action, no litigation is required to be disclosed in this Item.

California residents, see the California Addendum to this Franchise Disclosure Document for additional disclosures required by California law.

## Item 4
## BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

## Item 5
## INITIAL FEES

### Initial Franchise Fee

Except as provided below, if you are a new Franchised Dealer, you must pay Culligan a non-refundable initial franchise fee of $35,082.61 ("Initial Franchise Fee"), less the amount of any non-refundable fee you paid Culligan when you gave Culligan your application.

If you are an Existing Dealer who acquires another Culligan dealership, either through transfer or grant of a new dealership by Culligan, you will not have to pay an Initial Franchise Fee.

The Initial Franchise Fee is not refundable except in two circumstances. First, if you are a new Franchised Dealer and you cannot get licenses, permits, consents and approvals within 180 days to operate your dealership, Culligan will terminate your Franchise Agreement and return either 90% of the Initial Franchise Fee or 50% if Culligan has already provided its Initial Training Program (described in Item 11) to you. Second, if Culligan terminates your Franchise Agreement because either you or your Business Manager fail to successfully complete the Initial Training Program, Culligan will refund a portion of the Initial Franchise Fee and will retain the remainder as compensation for the costs and expenses incurred, as Culligan determines in its sole business judgment.

### Opening Inventory

If you are a new Culligan Franchised Dealer, you will buy your opening inventory of Culligan water treatment products from Culligan or its approved suppliers, and your generic products from any supplier. The opening inventory will vary, depending on the products and types of services Culligan has authorized you to provide under the Franchise Agreement and on whether you are purchasing an existing dealership (and if so, the amount of inventory you purchase) or opening a start-up dealership. Culligan estimates that most Dealers who are establishing a dealership (instead of purchasing an existing dealership) will have an opening inventory ranging between $15,000 and $75,000, although this is not considered a cap on the maximum you could spend. See the notes to the table in Item 7 for more information on the assumptions Culligan used to estimate this expenditure. Your payment for the opening inventory is due within 30 days of the invoice date.

Except as expressly described above, none of the initial fees or payments described in this Item 5 are refundable.

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## Item 6
## OTHER FEES

| Column 1<br>Type of Fee | Column 2<br>Amount | Column 3<br>Due Date | Column 4<br>Remarks |
|---|---|---|---|
| Inventory of Culligan® Products | Varies, depending on your need, but between $15,000 and $75,000. | Within 30 days after the invoice date. | See Item 5. |
| Continuing Royalty | 2% of prior month's Gross Revenues[1] on Authorized Products and Services, except you will pay Culligan 0.5% of Gross Revenues on Industrial Products and Services[2] and on Ancillary Products and Services[3]. | By the 15th day of the following month. | |
| Sales Taxes, Trademark License Taxes and Other Taxes | Amount varies, based on services or products furnished to you. | Immediately upon demand. | You may have to pay sales taxes, trademark license taxes and other taxes to your state or local government. |
| Multi-Dealer Reverse Royalty* | You pay this to another Dealer. The amount you may have to pay to another Dealer varies. | As prescribed by the relevant Dealer Service Matrix. | See the discussion on the Multi-Dealer Reverse Royalty in Item 11. |
| Culligan System Advertising Contributions | 1% of prior month's Gross Revenues[1], except Gross Revenues from Industrial Products and Services[2] and from Ancillary Products and Services[3]. | By the 15th day following the end of each calendar month. | Culligan will match 50% of the amount of your System Advertising Contributions. See Item 11. |
| Local and Regional Advertising Co-ops | 0.5% of prior month's Gross Revenues[1], except Gross Revenues from Industrial Products and Services[2] and from Ancillary Products and Services[3]. | By the 15th day following the end of each calendar month. | See Note 4. |
| Brand Oversight Board ("B.O.B.") Special Initiatives Assessment* | Up to 1% of prior month's Gross Revenues[1], except Gross Revenues from Industrial Products and Services[2] and from Ancillary Products and Services[3]. | By the 15th day following the end of each calendar month. | Culligan will at least match the total amounts collected by the B.O.B. See Note 5. |

| Column 1<br>Type of Fee | Column 2<br>Amount | Column 3<br>Due Date | Column 4<br>Remarks |
|---|---|---|---|
| Refresher/Additional Training | Currently $150 to $750 per attendee, plus you pay your travel, lodging and daily living expenses. | Before training begins. | See Item 11 for a description of refresher and additional training. |
| Additional Assistance | $0 to $1,000 per Culligan's employee per day plus travel and daily living expenses. | As incurred. | See Note 6. |
| Non-Culligan Industrial Continuing Royalty | 0.5% of your prior month's Gross Revenues[1] on Non-Culligan Industrial Products and Services[2]. | 15th day of the following month. | See Note 7. |
| Non-Culligan Small Pack Continuing Royalty | 0.5% of your prior month's Gross Revenues[2] on Small Pack Water. | 15th day of the following month. | See Note 8. |
| Water Tests* | If from Culligan, ranges from $10 to $2,000 depending on the type of analyses requested. | As incurred. | See Note 9. |
| Insurance* | Minimum coverage of $2 million per occurrence. | As incurred. | Your required insurance coverages are described in Culligan's Operating Manual. |
| Administrative Transfer Fee | 1% of gross selling price of the dealership (excluding accounts receivable, inventory and real estate), with a minimum of $1,403.30 and a maximum of $7,016.52. | Upon transfer of ownership, or upon Culligan's grant of a new dealership to you. | See Note 10. |
| Custom Order Cancellation Charge | Varies. | As incurred. | If you cancel all or part of a custom product order, you pay a cancellation charge based on the amount of work completed. |
| Restocking Fee | Varies, but usually 15% of the purchase price of the goods returned. | As incurred. | See Note 11. |
| Costs and Attorneys' Fees* | Varies. | As incurred. | See Note 12. |
| Indemnification | Varies. | As incurred. | See Note 13. |

| Column 1<br>Type of Fee | Column 2<br>Amount | Column 3<br>Due Date | Column 4<br>Remarks |
|---|---|---|---|
| IBWA Membership (including NSF inspection) —Bottled Water Production | Currently $6,013.03 annually for all Culligan Bottled Water Producers. | As incurred. | See Note 14. |

**Notes:**

"*" Means you will pay these fees to someone other than Culligan and/or its Affiliates. Culligan imposes all other fees and expenses, and you pay Culligan for them.

All fees and expenses described in this Item 6 are non-refundable, except as described below.

1. "Gross Revenues" means all revenues from any source that you derive or receive from, through, by or on account of the operation of your dealership (including any existing competing enterprise you acquire), whether received in cash, in services, in kind, from barter and/or exchange (valued at the full retail value of the goods or services received), on credit, or otherwise; however, Gross Revenues does not include (a) any Reverse Royalty paid to you with regard to national account sales or sales through alternative distribution channels; (b) documented refunds, credits and allowances that you give in good faith to customers (as opposed to third parties), and all sales, use, gross receipts or similar taxes on your revenues or receipts (excluding income taxes) that you are legally required to collect and/or pay to the appropriate taxing authority; (c) Direct Costs paid by Culligan for certain warranty services related to Culligan products you sell; (d) revenues derived from Permitted Dealer-to-Dealer Sales; and (e) bad debt/uncollectible charges, sales allowances, coupons and discounts given to customers or employees, to the extent the full retail price was credited to sales revenues and the amount of the discount, charge or allowance was then charged as an expense. "Reverse Royalty", "Permitted Dealer-to-Dealer Sales" and "Direct Costs" are defined in the Franchise Agreement.

2. Industrial Products and Services means water treatment systems and services provided to Industrial Customers for installation in facilities involved in the manufacture of raw materials into finished goods and facilities employing processes to manufacture intermediate and/or finished goods (e.g., automobiles, automobile parts, textiles, electronics, pharmaceuticals, power, pulp, plating foundries, metal working, beverage, chemicals or rubber), including, in the case of sales of water treatment systems, sales and servicing of boiler and cooling tower chemical treatment equipment. Industrial Customers are all end users at their business establishments selling products or services to wholesale accounts or through distributors, but not (a) to the general public, (b) to Public Water Systems, or (c) related in any way to hemodialysis applications.

3. Ancillary Products and Services are defined in Item 8.

4. All dealerships in an area Culligan designates, including CODs (if any), form regional/local cooperatives (co-ops). Culligan designates a regional/local co-op for every Dealer, and you must participate in your designated co-op. Under the Franchise Agreement, each regional/local cooperative is to operate under policies and procedures Culligan establishes and the DAC approves, which approval is not unreasonably withheld or delayed. Currently, each authorized dealership with a validly existing franchise agreement and each COD has 1 vote in the co-op when making co-op decisions. If CODs were to make up the majority of any cooperative there is no limit on the minimum or maximum fee that may be imposed. In 2017 the co-op fee was reduced from 1.5% to

0.5%, but you must instead spend at least 1% of your annual Gross Revenues, except for Gross Revenues derived from Industrial Products and Services and Ancillary Products and Services on local advertising and promotions. The B.O.B. publishes categories of approved expenditures that you can use this 1% towards. If you wish to spend the required ad spend on other types of expenditures you will need approval from the B.O.B. first.

5. The Brand Oversight Board (the "B.O.B.") has the right to assess up to 1% of your Gross Revenues, except for Gross Revenues derived from Industrial Products and Services and Ancillary Products and Services, to use towards advertising to effectively promote the Culligan brand. The B.O.B. consists of 10 persons: 4 senior Culligan executives and 6 franchisees that hold leadership positions with DAC, Culligan Dealers' Association of North America, and other franchisees who actively participate in the operation of their dealerships. To assess the fee the B.O.B. needs Culligan's approval as well as a 75% majority vote of both: (i) the 6 dealer members of B.O.B., and (ii) the full DAC. Culligan will at least match the aggregate amounts that the B.O.B. collects towards the special assessment from all franchisees.

6. You may request additional assistance, including special on-site start-up, technical, engineering or other manufacturer assistance beyond that regularly furnished to you. You then will pay a daily fee for each Culligan employee who is providing the on-site assistance, plus their travel and daily living expenses.

7. Some Existing Dealers may continue to offer, sell and provide Non-Culligan Industrial Products and Services to end users at their business establishments if they sign the Non-Culligan Industrial Water Treatment Addendum and pay Culligan the Industrial Continuing Royalty. New Franchised Dealers will not be allowed to operate businesses that offer Non-Culligan Industrial Products and Services.

8. Some Existing Dealers may continue to offer, sell and provide Small Pack Water under brands other than the Proprietary Marks if they sign the Non-Culligan Small Pack Bottled Water Production Addendum and pay Culligan the Small Pack Continuing Royalty. New Franchised Dealers will not be allowed to produce Small Pack Water for resale under any brand other than the Proprietary Marks.

9. The rates shown are those currently charged by Culligan's water laboratory for providing testing services. If you use a third-party water laboratory, it will set its fees and payment due dates.

10. Each transfer (other than transfers to immediate family members who hold an interest of less than 25% as part of a bona fide estate plan) will require the payment of an Administrative Transfer Fee.

11. The fee varies depending on the "resaleability" of the products returned. Culligan reserves the right to charge more than 15%, depending on the condition of the returned goods or their packaging. Culligan may waive the fee based on the volume of products returned or other factors.

12. If an audit reveals you have understated your Gross Revenues for any audit period by more than 4% or you otherwise failed to make any other required payment, you must pay Culligan on demand the reasonable cost of the audit for the entire audited period. If you violate the covenants not to compete or the confidentiality agreements in the Franchise Agreement, you will have to pay all Culligan's costs and expenses, including reasonable attorneys' and experts' fees, incurred in the enforcement of Culligan's rights. If Culligan has to arbitrate a dispute with you, the arbitration award may include an award of costs, including reasonable attorneys' fees and disbursements.

13. Under the Franchise Agreement, you must indemnify Culligan, its Affiliates and their respective corporate affiliates, subsidiaries, successors, assigns and designees, and certain individuals of those companies, from and against any losses arising out of certain of your actions. See Section 10.4 of the Franchise Agreement.

14. If Culligan has authorized you to produce bottled water, your production facility must undergo annual inspections by NSF International ("NSF"), an independent certification laboratory, and you must submit your inspection report to Culligan. In order to pass an NSF inspection your bottling plant must have no major violations, and or resolve all major and minor violations within a prescribed time period. You may obtain an NSF inspection through the International Bottled Water Association ("IBWA"), the bottled water industry's trade association. Culligan requires that you join IBWA. Included in the cost of IBWA's dues is an annual NSF inspection. In addition, Culligan may require periodic inspections of your production facility by Culligan's representatives to ensure the highest standards of quality in Culligan's bottled water products. Culligan is not affiliated with IBWA, but Culligan is a member in good standing. Culligan's executives may participate on IBWA's Board of Directors and committees.

## Item 7
## ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

| Column 1<br>Type of expenditure[1] | Column 2<br>Amount[2] | Column 3<br>Method of payment | Column 4<br>When due | Column 5<br>To whom payment is to be made |
|---|---|---|---|---|
| Initial Franchise Fee[3, 4] | $0-$35,082.61 | Lump sum | When Franchise Agreement signed | Culligan |
| Lease and Deposit[5] | $5,000-$10,000 | Lump sum | As incurred | Third Parties |
| Opening Inventory[6] | $15,000-$75,000 | As incurred | As incurred | Culligan and Third Parties |
| Basic Equipment[7] | $35,000-$150,000 | As incurred | As incurred | Third Parties |
| Bottled Water Distribution (if authorized)[8] | $0-$250,000 | As incurred | Before and during first 3 months of operation | Third Parties |
| Initial Training[9] | $3,000-$30,000 | As incurred | As incurred | Third Parties |
| Office Equipment[10] | $10,000-$50,000 | As incurred | Before opening | Third Parties |
| Advertising[11] | $2,500-$25,000 | As incurred | Before opening | Third Parties |

| | | | | |
|---|---|---|---|---|
| Computer Equipment[12] | $3,500 - $25,000 | As incurred | As incurred | Third Parties |
| Signs | $1,000- $10,000 | As incurred | Before opening | Third Parties |
| Additional Funds[13] | $55,000- $150,000 | As incurred | Before and during first 3 months of operation | Third Parties |
| **Totals**[14] | **$130,000- $810,082.61** | | | |

DEPENDING ON THE PRODUCTS/SERVICES WHICH YOU ARE AUTHORIZED TO OFFER AND SELL, YOU MAY HAVE THE FOLLOWING ADDITIONAL EXPENDITURES TO BEGIN THESE PRODUCT/SERVICE OFFERINGS.

| **Column 1 Type of Expenditure[1]** | **Column 2 Amount[2]** | **Column 3 Method of payment** | **Column 4 When due** | **Column 5 To whom payment is made** |
|---|---|---|---|---|
| Bottled Water Production Plant Add-on (if authorized) (not including facility modifications)[15] | $200,000- $350,000 | Lump Sum | As incurred | Third Parties |
| Deionization Plant Add-on (if authorized) (not including facility modifications)[16] | $35,000- $150,000 | Lump Sum | As incurred | Third Parties |

**Notes:**

1. The estimates identified in this Item are for the initial investment in a start-up Culligan dealership with typical product/service authorizations in a small to mid-sized market. In recent years, most new Dealers have opened Culligan dealerships by purchasing the assets or stock of an ongoing business of an existing Culligan Dealer or a competitive dealership. It is not possible to give a Dealer who is purchasing an existing business a meaningful estimate of the initial investment because the initial investment depends upon the purchase price that is negotiated for the business, the quantity, type and condition of the assets purchased, and the liabilities assumed.

2. THE RANGE IS NEITHER A FLOOR ON THE MINIMUM NOR A CAP ON THE MAXIMUM YOU COULD SPEND, AND YOUR DEALERSHIP'S EXPENDITURES COULD VARY. All estimates are based on Culligan's information as of the end of its most recently completed fiscal year. It is possible to reduce the initial investment by leasing or financing all or part of the investment. The table assumes that equipment is purchased outright, not leased. Financing-related costs, including finance charges or interest, are not included. The availability and terms of financing will depend on factors like the availability of financing generally, your creditworthiness, collateral available and lending policies of financial institutions from which you may request a loan.

3. Existing Dealers are not required to pay an Initial Franchise Fee upon signing of the Franchise Agreement attached as **Exhibit C** when they renew an existing franchise agreement. The Initial Franchise Fee is refundable under limited circumstances. See Note 4.

   If you are an Existing Dealer and you acquire another Culligan dealership, either through transfer or grant by Culligan of a new dealership, you will not have to pay an Initial Franchise Fee under the Franchise Agreement.

   Under all other circumstances you will have to pay the Initial Franchise Fee under the Franchise Agreement.

4. The Initial Franchise Fee is not refundable except in two circumstances. First, if you are a new Franchised Dealer and you cannot get licenses, permits, consents and approvals within 180 days to operate your dealership, Culligan will terminate your Franchise Agreement and return either 90% of the Initial Franchise Fee or 50% if Culligan has already provided its Initial Training Program to you. Second, if Culligan terminate your Franchise Agreement because either you or your Business Manager fail to successfully complete the Initial Training Program, Culligan will refund a portion of the Initial Franchise Fee and will retain the remainder as compensation for the costs and expenses incurred, as Culligan determines in its sole business judgment.

5. This estimate includes a deposit of 1 month's rent. The actual deposit is determined by the terms of the lease. A Dealer's cost to lease the premises of the dealership varies depending on the location, the business conditions in your territory, and the square footage and facilities that are required to sell the Culligan products and provide the types of services authorized by the Franchise Agreement. Generally, a Culligan dealership requires a minimum of 3,500 square feet of space, although some products and services, including portable exchange, deionization, and bottled water delivery and production, require more space. See Notes 14, 15 and 16. The lease and deposit may or may not be refundable.

6. This is for the initial inventory needed to sell or rent household water softeners, reverse osmosis units, bottle water coolers and miscellaneous inventory, like salt, repair parts and installation supplies.

7. The estimate for equipment is for the minimum amount of equipment needed to operate a Culligan dealership. It includes a van, delivery vehicles, fork lifts, lift carts, installation and service tools, and regeneration equipment.

8. This estimate is in addition to the additional funds discussed below. (see Note 13) and is for the first 3 months of operation. The $0 represents a Dealer who is not authorized to provide bottled water distribution service. In most markets, Culligan estimates a Dealer spends an average of $300 per new bottled water customer account, which includes the cost of a cooler, sales commission (and related payroll expenses) and marketing expenses. In very competitive markets, a Dealer may spend over $500 per new bottled water customer.

9. If you are a new Dealer, you and your Business Manager must complete the Initial Training Program. There is no charge for you and up to 2 of your employees for the Initial Training Program. The low end of the estimate includes transportation, lodging and daily living expenses for 1 representative of the dealership to attend the Culligan Dealer Management Orientation. It also includes an estimate of the cost of obtaining training materials for the dealership's sales personnel, transportation, and lodging and living expenses for sending a dealership representative to 1 regional sales training workshop and 1 regional service/installation workshop (both workshops are optional

for Dealers who are only authorized to provide bottled water distribution). Training is discussed in more detail in Item 11. Costs of transportation, lodging and daily living expenses vary depending on the distance that the attendee must travel to reach the seminar site and the type of hotel, restaurants, etc., that the Dealer and its representatives select. The estimate does not include the cost of special start-up assistance that a Dealer may request beyond that regularly furnished to Dealers. If you or your Business Manager fail to successfully complete Initial Training and Culligan terminates your Franchise Agreement, a portion of the Initial Franchise Fee will be refunded. See Note 4.

10. This estimate includes general office equipment including business machines, telephones, desks and other office furniture, business forms, file cabinets, and miscellaneous office supplies.

11. This estimate includes an initial payment for a quarter-page yellow page advertisement, newspaper advertising to announce the grand opening of the dealership, and an initial supply of product brochures and displays.

12. Although Culligan only requires you to have 1 personal computer, many Culligan Dealers have more than 1 personal computer. Therefore, this estimate includes the cost of 2 personal computers with standard word processing, spreadsheets, billing, accounting system and Internet access software.

13. This category is an estimate of other initial start-up expenses for the first 3 months of operation. This estimate includes payroll costs for 1 employee, but not any draw or salary for you. It also includes common leasehold improvements, uniform purchase/rental, licenses, standard registration and permit fees, vehicle fuel and maintenance, insurance premiums, telephone, utilities, other prepaid expenses and working capital. Culligan relied on its more than 60 years of experience in the water quality industry in formulating the amount required for additional funds.

14. Culligan relied on its more than 60 years of experience in the water quality industry to compile this estimate. The difference between the low end and high end of the estimates is significant because there are many different factors that affect each franchisee's individual expenditures. Your actual costs will depend on factors including: how closely you follow Culligan's methods and procedures; your management skill, experience and business acumen; the size of your market; local economic conditions; the local market for Culligan products; the prevailing wage rate; competition; the sales levels you reach; water characteristics of your territory; market demographics; site availability; zoning; environmental compliance and other legal requirements; and Authorized Products and Services.

    The low estimate for the total investment is $162,541.11 unless you are an Existing Dealer renewing an existing franchise agreement, or an Existing Dealer acquiring another Culligan dealership, either through transfer or grant by Culligan of a new dealership.

15. This estimate represents the cost of production equipment, including pre-treatment of the water. Depending on the source of the water supply and the daily production of the plant, this estimate would be affected. It does not include the costs associated with additional floor space and building that many dealerships must add to accommodate the plant (see Note 5) or the costs associated with legal and IBWA compliance, for example, producing water in a "clean room" that meets defined standards.

16. This estimate is for up to a 6 to 20 station regeneration plant and neutralization system. It does not include the costs associated with discharge and building permits and other environmental/legal compliance. However, the cost of discharge and building permits and other environmental/legal compliance could range from $35,000 to $150,000, depending on the flow rate and municipal discharge requirements. It also does not include additional floor space that many dealerships must add to accommodate the plant. See Notes 5 and 7.

Culligan does not offer direct or indirect financing to Dealers for any start-up items, but Culligan or its Affiliates may provide financing for certain items purchased during the term of the Franchise Agreement. See Item 10.

## Item 8
## RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

**Products and Services**

You will offer and sell only those proprietary and trademarked products that Culligan designates as part of the Culligan System within your categories of Authorized Products and Services ("Culligan Products and Services"). However, you may also offer and sell (a) those other Authorized Products that are permitted in Culligan's Product Policy, as described in the Operating Manual in effect as of the Effective Date of the Franchise Agreement and subject to any changes Culligan may make with the approval of the DAC, which approval will not be unreasonably withheld or delayed (Culligan's "Product Policy"), and (b) products and services ("Ancillary Products and Services") which are not Authorized Products and Services and do not bear the Proprietary Marks, but (1) are related to the water or water treatment industry; (2) are not designated as part of the Culligan System; and (3) which Culligan has not reasonably determined to be inconsistent or detrimental to the Culligan System, brand or image. Examples of Ancillary Products and Services include pool/spa equipment and chemicals, well drilling, plumbing services and supplies, coffee/beverage supplies and equipment. You will give Culligan notice within 90 days of the Effective Date of the Franchise Agreement of any Ancillary Product and Services you are providing as of the time of the notice and afterwards you will give Culligan notice before offering to customers any additional Ancillary Products and Services. If Culligan modifies the Culligan System after the Effective Date of the Franchise Agreement to include any products and services previously offered by you as Ancillary Products and Services, you may continue to treat those products and services as Ancillary Products and Services, as long as (i) you do not offer any products in that product category bearing any Proprietary Marks and those products and services are not provided by you to customers as part of the Culligan System, and (ii) Culligan may, or may authorize others to, sell and provide products and services (whether or not bearing the Proprietary Marks) within that category that compete with you within or outside your territory.

Culligan has committed not to change its Product Policy or the criteria and measurement system in its Minimum Performance Requirements Policy (as opposed to the periodic recalculation of Dealer minimum performance requirements using those criteria or measurement system) without the prior approval of the DAC. All Dealers must comply with the standards and requirements of the then current Operating Manual. You will have at least 90 days prior notice of a policy change. You agree to use and effectuate any modifications as if they were part of the System at the time you executed your Franchise Agreement. You will not be required to make expenditures (other than for Culligan Products and Services) in any one calendar year that equate to more than 1% of your prior year's Gross Revenues to implement any modifications. Culligan will consult with, and (except where a matter requires DAC consent) give reasonable consideration to the input of, the DAC before making any material changes to the System.

You may offer and sell Authorized Products only in accordance with Culligan's Product Policy as then in effect and you will not offer any other products without Culligan's prior approval other than Ancillary

Products and you may not, without prior approval, offer any services other than Authorized Services and Ancillary Services. If you are a new Franchised Dealer, Culligan will reasonably designate and you will purchase your required opening inventory of Culligan Products, as well as supplies, equipment and materials for use within your dealership.

Culligan's Product Policy classifies the Authorized Products currently offered as part of the Culligan System into three categories: (1) Proprietary Products and Licensed Products, (2) Products with Required Specifications, and (3) Generic Products. Proprietary Products were developed as a result of significant financial investment and scientific expertise and Licensed Products are products that must be consistently identified with the Culligan brand. Proprietary Products and Licensed Products are essential to the Culligan System due to their image, quality and association with Culligan. Proprietary Products and Licensed Products may be purchased only from either Culligan or those suppliers Culligan designates. Culligan is the only supplier for most household and commercial water treatment equipment. Culligan's Affiliates are not the only approved suppliers of any products or services. Products with Required Specifications are products for resale to end-users that Culligan approves for inclusion in the Culligan System as part of the operation of your Culligan dealership as long as those products meet Culligan's specifications for quality and requirements for consistency, performance and regulatory compliance ("Culligan's Requirements"). You are not required to purchase Products with Required Specifications bearing the Proprietary Marks, but in some instances Culligan has authorized one or more vendors to sell those products to you bearing the Proprietary Marks. Although you may not allow any third party to use the Proprietary Marks on any product, you are free to purchase Products with Required Specifications without the Proprietary Marks from any vendor that has certified and proven to Culligan's reasonable satisfaction that its products meet Culligan's Requirements. Generic Products are products that are not proprietary and for which there are no required specifications. Those products do not bear Culligan's Proprietary Marks. Culligan may recommend suppliers for Generic Products, but you may purchase them from anyone.

Because you may decide to repair non-Culligan equipment if it allows an opportunity for you to introduce additional customers to Culligan, under Culligan's Product Policy, you may also purchase repair parts for non-Culligan equipment within one of your authorized category of products and services from any vendor.

Authorized Culligan bottled water producers, including Culligan's bottled water production facilities and those of Culligan's Affiliates, are the only approved sources of supply for Culligan bottled water. It is estimated that 100% of bottled water purchases will be purchased from Culligan or its authorized producers in the United States. Culligan bottled water producers are located throughout the country and, if you are authorized to distribute bottled water, you may buy it from any authorized producer. Culligan bottled water producers must get Culligan's prior approval of the standards for water they produce and the types/sizes of containers they use. Authorized Culligan bottled water providers may produce water not using the Proprietary Marks for resale to third parties not associated with Culligan in any way, however, the proceeds of such sales are to be included in the calculation of Gross Revenues subject to the 2% Continuing Royalty.

You must also purchase bottled water products which display the Proprietary Marks according to Culligan's standards and specifications from an approved supplier. Culligan currently has several approved suppliers for Culligan's bottled water products.

Periodically, Culligan identifies and makes available to Dealers, either from Culligan directly or from a company that Culligan has licensed, accessory products and promotional materials to market under the Culligan System. These products and materials are identified with the Proprietary Marks. They are offered to assist Dealers in conducting their businesses or to complement those products and materials produced by Culligan. Your purchase of these products and materials is optional. Any items identified with the Proprietary Marks must be purchased (if at all) from approved suppliers.

Some Existing Dealers may continue to offer, sell and provide Non-Culligan Industrial Products and Services to end users at their business establishments if they sign the Non-Culligan Industrial Water Treatment addendum and pay Culligan the Industrial Continuing Royalty. New Franchised Dealers will not be allowed to operate businesses that offer Non-Culligan Industrial Products and Services.

Some Existing Dealers may continue to offer, sell and provide Small Pack Water under brands other than the Proprietary Marks if they sign the Non-Culligan Small Pack Bottled Water Production Addendum and pay Culligan the Small Pack Continuing Royalty. New Franchised Dealers will not be allowed to produce Small Pack Water for resale under any brand other than the Proprietary Marks.

**Specifications, Standards and Suppliers**

You must purchase products that meet Culligan's standards and specifications and must follow Culligan's Product Policy. Culligan will provide you with Culligan's current Product Policy on authorized suppliers which will contain a list of authorized vendors for each classification of products or, in the case of Generic Products, recommended vendors. Under Culligan's Product Policy, Culligan will publish Culligan's required specifications and allow purchases of Products with Required Specifications from any vendor that proves to Culligan's satisfaction that it meets those required specifications. Culligan does not have specifications for items listed in the Product Policy as Generic Products, which may be purchased from any vendor of your choosing.

Culligan evaluates an approved supplier's products and procedures to help assure compliance with Culligan's standards as well as industry standards. Product features and performance criteria are formulated and modified through a review and approval process. This process may involve research and development, lab testing, simulated application testing, marketing and investigation of vendor standards, as well as evaluation by Culligan's management, taking Dealer opinion into account. The standards, specifications and qualifications for a product to be approved by Culligan vary from product to product, and Culligan has the right to change them. If the review and approval process reveals that a supplier is not performing as required by Culligan and its Dealers, Culligan may terminate its authorization of the products and/or supplier, consistent with contract terms. If you wish to purchase a Product with Required Specifications from a supplier Culligan has not approved, you must submit to Culligan a written request for approval using a form attached to Culligan's then current Product Policy and must not purchase or lease the item from the supplier until and unless Culligan has approved the supplier in writing. Culligan maintains a procedure for seeking approval (and allowing Culligan to exercise its right of disapproval when appropriate) for Products with Required Specifications. While the Franchise Agreement does not mandate any time period within which Culligan must issue its approval or disapproval of a supplier, Culligan will try to respond to written requests for approval within 30-120 days, depending on the type of product or service, the proposed supplier, applicable state laws or regulations and similar factors that may vary in specific cases. Culligan does not charge you any fee for evaluating alternative suppliers or products.

Culligan makes available to you through its secure website, and for some of these materials by hard copy, Dealer bulletins, product catalogs, literature, brochures, price lists and other materials. To access Culligan's secure website, https:\\cport.culligan.com, you will need to get a password from Culligan. Specifications and standards are available explaining the appropriate use of "Culligan" and other Proprietary Marks, and for some Culligan products, but not on those products that involve Culligan trade secrets.

Culligan requires that you have a computer system, but you are not required to purchase or lease any of the required hardware or software from Culligan, its affiliates or an approved supplier. You must install and maintain at least 1 computer at the dealership running Microsoft Windows 7 or higher compatible operating system. Apple based systems are allowed but not encouraged. The computers must have Internet access that allows transmitting and receiving of e-mail, and is connected to a printer. You must install Internet

navigation software and maintain an Internet connection (with e-mail capability). You may use any Internet service provider that permits you to transmit and receive electronic files and e-mail with an upload file rate of at least .5 megabytes per second. However, Culligan strongly recommends dealers invest in and obtain training in the latest proven business systems and those products prevalent across the dealer network. All sites are required to have sufficient backup and recovery procedures. Your computer system(s) should have adequate virus and firewall protection along with routine backup procedures to protect your data. Acceptable software includes Norton or McAfee, but you are not limited to these. Your computer must have all the basic software (in addition to a financial reporting system, Culligan recommends Microsoft Office Suite with Excel, Word, Outlook and PowerPoint), a printer and fax machine. Culligan does not have specific preferences in which billing system is used for financial and royalty reporting, however the following represent by far the majority of systems in use and listed in no particular order: Neveda, ABS/DMS, Unco, QuickBooks, and KDS.

Culligan specifies the minimum levels and types of insurance that you must carry in Culligan's Operating Manual, which may be revised. Culligan requires you to purchase insurance from one or the designated carriers meeting ratings criteria specified in the Operating Manual.

Culligan may create and produce print, radio and television advertisement programs. You may purchase these materials from Culligan or from approved or designated third parties.

Culligan and certain of its Affiliates negotiate purchase arrangements (including price terms) for the benefit of its Dealers. Culligan operates a cooperative purchasing program known as the "Culligan Merchandise Network" in which you may participate. This program allows you to purchase water quality products and components from third party suppliers at favorable prices. You are free to choose whether or not to participate in any program.

Culligan does not provide material benefits to a franchisee based on a franchisee's purchase of particular products or services or use of particular suppliers.

None of Culligan's officers owns an interest in a supplier, except that one or more of Culligan's officers may own nominal interests in certain of its suppliers which are public companies.

**Vendor Rebates and Revenues from Sales of Products and Services**

Culligan will not charge or collect any rebates, royalty payments, licensing fees or other similar consideration from any third-party suppliers of Authorized Products (other than Authorized Products Culligan or its Affiliates supply or source) that are sold to you and which do not bear any of the Proprietary Marks. Culligan may receive certain benefits as a result of your purchase of Authorized Products bearing the Proprietary Marks with the nature of those benefits varying depending on the supplier, the type of product, the volume you purchase, and other factors, but may include discounts, product customization, or rebates (which may be calculated on volume or other bases). The aggregate amount of any rebates or other similar consideration collected from any third party suppliers of Authorized Products that are sold to you bearing any of the Proprietary Marks will not in any year exceed 5% of the costs you paid for those products, unless (a) the DAC has previously approved Culligan's accepting larger payments, in which case Culligan will deposit the excess payments upon receipt into the System Advertising Fund, or (b) you have the opportunity to purchase the same Authorized Product not bearing any of the Proprietary Marks and that is not subject to any rebates, licensing or other consideration payable to Culligan. However, Culligan may (i) participate in, and receive compensation from, finance programs, but you will not be obligated to participate in those program(s); and (ii) charge and collect fees from third party suppliers of Authorized Products in connection with trade shows, product fairs or Dealer conventions Culligan sponsors or underwrites;

however, those fees will not exceed Culligan's costs of sponsoring or underwriting the event after giving effect to any amounts paid to Culligan by Dealers or other attendees of those events.

For the period from January 1, 2021, to December 31, 2021, Culligan International Company had total revenues of **$224,233,586.** Approximately **$193,451,356** or 86% of those revenues came from sales of products or services to Culligan's U.S. Franchised Dealers. None of Culligan's Affiliates sold products or services to franchisees in 2021.

Culligan estimates that 80% of all purchases and leases of goods and services made by the franchisee in establishing and operating the franchised businesses will be purchases and leases from Culligan, its designees, its approved suppliers, or under Culligan's specifications.

## 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 agreement[1] | Disclosure document item |
|---|---|---|
| a. Site selection and acquisition/lease | Sections 2.2, 8.3<br>Exhibit B | Items 7, 11, 16 |
| b. Pre-opening purchases/leases | Sections 4.2, 9.4<br>Exhibits F-1, F-2, F-3 | Items 5, 7, 8, 11 |
| c. Site development and other pre-opening requirements | Sections 2.2, 4.2, 9.1<br>Exhibits B, G | Items 7, 11 |
| d. Initial and ongoing training | Sections 8.1, 9.2<br>Exhibit G | Items 7, 11, 17 |
| e. Opening | Section 9.1 | Items 11, 17 |
| f. Fees | Sections 4.1, 4.6, 4.7, 4.9, 5.2, 5.3, 12.2<br>Exhibits E, G | Items 5, 6, 7, 17 |
| g. Compliance with standards and policies/operating manual | Sections 2.1, 6.1, 7.6, 9.13, 14.1, 14.2<br>Exhibit G | Items 8, 11, 17 |
| h. Trademarks and proprietary information | Sections 2.1, 5.1, 9.6, 13, 14.1 | Items 1, 8, 11, 13, 14, 17 |
| i. Restrictions on products/services offered | Sections 2.1, 2.3, 2.5, 7.1, 14.2<br>Exhibits A, F-1, F-2, F-3 | Items 8, 11, 16 |
| j. Warranty and customer service requirements | Sections 2.5, 9.3, 9.13, 10.3, 10.4 | Items 11, 16 |

| Obligation | Section in agreement[1] | Disclosure document item |
|---|---|---|
| | Exhibit C | |
| k. Territorial development and sales quotas | Sections 2.3, 2.4, 2.5, 2.6, 2.7, 9.11, 9.12, 11.3, 15.11<br>Exhibits A, B, H | Items 8, 11, 12, 16, 17 |
| l. Ongoing product/service purchases | Sections 4.2, 4.3, 4.4, 4.5, 7.1, 7.2, 7.3, 7.4, 8.1, 8.2, 9.3, 9.11, 9.12<br>Exhibits A, C, E, F-1, F-2, F-3, H | Items 6, 8, 11, 17 |
| m. Maintenance, appearance, and remodeling requirements | Sections 9.4, 9.5 | Item 11 |
| n. Insurance | Sections 10.1, 10.2 | Items 6, 7 and 8 |
| o. Advertising | Sections 4.7, 4.9, 5.1, 5.2, 5.3, 8.4 | Items 6, 7, 11 and 17 |
| p. Indemnification | Sections 10.3, 10.4, 10.5 | Items 6 and 11 |
| q. Owner's participation/management/ staffing | Section 9.2[2] | Items 11, 15, 16, 17 |
| r. Records and reports | Sections 4.8, 5.3, 9.7, 9.8, 9.9 | Items 6, 10, 11, 16 |
| s. Inspections and audits | Sections 5.3, 8.2, 9.10, 9.11 | Items 6, 11 |
| t. Transfer | Sections 12.1, 12.2, 12.3, 12.4, 12.5, 12.6, 12.7, 12.8, 15.4, 15.14<br>Exhibits D, E, I, J | Items 6, 11, 17 |
| u. Renewal | Sections 3.2, 3.3<br>Exhibit D | Item 17 |
| v. Post-termination obligations | Sections 11.6, 11.7, 12.8, 15.14 | Item 17 |
| w. Non-competition covenants | Sections 14.1, 14.2, 14.3<br>Exhibit I | Item 17 |
| x. Dispute resolution | Sections 2.3, 2.4, 6.2, 15.10, 15.11 | Item 1 |
| y. VENAC Release | Section 15.4 | Item 17 |
| z. Acquired enterprises | Sections 2.4, 2.7 | Item 12 |
| aa. Minimum Performance Requirements | Sections 9.11, 9.12<br>Exhibit H | Items 11 and 12 |

**Notes:**

1. The references to "Section" and "Exhibits" are references to sections of and exhibits attached to the Franchise Agreement.

2. The personal Guarantee attached as **Exhibit J** to the Franchise Agreement includes a guarantee of performance of all obligations under the Franchise Agreement. The personal Guarantee will be signed by each person or entity who owns 25% or more of your outstanding equity and each owner of 25% of the outstanding equity of an entity that controls you unless you meet the criteria outlined in Section 15.5(3) of the Franchise Agreement.

## Item 10
## FINANCING

**Summary of Financing Programs**

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

We have developed a financing program with Aqua Finance, Inc. ("AFI") for the financing of your customers' purchases which AFI operates under the name "Culligan Finance Company." The program does not extend to financing by AFI of you or your operations. However, independently AFI also offers financing to our dealers, but we have no arrangement with AFI or any other party to offer you any financing, including through leases or installment contracts and do not recommend to AFI or any other party that they offer our dealers financing. Any financing terms agreed to between you and AFI (or any other lender) will be negotiated between you and them, without our involvement. This includes what the financing would cover, the amount of financing that can be obtained by you, interest rates and finance charges, the number of payments or repayment period, required security interest including guarantees, prepayment conditions, any liabilities upon your default under such loans, required waiver of defenses other legal rights, or any other terms of the financing arrangement. AFI is an independent third party and not affiliated with Culligan. We do not receive any fees or other consideration from AFI for financing AFI provides to our dealers, but we do receive a 1% license fee for AFI's right to use the Culligan name in connection with providing financing to your customers. The fee is calculated on their total portfolio of financing to customers of Culligan dealers.

## Item 11
## FRANCHISOR'S ASSISTANCE. ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

**Except as listed below, Culligan is not required to provide you with any assistance.**

In the following discussion, all references to "Section" and "Exhibit" refer to sections of and exhibits to the Franchise Agreement.

**Pre-Opening Site Selection Obligations**

Before you open your business, Culligan will:

1. Site Selection. Culligan may assist you in selecting an approved location for your Dealership. See Section 8.3.

2. Approved Location. The location of your dealership must be within your Territory, and be approved by Culligan. See Section 2.2; Exhibit B. You will select a location and facility that meet zoning, environmental, sewer system and effluent regulations. Culligan may then evaluate the location. Culligan estimates that it will approve or disapprove of the proposed location of your dealership facility within 60 to 90 days after you submit the proposed location

to it in writing. Culligan bases its approval on factors including general location in relation to the Territory, neighborhood, size, rent, parking capacities, visibility of location, access to main traffic flow and room for expansion. If you are an Existing Dealer, you must operate your dealership in accordance with the Franchise Agreement as of the Effective Date. If you and Culligan cannot agree on a site and you do not open your business at an approved location within 180 days after you sign your Franchise Agreement, Culligan can terminate the Franchise Agreement. Culligan does not generally own the premises you will operate from. It is the franchisee's, and not Culligan's, responsibility to construct, remodel and decorate the franchisee's premises as well as to ensure that its premises comply with local ordinances and building codes.

**Other Pre-Opening Obligations Before Your Culligan Dealership Opens**

1. Authorized Products/Services. Culligan will designate the Authorized Products and Services you are authorized to provide and the Authorized Customers to whom you may sell products and services. See Sections 2.1, 7.1; Exhibit A.

2. Initial Inventory. Culligan will sell you an initial inventory of the Culligan products for which you are authorized at prices applicable to Dealers that have entered into the Franchise Agreement. See Sections 4.2, 7.2; Exhibits F-1, F-2, F-3. Culligan does not otherwise have to provide you with equipment, signs, fixtures and supplies.

3. Territory. Culligan designates the territorial restrictions, if any, applicable to each category of Authorized Products and Services for the operation of your Household Products and Services and Bottled Water Distribution lines of business. See Section 2.3; Exhibit A. For each category of Authorized Products and Services where territorial restrictions apply, your applicable territory (your "Territory") is specified in Exhibit B of the Franchise Agreement. You may not conduct any business outside of North America. See Section 2.3; Exhibits A and B.

4. New Dealer Training. If you are a start-up business, Culligan will provide you and your Business Manager with Culligan's Initial Training Program. See Section 8.1; Exhibit G. New Dealer training is discussed later in this Item 11 under the heading "Dealer Training." Other than that Culligan may help you prepare formulate job descriptions and post open jobs on third party job sites Culligan does not help you hire employees. Culligan does not make any hiring decisions or recommendations and does not participate in the interview process.

5. Initial Minimum Performance Requirements. Culligan will establish initial Minimum Performance Requirements in an Exhibit to your Franchise Agreement. See Section 9.11; Exhibit H. Your Minimum Performance Requirements for measurement periods ending in subsequent years will be established as described below under "Minimum Performance Requirements." These standards include minimum royalty baselines based on water hardness and the single family households in your Territory. Because the initial Minimum Performance Requirements vary by agreement depending on the applicable market, Culligan cannot provide a range of initial Minimum Performance Requirements. These requirements are not purchase commitments but are notice to you of the minimum royalties that Culligan expects of you in your Territory. See Item 12 for a further discussion of Minimum Performance Requirements.

**Opening of Your Business**

If you are purchasing the business of an existing Dealer, you will sign the Franchise Agreement concurrently with your assumption of ownership and operation of the dealership or as otherwise agreed by Culligan and you. If you are a start-up business, you must fulfill all of your pre-opening obligations and

open your dealership and start operations at an approved location within 180 days after you sign the Franchise Agreement. If you do not do so, Culligan can terminate the Franchise Agreement. See Section 9.1. For a start-up business, the typical length of time from signing a Franchise Agreement until you open your franchise is from 1 month to 6 months. The factors that may affect the time period within which you may open your dealership are things like your ability to obtain a lease, financing, building permits, zoning, local ordinances, weather conditions, shortages, delayed installation of equipment, fixtures or signs, or appropriate discharge permits.

**Obligations During Operation of Your Culligan Dealership**

During the operation of the Franchised Business, Culligan will:

1. Sale of Culligan Products. Culligan, its Affiliates or designated suppliers will sell you your authorized Culligan products at prices applicable to Dealers that have entered into the Franchise Agreement as long as you are in full compliance with your material obligations under the Franchise Agreement. Culligan will not increase those prices by a percentage greater than the percentage increase from September 30, 2005 in an index attached as an Exhibit to your Franchise Agreement. See Section 4.2; Exhibits F-1, F-2 and F-3.

2. Replacement Products. If you are required to purchase any changed, modified or replacement Culligan product, the replacement Culligan product will be initially offered to you at no more than 105% of the then current price of the Culligan product it replaces, with certain exceptions. See Section 4.3. Afterwards, it will be subject to restrictions on Culligan product price increases described above.

3. New Products. If you are required to purchase a new Culligan product from Culligan or its Affiliates, Culligan will establish the initial price of that new product; however if Culligan sources that product from a third party supplier and that supplier makes the same product available for purchase by wholesalers (although not using the Proprietary Marks), then Culligan agrees to establish the initial price of that product taking into account the price then being charged by the supplier to wholesalers for the same product, plus a reasonable premium to take account of the value associated with Culligan System products and services. Following its introduction, any new product you are required to purchase from Culligan or its Affiliates will be subject to restrictions on Culligan product price increases described above. See Section 4.4.

4. Most Favored Nation Pricing. You are entitled to purchase Culligan products within your authorized categories at the most favorable prices offered by Culligan or its Affiliates at the time of purchase for sales of the same Culligan product to any third party within the U.S., excluding short-term incentives or promotions approved by the DAC. In determining most favorable prices, factors such as rebates, shipping, quantities or other terms that affect buyer net unit cost will be taken into account, subject to certain exceptions. See Section 4.5.

5. Authorized Suppliers. Culligan reserves the right to disapprove the products that you purchase and distribute, and the services you provide from your Culligan dealership, subject to Culligan's Product Policy. See Section 7.1. See Item 8 for a discussion of Culligan's Product Policy.

6. Product Performance and Technology Developments. Periodically, Culligan reviews the performance of Culligan products and general technological developments applicable to the Culligan System. Culligan may improve Culligan products, add products to the Culligan

product line or discontinue certain products based on a variety of factors, including market needs and Dealers' purchases. See Section 7.4.

7. Sales and Service Training and Support. Periodically, Culligan offers sales and service training classes to you and to qualified employees. Training classes may cover the use and application of products, techniques and processes for the Culligan System. See Section 8.1. These training programs are not mandatory. The tuition and material fees for these programs vary by program, but currently range from $150 to $750 per attendee. See Item 6 and the "Dealer Training" heading in this Item 11. Culligan may offer to furnish you with field support or consultation services through on-site visits, off-site sessions, or telephonic, electronic or other communication devices. You must pay for consultation services on the terms Culligan describes at the time Culligan offers to provide them. Culligan will also make available 1 or more qualified laboratories to test, at your expense, water samples you submit. See Section 8.2.

8. Web Site. Culligan will maintain a World Wide Web site for the Culligan network and provide linked web pages at the site for the use of each Culligan dealership. See Section 8.4 and Item 12.

9. Information For Use Under the Culligan System. Culligan makes available to you promotional plans, information and materials generally suitable for use under the Culligan System, for a charge.

10. Monitoring of Image and Operating Standards. Culligan monitors the image and general operating standards of Culligan Dealers. Culligan may also report periodically to you on your compliance with these standards.

11. Water Tests. Culligan makes available 1 or more qualified laboratories to test water samples that you submit for analysis, for a charge. See Section 8.2 and Item 6.

12. Culligan Finance. Culligan may make available to you programs to allow your customers to finance their purchases of products from you. See Item 10.

13. Compliance with Laws Regulating Product Performance. Culligan will comply with any federal or state product registration, testing or certification requirements for Culligan products made available for distribution in your Territory. Periodically, Culligan will provide you with applicable documentation of this compliance. Depending on the requirements, Culligan's compliance efforts may include having an authorized third-party testing agency, for example, NSF or the Water Quality Association ("WQA"), performance testing Culligan products, registering Culligan products with government agencies, and developing and distributing product performance data sheets and special product labeling.

14. Information on Managing Your Dealership. Culligan makes available to you operations guides, information bulletins and individual consultation about managing your business under the Culligan System.

15. Indemnification. Culligan will indemnify you against certain claims. See Section 10.3. Culligan will have the right to assume the defense of claims and to settle claims where Culligan indemnifies you.

16. Operating Manual. The contents of our confidential and proprietary Operating Manual ("Operating Manual") are available on https:\\cport.culligan.com. If you request, we will give you access to review the policies before you buy a franchise from us on the condition that You sign a Confidentiality Agreement. See Section 7.6 and **Exhibit H** to the Franchise Disclosure Document.

17. Policy Statements. Culligan may issue policy statements designed to provide you with information and insights as to its current thinking about various business issues or strategies. The policy statements are not part of the Operating Manual, or contracts, and do not create any contractual obligations on either Culligan or you. See Section 7.6.

18. Facility Location Change. Culligan must pre-approve any change in location or an additional facility. Culligan will review the request usually within 30 days, and will not unreasonably withhold Culligan's approval. See Section 2.2.

19. Minimum Performance Requirements. Exhibit H to the Franchise Agreement specifies your Minimum Performance Requirements. Culligan will annually recalculate your Minimum Performance Requirements applicable to performance measurement periods ending in subsequent calendar years in accordance with the criteria and measurement systems listed in Exhibit H. Culligan has the right, subject to DAC approval, not to be unreasonably withheld or delayed, to change the criteria and measurement system listed in Culligan's Minimum Performance Requirement Policy on at least 90 days' notice to you. See Sections 9.11 and 9.12. If you fail to meet your Minimum Performance Requirements for any measurement period, the Franchise Agreement provides for a cure period, during which you may request, and Culligan will provide, remedial support to you for a reasonable fee that Culligan determines. See the discussion on Minimum Performance Requirements in Item 12.

20. Transfer. Culligan will not unreasonably withhold its consent to a transfer (defined in Item 17) of the Franchise Agreement or your Culligan dealership, as long as the conditions discussed in Item 17 are met. See Sections 12.2, 12.3, 12.4, 12.5, 12.6, 12.7. Culligan will consent to an assignment to an immediate family member, key employee, key equityholder or estate planning trust if the assignment conditions are met, and if franchisee and its owners are in compliance with the Franchise Agreement. See Section 12.3. If you wish to make a transfer to a qualified Dealer, Culligan has a first offer right. See Section 12.5 and Item 17. If you want to transfer to a third party, Culligan has a right of first refusal which extends for 1 year after the termination or expiration of your Franchise Agreement. See Sections 12.8, 15.14; and Item 17.

21. National Account, Alternative Distribution and Multi-Dealer Programs. Culligan maintains a National Account Program to facilitate Culligan's and its Affiliates' relationships with national, regional and institutional customers by selling products directly to them, issuing all invoices, and coordinating any site inspections, product installations and start up. Despite any territorial restrictions imposed by the Franchise Agreement, Culligan and its Affiliates may sell Culligan products to customers designated as part of its national, regional or institutional account program that operate in more than 1 state and through at least 50 branches or outlets ("National Account Customers") where the gross aggregate price for goods or services reasonably expected to be provided by Culligan or its Affiliates is at least $50,000 (subject to escalation for inflation) per year (a "National Account"). Culligan will not, however, sell to any wholesaler, original equipment manufacturer, distributor or other middleman (a "Middleman") for resale to a retailer in your Territory, any Culligan product the sale of which is restricted to your Territory under the Franchise Agreement (a "Restricted Product"). Culligan and its Affiliates will not sell Culligan products or services to any National Account

Customer under a National Account if that customer has a National Account with you to provide for its system wide needs. See Section 2.5; Exhibit F-2.

Culligan and its Affiliates may sell Culligan products and services, including Restricted Products, through other methods of distribution, including sales to retailers, through the World Wide Web or other means of electronic commerce, catalog sales and through 800 or toll-free telephone services ("Alternative Distribution Channels"). However, Culligan and its Affiliates will not sell in your territory through an Alternative Distribution Channel (a) if the product is Culligan's premier model in any category (as determined under the Franchise Agreement), or (b) if the product is a new product based on Culligan's exclusive technology for 1 year after it is first made available to Dealers, or (c) to any Middleman who would resell the product to a competitive retail dealer in your Territory. See Section 2.5.

If Culligan sells a Restricted Product in your Territory through an Alternative Distribution Channel or to a National Account Customer according to a National Account, Culligan will pay you a reverse royalty, as described below. Culligan will also consult with DAC about Alternative Distribution Channels and National Account programs to permit Dealer input on how they affect them.

Culligan administers a Multi-Dealer Program designed to facilitate account management for customers that operate through branches or outlets located in the restricted territory of more than 1 Dealer or COD, but are not National Account Customers ("Multi-Dealer Sales"). The acquiring Dealer contracts with the customer for the sale and installation of products and the provision of related services and also provides account administration, including centralized invoicing. If the customer has locations that fall outside the acquiring Dealer's territory granted in its franchise agreement with Culligan, the acquiring Dealer contracts with the Dealer to whom Culligan has assigned the territory where the customer is located for the installation of products and provision of related services. The acquiring Dealer pays the installing Dealer a fee for installation, any site inspection and start-up.

Based on the range of the assignment, evaluation of the project, geographical coverage, anticipated sales volume and level of administration, Culligan and the acquiring Dealer, if applicable, determine whether a customer will be best served as part of the National Account Program or the Multi-Dealer Program.

In order to offer authorized services within your Territory for National Accounts, Alternative Distribution Channels and Multi-Dealer Sales, the Baseline Warranty Service Matrix attached to your Franchise Agreement will establish a basis for computing the prices at which you may be required to provide warranty related Authorized Services and the Baseline Non-Warranty Service Matrix will establish a basis for establishing prices at which you may be required to provide non-warranty related Authorized Services. Culligan may develop Customized Service Matrices for particular National Accounts or types of Alternative Distribution Channels. Culligan will pay you a reverse royalty as specified in the appropriate matrix for sales of Restricted Products (not including services) within your Territory to a National Account Customer under a National Account or through an Alternative Distribution Channel if (i) either you provide authorized services or are not requested to provide services and (ii) you are not in material default of your Franchise Agreement. If, when Culligan makes that kind of sale, you are requested to provide Authorized Services for less than the amount specified in the applicable service matrix, you will not be required to perform those services but Culligan will be entitled to make alternative service arrangements and you will be entitled to only 75% of the reverse royalty that would otherwise be payable to you. If you refuse to provide Authorized Services at the rates specified in the applicable service matrix,

you will not be paid a reverse royalty and your Franchise Agreement may be terminated if you fail to cure within 30 days following written notification. See Sections 2.5 and 11.3; Exhibit C.

If you make a Multi-Dealer Sale, you will pay a reverse royalty to the other Dealer or COD. If a Multi-Dealer Sale of a Restricted Product is made into your Territory, you will get from the other Dealer or COD making the sale a Multi-Dealer reverse royalty if you are willing to perform authorized services for that customer.

If Culligan sells a Culligan product for use at a business that is not an industrial customer under a National Account or through an Alternative Distribution Channel, Culligan will pay you a reverse royalty if you install the Culligan product or, if no other Dealer or COD does the installation, you are the nearest Culligan dealership qualified to provide commercial products and services. No reverse royalty will be payable with respect to authorized products with a manufacturer's suggested retail price of $150 or less (escalated for inflation).

**Computer System and Telephone Requirements**

You must install and maintain the phone lines, answering or voicemail system, fax, computer hardware, software, internet connection, and other equipment Culligan specifies in the Operating Manual; however, you will not be required to incur costs as a result of changes Culligan makes to its specifications in excess of 1% of your Gross Revenues for the prior calendar year. See Sections 7.4 and 9.5. If an existing dealership is acquired, the financial reporting and computer system may be retained. However, dealer systems are subject to audit and any inadequacies in reporting or record keeping may result in mandating system upgrades. In general, dealerships should upgrade their operating systems to at least the level currently supported by the operating system provider (in most cases this will be Microsoft or Apple, but Apple based systems, while allowed, are not encouraged. Linux or other based systems are not allowed at this time).

New dealers must install and maintain at least 1 computer at the dealership running Microsoft Windows 7 or higher compatible operating system. Again, for new dealers, Apple based systems are allowed but not encouraged. Many Dealers have more than 1 computer and Culligan's estimates in Item 7 cover the purchase of 2 computers. The computers must be able to connect to a printer, and you must have an internet connection able to transmit and receive electronic files and e-mail with an upload file rate of at least .5 megabytes per second. The system should have adequate virus and firewall protection along with routine backup procedures to protect your data. Acceptable software includes Norton or McAfee, but you are not limited to these. You may use any Internet service provider that permits you to upload files rate of at least .5 megabytes per second. However, Culligan strongly recommends dealers invest in and obtain training in the latest proven business systems and those products prevalent across the dealer network. All sites are required to have sufficient backup and recovery procedures.

The estimated cost of purchasing a system that would be minimally acceptable would be about $1,000 to $5,000, which would cover one computer and monitor with all the basic software (in addition to a financial reporting system, Culligan recommends Microsoft Office Suite with Excel, Word, Outlook and PowerPoint), a printer and fax machine.

If you want to lease such a system, the estimated cost would be about $40-$80 a month for 36 months. A regular phone line with basic phone features is all that you would need to start, which Culligan estimates would cost about $20 a month to lease. Usually, 2 or 3 phones can share that line.

The annual cost of any optional or required maintenance, updating, upgrading or support contracts is estimated to be about $1,000 to $10,000 per year, depending on Gross Revenues for the prior calendar year.

Neither Culligan, nor its affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades or updates to your computer system.

Your computer system will allow you to automate certain aspects of the dealership, including billing, inventory, routing and financial reporting. Culligan does not have specific preferences in which billing system is used for financial and royalty reporting, however the following represent by far the majority of systems in use and listed in no particular order: Neveda, ABS/DMS, Unco, QuickBooks, and KDS. Culligan currently has no policy regarding your obligation to upgrade or update your computer system or Culligan's right to independently access information stored on your computer system. However, Culligan may not require you to file your reports to Culligan electronically before the first anniversary of the Effective Date of the Franchise Agreement. See Section 9.8.

**Warranty and Post-Sale Service**

In order for you to be able to offer Authorized Services within your territory for National Accounts, sales according to Alternative Distribution Channels and Multi-Dealers Sales, the Baseline Warranty Service Matrix attached to the Franchise Agreement establishes a basis for computing prices at which you and other Dealers will be required to provide warranty related Authorized Services, and the Baseline Non-Warranty Service Matrix establishes the basis for computing the prices at which you and other Dealers may be required to provide non-warranty related Authorized Services. Culligan may, with DAC approval, develop Customized Service Matrixes for particular National Accounts or types of Alternative Distribution Sales. You will be responsible for providing post sale warranty services for Culligan products you sell, as well as Culligan products Culligan sells in your Territory to National Accounts and through Alternative Distributions Channels, but you will be entitled to reimbursement in accordance with the Baseline Warranty Service Matrix or, if applicable, a Customized Service Matrix. You must also provide upon request any other Authorized Services within your Territory required by any National Account or any Alternative Distribution Channel customer or National Account Customer at fees determined by the applicable matrix. Culligan will pay you a reverse royalty as specified in the applicable matrix for those services if you timely provide Authorized Services or are not requested to provide them and you are not in material default of your Franchise Agreement. See Section 2.5(c).

**Advertising and Promotion**

Culligan encourages customers to use products and services sold under the "Culligan" name through developing national advertising programs.

Culligan creates and produces a variety of advertising material including things like banners, posters, direct mail, printed materials, radio scripts, television and web banner materials. All of these materials are available at no charge to you on Culligan Marketing Central. You may also develop and use "local" creative, but it must be approved by Culligan in advance. Culligan may make available a variety of promotional items which promote the "Culligan" name. You may purchase these items from Culligan or approved or designated third parties. Examples of these items include sales materials, pins, jackets, t-shirts, pens and coffee mugs. Periodically, Culligan may support sales promotion activities to encourage sales. Examples of past activities include price discounts, advertising allowance programs and sales contests. Advertising and promotion of Culligan products are discussed later in this Item under the heading "Advertising and Promotion."

Our Brand Oversight Board (the "B.O.B.") may also approve special advertising initiatives and programs. The B.O.B. consists of 10 persons: 4 senior Culligan executives and 6 franchisees that hold leadership positions with DAC, Culligan Dealers' Association of North America, and other franchisees who actively

participate in the operation of their dealership. The B.O.B. assesses a separate program or initiative-based monthly fee for its marketing activities.

Except for advertising materials produced by us and loaded onto Culligan Marketing Central, or that are approved by the B.O.B., you must submit and receive Culligan's approval for all proposed advertising and marketing material before use or dissemination. Culligan's approval includes approval from any third party that Culligan hires to grant or deny such approval. If Culligan does not notify you within 10 business days of receipt that the materials are unacceptable, the materials will be deemed acceptable and you may use them; provided your advertising must use the Proprietary Marks and refer to your dealership only in a dignified manner which conforms to the highest ethical and legal standards and is designed to avoid fraud, deception, misrepresentation, embarrassment, disparagement and liability of any nature. You agree to conform all advertising to the standards, specifications and requirements that Culligan specifies in writing. See Section 5.1.

While Culligan contributes to the Culligan System Advertising Fund as described below, it is not required to spend any amount on advertising in the area or territory where the franchisee is located.

Culligan System Advertising Fund Contribution. You must pay a monthly System Advertising Contribution of 1% of your prior month's Gross Revenues, except Gross Revenues from Industrial Products and Services and from Ancillary Products and Services. Our CODs will make advertising contributions based on the same percentage of their Gross Revenues. Additionally, Culligan will match 50% of the amount of your System Advertising Contribution. See Section 4.7.

Up to 20% of your System Advertising Contribution and those of all other Dealers and CODs and Culligan's matching contribution may be spent by Culligan through overhead allocation of the Culligan System Advertising Fund, and the balance will be delivered to your local Advertising Cooperative. See Section 4.7. It is Culligan's current policy that the DAC may reserve up to 20% of the position of that balance.

Culligan System Advertising Fund. The System Advertising Contributions paid by Culligan, its Affiliates, you, and other Culligan Dealerships will constitute the Culligan System Advertising Fund (the "Fund"), which Culligan will administer as follows. See Section 5.2. The Fund will be used for all costs of administering, directing, preparing, placing and paying for national, regional or local advertising that Culligan may consider appropriate and employing advertising agencies to assist in these activities, including, without limitation, agency fees to have print, broadcast and/or World Wide Web/Internet or other advertising placed. Culligan will use the Fund only for purposes listed in the Franchise Agreement and not to promote or sell new Culligan dealerships or products or services not made available for sale by dealerships. However, the Fund is not a trust and Culligan is not a fiduciary for the Fund. Culligan may expend a reasonable portion (but not greater than 20% annually) of the Fund for costs and overhead that Culligan may incur in activities for the administration or direction of the Fund and Culligan network advertising programs, including, without limitation, market research; marketing and advertising materials; work with advertising agencies; placement services and creative talent; maintenance of World Wide Web/Internet sites and other advertising-related activities via the Internet or other public computer networks; collecting, accounting for and auditing the Fund (collectively the "Overhead Allocation"). You acknowledge that the Fund is intended to further general public recognition and acceptance of the Proprietary Marks for the benefit of the Culligan System.

Within 120 days following the end of each calendar year, Culligan will distribute a statement of Fund revenues and expenses for the year just ended to you. The Fund's financial statements and information are proprietary and are only available to you and other Culligan Dealers. The financial statements are not required to be audited. See Item 14. Any commissions, rebates or the value of any other consideration

delivered directly or indirectly to Culligan or its Affiliates from the placement, production, creation or research of advertising will be accounted for and delivered to the Fund.

Culligan expects to spend most contributions to the Fund for advertising during the calendar year when the contributions are made. If less than the total sum available in the Fund is spent during any fiscal year, Culligan may spend the unused sum during the following year. If Culligan spends more than the amount available in the Fund in any year, Culligan will be required to fund all excess expenditures with Culligan's own money.

All Fund revenues/proceeds in excess of the Overhead Allocation will be delivered to local and regional Advertising Cooperatives, in proportion to the amounts collected from all Dealers and CODs (if any) belonging to each respective Advertising Cooperative.

The B.O.B. Special Assessments. The B.O.B. has the right to assess a fee of up to 1% of your Gross Revenues, except for Gross Revenues derived from Industrial Products and Services and Ancillary Products and Services, to use towards advertising to effectively promote the Culligan brand. To assess the fee the B.O.B. needs Culligan's approval as well as a 75% majority vote of both: (i) the 6 dealer members of B.O.B., and (ii) the full DAC. All franchisees will be assessed the same percentage fee, except if the B.O.B. grants a hardship exemption. Culligan will at least match the aggregate amounts that the B.O.B. collects towards the special assessment from all franchisees. The funds collected for B.O.B. programs and initiatives are only spent on those programs and initiatives and are not part of the Fund and are not subject to the Overhead Allocation. The B.O.B will prepare an annual report that will include a summary of funds spent, progress towards attaining established benchmarks for each initiative. The B.O.B. special assessments will be audited upon request from any franchisee.

Local and Regional Advertising Cooperatives and Required Advertising Spending by You. Culligan has established and maintains local and regional advertising cooperatives for geographic areas (each an "Advertising Cooperative"), in which you must participate. CODs will participate in the Advertising Cooperatives on the same basis as other Culligan dealerships. Culligan will furnish to you written notice of your Advertising Cooperative. In addition to your System Advertising Contribution, you agree to contribute 0.5% of your prior month's Gross Revenues, except Gross Revenues derived from Industrial Products and Services and Ancillary Products and Services, either to Culligan (and Culligan will make them available to your Advertising Cooperative) or directly to your Advertising Cooperative, as Culligan directs from time to time, on or before the 15th day after the end of each calendar month. See Section 5.3. In 2017 the co-op fee was reduced from 1.5% to 0.5%, but you must instead spend at least 1% of your annual Gross Revenues, except for Gross Revenues derived from Industrial Products and Services and Ancillary Products and Services on local advertising and promotions. The B.O.B. publishes categories of approved expenditures that you can use this 1% towards. If you wish to spend the required ad spend on other types of expenditures you will need approval from the B.O.B. first.

Administration of the System Advertising Fund and Advertising Cooperative Fund. Under the Franchise Agreement, each regional/local cooperative is to operate under policies and procedures Culligan establishes and the DAC approves, which approval will not be unreasonably withheld or delayed. The Local and Regional Advertising Cooperative Policy, as it may be amended, is available for franchisees to review. Within 120 days following the end of the calendar year, Culligan will distribute a statement of revenues and expenses and fund balances of the Fund and Central Cooperative Accounts for the year then ended to each Franchised Dealer. Culligan has the ability to assign franchisees to Advertising Cooperatives.

Culligan will administer the System Advertising Fund and account for it separately from its other funds. The Fund is not used to defray any of Culligan's general operating expenses, except reasonable administrative costs for the administration of the funds.

For the fiscal period ending December 31, 2021, the Advertising Cooperative Fund was spent in the following manner: 100% on production, sponsorships and media placement, 0% on administrative expenses and 0% on other. The System Advertising Fund was spent in the following manner: 74.5% on production, media placement and sponsorships, 2.6% on administrative expenses, and 22.9% on other expenses, such as a sales incentive program and a co-op management and reimbursement program. Except for amounts spent to develop and maintain the website, a portion of which may include soliciting the sale of franchises using the website, no money was spent to solicit new Dealers.

**Internet Advertising**

You may advertise your Culligan dealership via the Internet if the advertising does not involve the offer or sale of any products or services outside your Territory. Culligan will be the sole owner of the copyrights for all material which appears on your web pages, except copyrighted material you own and for which you obtain Culligan's permission for inclusion on your web page(s). If your dealership elects to participate in social media it is imperative that you follow Culligan's Social Media Guidelines understand that in most cases your comments would reflect on the Culligan brand, not just your dealership (due to the national nature of the web). All online activity including e-mail marketing, banner advertising and social media must conform to the brand guidelines and present the brand in a positive way. It is also the responsibility of Dealers to pass along any leads they generate to the appropriate Dealers or to direct the caller to 1-800 Culligan to get this information.

**Advertising Council**

Culligan currently has no advertising council but Culligan receives input on advertising and promotional issues from the DAC and its Marketing Subcommittee. The B.O.B. does not have any input over the Fund or Culligan advertising and marketing activities, other than the initiatives and programs it approves itself. The B.O.B. consists of 10 persons: 4 senior Culligan executives and 6 franchisees that hold leadership positions with DAC, Culligan Dealers' Association of North America, and other franchisees who actively participate in the operation of their dealership. The Culligan representatives are either our President or CEO (or designee), Senior Vice President North America Franchise, Vice President/Director Marketing and one more person we appoint who is integral to branding/marketing/advertising decisions and implementation. The franchisee representatives are the DAC Chair, DAC Vice Chair, a member of the C-DANA Executive Committee and the MSC Chair. Those 4 members will appoint 2 more Culligan franchisees who are active in their dealerships and responsible for and active in marketing activities and decisions. These 2 candidates must be approved by a 75% majority of DAC. The maximum term for the appointed franchisee representatives is 2 years. The B.O.B. has decision-making power with respect to the fees it assesses. We do not have the power to change or dissolve the B.O.B.

**Operating Manual**

If you request, we will give you access to review the contents of the Operating Manual before you buy a franchise from us subject to you signing a Confidentiality Agreement. The Confidentiality Agreement is **Exhibit H** to this Franchise Disclosure Document. The Operating Manual includes policies, regulations and procedures about the operation of the Culligan System that apply to you and all Dealers under the Franchise Agreement. Culligan has the right to add, delete or change any operating policy or the Operating Manual, using its reasonable business judgment as to the needs of the Culligan system. However, Culligan has agreed to seek and give reasonable consideration to the advice, counsel and input of the DAC on

material changes to Dealer policies and the Operating Manual. Culligan has also committed not to change its Product Policy or the criteria and measurement system in its Minimum Performance Requirements Policy (as opposed to the periodic recalculation of Dealer minimum performance requirements using those criteria or measurement system) without the prior approval of the DAC. See Sections 7.1 and 9.11. All Dealers must comply with the standards and requirements of the then current Operating Manual. You will have at least 90 days' prior notice of a policy change. You agree to use and effectuate any modifications as if they were part of the System at the time you executed your Franchise Agreement. You will not be required to make expenditures (other than for Culligan Products and Services) in any one calendar year that equate to more than 1% of your prior year's Gross Revenues to implement any modifications. Culligan will consult with, and (except where a matter requires DAC consent) give reasonable consideration to the input of, the DAC before making any material changes to the System.

**Dealer Training**

Initial Training Program. If you are a new Franchised Dealer, before the opening of your dealership, you and your Business Manager must attend and successfully complete to Culligan's satisfaction before you open your business an initial training program which Culligan will provide (the "Initial Training Program"), as required in the Operating Manual. Culligan will determine the date of commencement, location and duration of the Initial Training Program and notify you of them. We organize the training as often as needed, typically 2-4 time per year. If you or your Business Manager do not successfully complete the Initial Training Program, you or your Business Manager will have the right and be required to re-enroll in the Initial Training Program as soon as reasonably practicable. If you or your Business Manager fail to successfully complete the Initial Training Program after the second enrollment, Culligan will have the right to either require you or your Business Manager to re-enroll in the Initial Training Program or to terminate the Franchise Agreement without another notice or opportunity to cure. Upon a termination of the Franchise Agreement, Culligan will refund a portion of the Initial Franchise Fee and will retain the remainder as compensation for the costs and expenses incurred as determined by Culligan in its sole business judgment.

Upon commencement of a new dealership, the cost for the Initial Training Program for you and 2 of your personnel will be included in the Initial Franchise Fee. You must pay a charge to Culligan of $100 per person per day (subject to escalation for inflation) for training additional or successor Business Managers or other additional personnel, following a transfer of your dealership or otherwise. You agree to pay all expenses incurred by your trainees in all training, including but not limited to, salaries, transportation costs, meals, lodging and other living expenses. In addition, if you will engage in hemodialysis activities, Culligan will provide, and your qualified employees must attend and complete, the hemodialysis training program specified in the Operating Manual for a reasonable fee Culligan establishes. See Section 8.1 and Exhibit G.

Ongoing Training Program. Culligan may also provide ongoing training and other optional materials and services to you as specified in the Operating Manual. Refresher training courses for you and/or your employees may be mandatory in relation to the introduction of new products or services, as part of an agreed upon plan to remedy any default under this Agreement or if mandatory training is approved by the DAC for any other purpose, and Culligan may charge a reasonable fee for these courses and the materials associated with them. In the case of any mandatory training, Culligan will use its reasonable efforts to make such training available on a regional or electronic basis or otherwise in any effort to reduce the expense to you of satisfying that mandatory training requirement. All other training and other materials and services will be optional, but Culligan may charge a reasonable fee for them. See Section 8.1.

Culligan periodically offers technical, service, sales and training programs on specific products or services to your personnel. These programs last from 1/2 day to 1 week. They are taught through lectures, group

discussions, projects and hands-on application. Many programs are held at Culligan's headquarters in Illinois. They may also be held at hotel/meeting room locations and Culligan dealerships throughout the United States. Culligan holds the advanced service training courses only at its headquarters. The instructors for all of these programs are Culligan personnel with prior experience in the topic being discussed.

As of the end of Culligan's most recently completed fiscal year, Culligan's training personnel have an average (mean) of over 15 years' experience with Culligan, the Culligan System and/or their areas of expertise. When conducting training, we use videos, power point presentations, product manuals, lectures, customer feedback and hands-on training materials.

**TRAINING PROGRAM**

| Column 1<br>Subject | Column 2<br>Hours of Classroom Training | Column 3<br>Hours of On-the-Job Training | Column 4<br>Location |
|---|---|---|---|
| Commercial Softener/Filter School | 4 ½ days | 0 | As designated |
| Commercial RO/DI School | 3 ½ days | 0 | As designated |
| Regional Household Service Training | 4 to 8 hours | 0 | As designated |
| Regional Commercial Service Training | 4 to 8 hours | 0 | As designated |
| New Product Rollout Training | 4 to 8 hours | 0 | As designated |
| Problem Water Seminars | 4 to 8 hours | 0 | As designated |
| Household Sales Boot Camp | 4 ½ days | 0 | As designated |
| Commercial Sales Boot Camp | 4 ½ days | 0 | As designated |
| Regional Sales Training | 4 hours | 0 | As designated |
| District Meetings | 4 – 6 hours | 0 | As designated |

The officer generally in charge of Culligan's Dealer training is Thomas P. Vitacco, Vice President, Franchise. His related experience is disclosed in Item 2.

Culligan Dealer Conventions. Periodically, a Dealer convention is held for 3 to 5 days. Attendance at the conventions is not mandatory. The conventions cover topics of current interest, which may include new products, product service, customer service, and other ways to grow as a Culligan Dealer. Culligan's employees and other professionals conduct the convention, and many Culligan Dealers actively participate. Some years the Dealer convention is organized by Culligan and others by CDANA (Culligan Dealers Association of North America). The Dealer convention registration fee currently averages $500 per person. You must also pay travel, lodging, meals and other expenses for your personnel attending.

District Meetings. At specified times throughout the year at various locations around the country, your Culligan regional sales team conducts 1 day district meetings that are open to all Dealers. Attendance at the district meetings is not mandatory. Culligan holds these informal meetings to inform you about various topics, which may include test market updates, promotions, sales contests, training calendars, product updates, convention details, DAC reports and new advertising. These meetings also allow you to discuss specific dealership operations problems. You are not required to pay a fee for the district meetings, but you are responsible for travel, lodging, meals and other expenses for your personnel attending.

Sales Licensing Program. Culligan has implemented a sales licensing program as a marketing, recognition and educational tool for you and your salespersons about consumer protection, water treatment technology and Culligan products. The sales licensing program is comprised of an on-line self-study course and a written examination. You and your salespeople must pass a test covering the subjects covered in the course to obtain the license. Culligan expects you will obtain licenses as soon as possible after the dealership opens for business. Although participation in the sales licensing program is not mandatory, it is strongly recommended. Recognition awards are withheld from sales personnel who do not obtain licenses. The application fee for the sales licensing program is currently $30 per applicant.

Self Study. Culligan has prepared various sales support training programs organized around self-study manuals, modular notebooks, sample forms and audio and video cassettes. You may purchase your own and your employees' materials to assist in your training efforts at the dealership.

Charges for Training. In addition to the amounts discussed above, you must pay your own, and your employees', travel, lodging, meals, salaries and other expenses when you attend Culligan's training classes.

## Item 12
## TERRITORY

The Franchise Agreement specifies the categories of Authorized Products and Services you are licensed to offer and sell and the Authorized Customers to whom they may be offered and sold. If you are authorized under the Franchise Agreement to offer and sell household products and services (including portable exchange and drinking water) or to distribute bottled water (which Culligan refers to in this Franchise Disclosure Document as Restricted Products and Services), Culligan agrees not to offer or sell, or open a Culligan dealership that offers or sells, those Restricted Products and Services within your Territory (as designated in your Franchise Agreement), or authorize others to do so, except as otherwise permitted under the Franchise Agreement. That grant of territorial exclusivity is subject to exceptions, including (1) sales of vended water sold at retail establishments and sales of bottled water products in containers under 2 gallons, (2) sales to National Account Customers under National Accounts, sales through Alternative Distribution Channels and Multi-Dealer Sales (subject to the limitations as described in Item 12), (3) certain permitted Dealer-to-Dealer sales, (4) sales by Culligan Dealers who fail to enter into the Franchise Agreement, (5) sales to customers of an acquired or acquiring competitor, and (6) sales of customer accounts within your Territory as of the Effective Date of the Franchise Agreement that are offered for sale to you under the Franchise Agreement but that you decline to purchase. You will not receive any territorial exclusivity, except as described above.

Commercial Products & Services, Industrial Products & Services, DI Regeneration and Bottled Water Production and Hemodialysis are not subject to any territorial protections.

To determine your Territory, Culligan estimates the relevant market and determine an area within which you should concentrate your efforts, using roads, county line, or similar indicators as boundaries. Culligan also looks at the territories that Culligan already assigned to other Culligan Dealers.

You must operate your dealership only from an approved location which will be designated in an exhibit to your Franchise Agreement. You must use your best efforts to promote, sell and provide Restricted Products and Services only within your Territory, and you are not permitted to promote, sell or provide Restricted Products and Services to anyone outside of your Territory, or where the place of work to be performed is outside your Territory.

Culligan will approve relocation of your business within your existing Territory if you notify Culligan in advance with a request for a relocation approval. The new location must be equal to or better than the

current location from the standpoint of size, warehouse space, location visibility and convenience. At its discretion, Culligan may send a Field Team member to physically visit the premises before approving the new site, and Culligan may also ask for a business plan.

If your Franchise Agreement does not impose territorial restrictions for a category of Authorized Products and Services, you may sell them anywhere in North America, but only from your approved location. If Culligan advises you that Culligan intends to grant an exclusive franchise for a portion of Mexico, you may not continue to promote or sell in that Mexican territory, and you will transfer your accounts in that territory to a newly appointed dealer for that Mexican territory. If you cannot reach agreement in the fair market value of your transferred accounts, the FRC or any arbitrator will decide the matter. If the dealer for the Mexican territory refuses to purchase your accounts, you may then continue to sell to those accounts.

You may not offer or sell Culligan Products or Services using any Alternative Distribution Channel; however, any Culligan Products Culligan offers using any Alternative Distribution Channel within the United States will also be made available for purchase by you from Culligan or its Affiliates at prices that comply with the most favored nations pricing protections.

You may advertise your Dealership via the Internet and similar methods of electronic commerce subject to the terms of this Agreement, but you may not sell Restricted Products or Services for delivery or installation outside of your Territory.

If you are an Existing Dealer who is renewing an expired or expiring franchise agreement by signing the Franchise Agreement, your Territory will be designated with reference to your prior authorized territory or area of responsibility, but may deviate somewhat so Culligan can resolve uncertainties, and correct mistakes, conflicts and/or overlaps with the territories of other existing Dealers or CODs.

If you are an Existing Dealer who was providing household products and services (including portable storage and drinking water) or bottled water distribution to Authorized Customers outside your Territory before the Effective Date of the Franchise Agreement, you must transfer that out-of-territory account to another existing Dealer or COD within that territory in return for a payment for the fair market value of that account. If the matter is not resolved within 30 days, the matter may be submitted by you or the other Dealer or COD to the FRC for arbitration. If the other Dealer or COD agrees to allow you to serve that account or refuses to purchase it, you may continue to serve that account.

If Culligan, a COD or another Dealer who has signed the attached form of Franchise Agreement buys a competitor that is located or operating within your Territory, Culligan, the COD or the other Dealer will be required to offer to sell you those facilities and/or accounts located within your Territory that relate to your Restricted Products or Services, at the same price those assets were acquired, but not to exceed fair market value, plus a reasonable share of the buyer's transactional costs. However, Culligan will not be required to make any offer if the competitor will not be operated through a COD and will not offer or sell Restricted Products or Services using the Proprietary Marks. Disputes concerning the price will be determined by the FRC or through arbitration. If you do not elect to purchase those assets within 30 days, Culligan, the COD or the other Dealer may continue to operate in or sell Culligan products and services to accounts in your Territory, which products and services will (in the case of a COD or Dealer acquisition) or may (in the case of an acquisition by Culligan) use the Proprietary Marks.

If you purchase a competitor that operates in the territory of another Dealer or a territory reserved to Culligan or its Affiliates, you must offer to sell those facilities or accounts to the other Dealer or to Culligan or its Affiliates on the same basis.

With Culligan's prior written consent, which will not be unreasonably withheld, you may acquire an existing business enterprise operating in your territory that is not a Culligan dealership but operates in competition with Culligan ("Acquired Enterprise"). If you make that kind of an acquisition, you will receive a credit based on a percentage of the Gross Revenues of the Acquired Enterprise, which will be credited against any amounts you owe to Culligan. You will have 12 months to convert the Acquired Enterprise to be part of your dealership. If you acquire a competitor that operates in the territory of another Culligan Dealer or one of Culligan's Affiliates, you must offer the competing assets for sale to that other Dealer or Culligan's Affiliate.

Other Dealers and CODs are intended third party beneficiaries of the provisions of the Franchise Agreement described above and may enforce them directly. Culligan will not be liable to you if any other Culligan Dealer fails to comply with the terms of its franchise agreement, including its obligation to offer to sell customer accounts within your Territory as described above.

Minimum Performance Requirements. Culligan expects you to use full-time and best efforts to fully develop your dealership within your Territory. Culligan follows a process for setting and reviewing appropriate goals for your penetration of the relevant market ("Minimum Performance Requirements"). Minimum Performance Requirements are designed to permit both Culligan and a Dealer to assess the efforts being made to support the ongoing growth of the Culligan brand and provide a framework for measured comparison between Dealers that takes account of those differences that, in Culligan's experience, directly affect performance, particularly, the number of households in a Territory and its water hardness characteristics. Development and acceptance of initial Minimum Performance Requirements is part of the franchise offer process, and review of performance is part of the process for franchise renewal and/or granting additional franchises. Your Minimum Performance Requirements will be specified in an exhibit to your Franchise Agreement. They have been developed according to Culligan's Minimum Performance Requirements Policy (Culligan's "MPR Policy") and are based on the total royalties you are to pay on your household, commercial and bottled water business. Royalty baselines have been set on the basis of royalties payable by all Independent Dealers under the Franchise Agreement and take into account the number of single family dwellings ("households") and problem water characteristics of each Dealer's Territory. Minimum Performance Requirements will be calculated by Culligan in accordance with the criteria and measurement systems listed in the MPR Policy; however, Culligan reserves the right, subject to DAC approval, not to be unreasonably withheld or delayed, to change the criteria and measurement system listed in the MPR Policy on at least 90 days prior notice to you.

Minimum Performance Requirements may also be reduced by Culligan, in consultation and agreement with individual Dealers, to take account of particular characteristics applicable to Dealers or their Territories. Factors that will be considered include: (1) the adverse impact of material events outside the Dealer's control, including significant declines in a Dealer's customer base from the loss of a major area employer, unusually low household income levels, loss of key members of the Dealer's staff through no fault of the Dealer, a change in the hardness level of the municipal water, legislation governing the sale or rental of product, natural disasters, and terrorism; and (2) events inflating the Dealer's performance (including an unusually large one-time sale to commercial customers).

Failure to Meet Minimum Performance Requirements. Culligan will measure your success in satisfying the Minimum Performance Requirements at the end of each month based on the monthly average for the immediately preceding 12 month period (i.e., a rolling measurement period) (the "Measurement Period"). If you fail to satisfy your Minimum Performance Requirements for any Measurement Period, you will be afforded a 12 month cure period, beginning on the date of the first violation (the "Cure Period"), on condition that you use reasonable efforts to cure. At your request during any Cure Period, Culligan will provide remedial support to you for a reasonable fee that Culligan determines. If you fail to meet the Minimum Performance Requirements for the Cure Period (i.e., your monthly average for the Cure Period

does not satisfy your Minimum Performance Requirements as of end of Cure Period), Culligan will, immediately upon notice to you, have the right either to (i) terminate your territorial protections and terminate the restrictions placed on Culligan and its Affiliates, or (ii) terminate your Franchise Agreement. You shall only be entitled to 2 Cure Periods during the Term of your Franchise Agreement.

Web Site. Culligan maintains a World Wide Web site for the Culligan network and Culligan will provide linked web pages for you to use. You may customize or develop web pages, subject to Culligan's guidelines and approval, which you may use to advertise and market your dealership. However, you may not use your web pages or any other mode of electronic commerce to offer or sell products or services outside of your Territory.

Rights Culligan Reserves. Culligan and its Affiliates may have, and may later acquire or develop, rights and property that are not granted to you or may not be designated as part of the Culligan System and the Franchise Agreement does not create any form of franchise or license with respect to those rights, all of which remain Culligan's property. Culligan reserves those rights and all other rights not expressly granted in the Franchise Agreement which will not be qualified or diminished in any way by implication. For example, and without limitation, Culligan or its Affiliates may: own, operate or authorize others to own or operate Culligan dealerships or any other form of Culligan business subject only to exclusivity restrictions provided in the Franchise Agreement; engage in or authorize others to engage in at any location any form of business including any business using any type of water-related product or service not offered under the Proprietary Marks; engage in or authorize others to engage in the offer and sale of products and services other than Authorized Products and Services restricted to your Territory; and engage in or authorize others to engage in any form of business under the Proprietary Marks that does not include any Authorized Products or Services, but if Culligan engages in such a business within the United States, Culligan will offer qualified Dealers who meet Culligan's standards for inclusion the opportunity to offer and service, on a non-exclusive basis and on terms to be agreed upon, any products and services using the Proprietary Marks that are included in that other business. You have no other exclusivity rights, other than those granted to you in your Franchise Agreement, and Culligan reserves all other rights not expressly granted to you in your Franchise Agreement.

Culligan or its Affiliates may sell Culligan Products and Services (a) to National Account Customers according to National Accounts, and (b) through other methods of distribution other than a Culligan Dealership, including through sales to retailers, sales through the World Wide Web and other methods of electronic commerce, catalogue sales, and sales through '800' or similar toll-free telephone services (collectively, "Alternative Distribution Channels"). However, neither Culligan nor its Affiliates will sell within your Territory any Culligan Product that is a Restricted Product (1) which is the Premier Model in any Culligan Product category through any Alternative Distribution Channel; (2) which is new and based on technology that is exclusive to Culligan through Alternative Distribution Channels for a period of one year after that Culligan Product is first made available to Dealers (after having successfully completed reasonable field testing); and (3) to any wholesaler, original equipment manufacturer distributor or other middleman, who will resell those Culligan Products to a competitive retail dealer within your Territory. In addition, Culligan and its Affiliates will not sell any Culligan Products or Services to any National Account Customer that has a National Account with you to provide for the system wide (as opposed to local or regional) needs of that National Account Customer.

Culligan will not pay you any compensation for its soliciting or accepting orders from inside your Territory as described above.

Culligan does not grant you any option, right of first refusal or similar rights to acquire additional franchises.

Other Water-Related Products and Services. Culligan has certain subsidiaries and other related companies that market non-Culligan brand water-related products they manufacture, generally through channels of distribution other than Culligan Dealers.

The offer and sale of authorized commercial products and services is not subject to territorial restrictions, although they may be conducted only from an approved location.

Culligan may also ask certain Culligan Dealers to assist Culligan in servicing National Accounts under Culligan's National Account Program. For example, Culligan may enter into an agreement to provide bottled water coolers and water delivery to a company that has multiple locations in the United States and may ask you to provide service to locations within your Territory. You may be asked to install, service and maintain certain water quality products manufactured by Culligan and its Affiliates. If you elect not to service the account, Culligan may authorize another provider to fulfill the requirements of the National Account. If service is requested within the applicable service matrix, it must be performed or you will potentially be in default under your Franchise Agreement. (See discussion above in Item 11 under "Warranty and Post-Sale Service".)

## Item 13
## TRADEMARKS

**Proprietary Marks**

As a Culligan Dealer, you will have the non-exclusive right to use certain Proprietary Marks of Culligan and its Affiliates when operating your Culligan dealership as listed in an exhibit to your Franchise Agreement. The specific Proprietary Marks that Culligan will authorize you to use will depend on the products and services that Culligan has authorized you to provide under the Franchise Agreement and listed in an exhibit attached to your Franchise Agreement, but those Proprietary Marks you may use are subject to change.

The following Proprietary Marks are Culligan's principal trademarks, service marks, logos and slogans that, as of the end of Culligan's most recently completed fiscal year, are registered on the Principal Register of the United States Patent and Trademark Office ("USPTO"). Culligan or its Affiliates have timely filed all affidavits required to maintain their registrations. It is Culligan's practice to renew the registrations of principal Proprietary Marks that Culligan continues to use.

| Mark | Registration Number | Registration Date | Principal or Supplemental Register of USPTO |
|---|---|---|---|
| **ACCUSOFT** | 1920775 | 09/19/1995 | Principal |
| **AQUA-CLEER** | 1596235 | 05/15/1990 | Principal |
| **AQUA-SENSOR** | 0823649 | 02/07/1967 | Principal |
| **AQUASENTIAL** | 88646644 | 10/08/2019 | Principal |
| **BETTER WATER. PURE AND SIMPLE.** | 3660969 | 07/28/2009 | Principal |

| Mark | Registration Number | Registration Date | Principal or Supplemental Register of USPTO |
|---|---|---|---|
| **BOTTLE-FREE** | 3878136 | 11/16/2010 | Principal |
| **CULLAR** | 0442446 | 04/12/1949 | Principal |
| **CULLCITE** | 0676013 | 03/24/1959 | Principal |
| **CULLIGAN** | 2527000 | 01/08/2002 | Principal |
| **CULLIGAN** | 0683671 | 08/18/1959 | Principal |
| **CULLIGAN** | 0790857 | 06/15/1965 | Principal |
| **CULLIGAN** | 1008612 | 04/08/1975 | Principal |
| **CULLIGAN** | 3034239 | 12/27/2005 | Principal |
| **CULLIGAN (and design)**<br>**(script with water drop and wave)** | 1588702 | 03/27/1990 | Principal |
| **CULLIGAN (and design)**<br>**(script with water drop)** | 1365112 | 10/15/1985 | Principal |
| **CULLIGAN CARES** | 4198966 | 08/28/2012 | Principal |
| **CULLIGAN CARES (design and color)** | 4051579 | 11/08/2011 | Principal |
| **CULLIGAN MAN** | 2400008 | 10/31/2000 | Principal |
| **CULLIGAN WATER (STACKED)** | 5950322 | 12/31/2019 | Principal |
| **CULLSAN** | 0442235 | 03/15/1949 | Principal |
| **CULLIGAN WATER** | 5863680 | 09/17/2019 | Principal |
| **DESIGN – CULLIGAN LADY** | 2191925 | 09/29/1998 | Principal |
| **DIAL-A-SOFTNESS** | 88788713 | 02/07/2020 | Principal |
| **ELMNT** | 88472565 | 06/13/2019 | Principal |
| **FILTR-CLEER** | 1659645 | 10/08/1991 | Principal |
| **GOOD WATER MACHINE** | 2194692 | 10/13/1998 | Principal |
| **HI-FLO** | 1831250 | 04/19/1994 | Principal |
| **HYDROCHILL** | 88105185 | 09/05/2018 | Principal |
| **IRON-CLEER** | 2548178 | 03/12/2002 | Principal |
| **IRON-OX5** | 88641982 | 10/04/2019 | Principal |
| **QUADRA-HULL** | 4205285 | 09/11/2012 | Principal |

| Mark | Registration Number | Registration Date | Principal or Supplemental Register of USPTO |
|---|---|---|---|
| **RAINDISC** | 3665158 | 08/04/2009 | Principal |
| | | | |
| **SOFT-MINDER** | 1571700 | 12/19/1989 | Principal |
| **SULFUR-CLEER** | 3599828 | 03/31/2009 | Principal |
| **SURELOCK** | 5004087 | 10/24/2014 | Principal |
| **THE WATER EXPERTS** | 1596838 | 05/15/1990 | Principal |
| **TRUST THE WATER EXPERTS** | 1890197 | 04/18/1995 | Principal |

Culligan or its Affiliates also have common law rights in all of the principal Proprietary Marks listed above. These rights are based upon Culligan's first use of these Proprietary Marks in a manner that is not confusingly similar to that of any other prior users.

You may use the Proprietary Marks only to operate and advertise your dealership and in the manner permitted under the Franchise Agreement and in compliance with the rules in the Operating Manual, as it may be amended. All of your uses of the Proprietary Marks and any goodwill generated will inure to Culligan's benefit. You may not license or in any way authorize anyone, including suppliers, to use the Proprietary Marks. You must have Culligan's prior written consent for your d/b/a (doing business as), and you must use "Culligan" in your d/b/a. However, you cannot use "Culligan" or any other Proprietary Mark in your corporate name. If you are an Existing Dealer and had Culligan in your corporate name as of January 1, 2005, however, you may continue to use "Culligan" in the legal name of your business entity for as long as you own your dealership.

**Other Factors Influencing Your Ability to Use the Proprietary Marks**

There are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of this State or any court; pending infringement, opposition or cancellation for the Proprietary Marks listed above.

Culligan does not actually know of either superior rights or infringing uses that could materially affect your use of the principal Proprietary Marks listed above. No agreements currently in effect significantly limit Culligan's rights to use or license the use of the Proprietary Marks listed above in a manner material to the franchise.

**Obligations Relating to Infringement of Proprietary Marks**

Although not required by the Franchise Agreement, Culligan polices the use of the Proprietary Marks against infringing or unfair use. The Franchise Agreement requires you to notify Culligan if you become aware of potential infringements of the Proprietary Marks. Culligan will take the actions Culligan considers to be appropriate under the circumstances, and will control any litigation or other proceedings. You have

no right to make any demand or to prosecute any infringement claim against any infringer of the Proprietary Marks.

Under Section 10.3 of the Franchise Agreement, Culligan will defend, indemnify and hold harmless, you, your affiliates, and the corporate affiliates, subsidiaries, successors, assigns and designees of each, and their respective directors, officers, employees, agents, attorneys, shareholders, contractors and representatives ("Franchisee Indemnitees"), from all claims, loss and liability from legal proceedings instituted against you alleging that your use of the Proprietary Marks infringes a third party's right. You must notify Culligan of all claims or demands against Culligan, any claim or demand for which any Franchisee Indemnitee may seek indemnification from Culligan and any claim or demand against you or your Dealership for which you do not have insurance or which exceed the limits of coverage provided under an insurance policy within 10 days of your receiving notice of any claim or demand. You must respond to all claims within the time required by law, rule or regulation. In addition, you must provide Culligan with any information Culligan may request about the claim or demand, assert any defenses that Culligan may direct and otherwise cooperate as Culligan may reasonably request in the defense or prosecution of any claim. Culligan may elect to assume (but under no circumstance will Culligan be obligated to undertake) the defense and/or settlement (subject to your obligation to indemnify Culligan) of any claim or demand against Culligan or for which any Franchisee Indemnitee may seek indemnification from Culligan.

Culligan has the right to change the Proprietary Marks. With appropriate notice, Culligan may require you to change or stop your use of any of the Proprietary Marks without compensating you. However, you will not be required in any calendar year to spend more than 1% of your prior year's Gross Revenues to implement changes Culligan makes to the Culligan System, including changes to the Proprietary Marks.

Your unauthorized or improper use of the Culligan System or Proprietary Marks will cause irreparable harm to Culligan and other Culligan dealerships. During or after the term of your Franchise Agreement, Culligan may and will be entitled to get, and you consent to the entry of, both temporary and permanent injunctive relief against you, without bond or security, in any court of competent jurisdiction.

**Industrial Business**

We no longer offer the Industrial Addendum. Franchisees who have previously signed the Industrial Addendum, may operate their Industrial Business under the same legal entity as their Culligan dealership, but may not use the Proprietary Marks in any way to advertise or support their Industrial Business. They must clearly and consistently identify their Industrial Business under trade names that do not include or refer to, and are not confusingly similar to, any of the Proprietary Marks. Any website or advertising developed or maintained by them relating to their Industrial Business must be separate and distinct from the website or advertising relating to their activities as part of the Culligan system and must not contain any references, materials or other indicia that are likely to mislead consumers into thinking that Franchisee's Industrial Business is conducted as part of the Culligan System. They are bound by Section 13.6 (Injunction) of the Franchise Agreement in the event of actual or alleged misuse of the Proprietary Marks or failure to abide by the prohibitions on their use in connection with their Industrial Business.

**Small Pack Water Business**

We no longer offer the Small Pack Addendum. Franchisees who previously signed the Small Pack Addendum may operate a Small Pack Water business only if they are authorized to engage in bottled water production and use containers Culligan authorizes and which bear the Proprietary Marks. They may operate their Small Pack Water business under the same legal entity as their Culligan Dealership, but may not use the Proprietary Marks in any way to advertise or support their Small Pack Water business. They are bound by Section 13.6 (Injunction) of the Franchise Agreement in the event of actual or alleged misuse of the

Proprietary Marks or failure to abide by the prohibitions on their use in connection with their Small Pack Water business.

## Item 14
## PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

### Patents, Copyrights

No patents are material to your franchise.

Culligan claims a copyright in its Operating Manual. In addition, Culligan places a copyright notice on business, technical, advertising and training materials that have creative or technical importance. Culligan does not register these copyrights, but Culligan has the right to do so. For the term of the Franchise Agreement, you have the right to purchase, through Culligan, products and materials that incorporate certain patents and copyrights, but none of the patents and copyrights incorporated in these products and materials are material to the franchise.

Culligan urges you to notify Culligan if you become aware of possible infringements of its patents, copyrights or confidential information. Culligan is not obligated to take any action but will respond as Culligan believes appropriate.

### Proprietary Information

The Culligan System, as an entire business operating format, is confidential and proprietary to Culligan. Your Franchise Agreement permits you to use Culligan's Confidential Information (as defined below) solely for the operation of your dealership. You may only use and divulge Confidential Information to those of your officers, directors, shareholders, sales personnel, employees, management personnel, agents or independent contractors who need access to it for you to operate your dealership; but you must take all necessary precautions to ensure that these individuals retain the Confidential Information in confidence and comply with the in-term restrictions of your Franchise Agreement. You may never copy, reproduce, divulge or use any Confidential Information for the benefit of any other person, business entity, or other entity, nor will you directly or indirectly permit the disclosure of, imitate or aid any third party to imitate any of the Confidential Information. "Confidential Information" is defined as information, knowledge, trade secrets or know-how of the Culligan System or concerning Culligan's Operating Manual, systems of operation, programs, services, products, customers, materials, books, records, manuals, computer files or databases, software or practices which Culligan or its Affiliates have provided to you, to the extent that the information is not generally known to the public or within the water quality industry. If you are an existing Dealer, Culligan acknowledges that, except to the extent required to comply with its obligations under Culligan warranties or to effect product recalls, Culligan has no right to require you to share or otherwise disclose to Culligan the identity of your customers. After the expiration or termination of the Franchise Agreement, you must deliver to Culligan all Confidential Information, training or other manuals Culligan or its Affiliates furnished to you (including, without limitation, the Operating Manual), instructions, display items, advertising and promotional material, warranty information and records, all materials, signs and items which bear Culligan's Proprietary Marks or slogans or insignias, forms and other materials or property of ours, and any copies of them in your possession which relate to the Culligan System.

Culligan maintains a World Wide Web site for the Culligan network and Culligan provides linked web pages at the site for the use of each Culligan dealership. You may customize the web page(s) Culligan provides to you, or you may develop a World Wide Web site within Culligan's guidelines and using Culligan's templates provided in the Operating Manual (including required hyperlinks), if your site conforms to Culligan's requirements. Culligan will be and at all times remain the sole owner of the

copyrights for all material which appears on your web page(s), excluding copyrighted material you own and for which you obtain Culligan's permission for inclusion on your web page(s).

**Intellectual Property You Develop**

Except in the case of Existing Dealers for certain items listed in a schedule to their Franchise Agreement, you irrevocably and permanently grant Culligan an exclusive royalty-free license for any and all of the following developed by you, or on your behalf, if such development occurred, in whole or in part, in connection with your dealership: improvements to existing or newly developed Culligan Products or Services; your means, manner and style of offering and managing sales; and all sales, marketing, advertising and promotional programs and campaigns developed by you or on your behalf. Culligan may authorize Culligan's CODs, Culligan of Canada, Ltd. and other of Culligan's Affiliates operating internationally using the Proprietary Marks and/or other Culligan dealerships to use rights under such license. No further consideration will be payable as a result of this license.

## Item 15
## OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Culligan believes that, at a minimum, a successful Culligan Dealer possesses an entrepreneurial spirit, interest in water quality, strong financial and cash management skills, the ability to serve customers, dedication and the capacity for hard work.

Unless Culligan otherwise permits in writing, you must personally supervise the operation of your dealership, and you must devote your full time, attention and best efforts to the performance of your duties under your Franchise Agreement and the proper operation of your dealership. You must designate in writing a Business Manager for your dealership, and your Business Manager will have full time, day-to-day management responsibility for your dealership, exercise on-premises supervision and personally participate in the operation of your dealership. If your Business Manager leaves your employment, you will have 60 days to designate a new Business Manager, and up to an additional 90 days for that person to complete any required or supplemental training which Culligan may reasonably require. Your Business Manager doesn't have to have any equity in your business.

You are responsible for the conduct of your managers and employees, and must control their use/disclosure of Confidential Information to comply with the obligations discussed in Item 14. Similarly, you must control the conduct of your manager and other employees to comply with the restrictions discussed under non-competition covenants in Item 17.

Both direct and indirect individual owners who own 25% or more of the equity of a dealer must guarantee the dealer's performance by signing our standard for of Guarantee, which is Exhibit J to the FDD. The only exceptions are if you are an existing dealer and you did not sign a guarantee applicable to your existing dealership; if you provide evidence reasonably satisfactory to us that you have and continue to maintain a net worth of at least $1,000,000 and you purchase and maintain throughout the term of your Franchise Agreement commercial general liability insurance, naming us as additional insured, for liability arising out of the operation of your dealership, in an amount (including any applicable excess coverage) of at least $5,000,000 per occurrence; or if you provide evidence reasonably satisfactory to us that you have and continue to maintain a net worth of not less than $5,000,000 and you purchase and maintain in effect throughout the term of the Franchise Agreement commercial general liability insurance, naming us as additional assured, in an amount and on terms consistent with the liability insurance requirements then generally applicable to dealers; provided that the minimum net worth amounts and the minimum insurance

coverage in will be adjusted by the percentage change in the Consumer Price Index, U.S. All Urban Wage Earners, as of January 1 of each year following September 30, 2005.

## Item 16
## RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Over the years, the Proprietary Marks have achieved a high degree of favorable consumer recognition, goodwill and distinction. They identify the source and the primary representation of the products and services that are marketed as part of the Culligan System. Consistent with protecting the value of the Proprietary Marks, Culligan requires the following:

**Operation of Your Culligan Dealership**

Your dealership facilities are approved by Culligan and can be used only to operate your Culligan business, unless Culligan has previously authorized you to conduct other operations there. During the term of the Franchise Agreement, you must keep the operations and records of your Culligan dealership and the duties of your employees separate from any other business that is not part of the Culligan dealership. You must keep free from conflicting enterprises and any other activities that interfere with or are detrimental to your Culligan dealership or the Culligan System.

**Product/Service Authorizations**

Exhibits to the Franchise Agreement will list the categories of products and services you are authorized to provide, as well as Culligan's current offerings of products and services within those categories. Culligan may require you to enroll in and successfully complete additional training and meet other requirements before authorizing you to distribute or provide certain products/services. Culligan's Product Policy classifies the Authorized Products currently offered as part of the Culligan System into three categories: (1) Proprietary Products and Licensed Products; (2) Products with Required Specifications; and (3) Generic Products. Proprietary Products were developed as a result of significant financial investment and scientific expertise and Licensed Products are products that must be consistently identified with the Culligan brand. Proprietary Products and Licensed Products are essential to the Culligan System due to their image, quality and association with Culligan. Proprietary Products and Licensed Products may be purchased only from either Culligan or those suppliers Culligan designates. Products with Required Specifications are products for resale to end-users that Culligan approves for inclusion in the Culligan System as part of the operation of your Culligan dealership as long as those products meet Culligan's specifications for quality and requirements for consistency, performance and regulatory compliance ("Culligan's Requirements"). You are not required to purchase Products with Required Specifications bearing the Proprietary Marks, but in some instances Culligan has authorized one or more vendors to sell products to you bearing the Proprietary Marks. Although you may not allow any third party to use the Proprietary Marks on any product, you are free to purchase Products with Required Specifications without the Proprietary Marks from any vendor that has certified and proven to Culligan's reasonable satisfaction that its products meet Culligan's Requirements. Generic Products are products that are not proprietary and for which there are no required specifications. Those products do not bear Culligan's Proprietary Marks. Culligan may recommend suppliers for Generic Products, but you may purchase them from anyone.

You may also be authorized to sell Ancillary Products and Services.

Because you may decide to repair non-Culligan equipment if it allows an opportunity for you to introduce additional customers to Culligan, you may also purchase repair parts for non-Culligan equipment within one of your Culligan authorized categories of products and services from any vendor. Culligan has the right, in its reasonable business judgment, to add or discontinue Culligan products and services after giving

you prior notice. Culligan must consult with the Dealer Advisory Council ("DAC") and give reasonable consideration to DAC's input when making decisions.

**Customer and Geographic Classifications**

Culligan has always selected its Dealers for the purpose of providing distribution and service coverage to customers in a particular geographic territory. You are limited to promoting and selling Restricted Products and Services only to Authorized Customers in your Territory. Culligan does not grant exclusive territories, except for household and bottled water distributors, and then only subject to exceptions as described in Item 12.

Your ability to make wholesale sales to another Culligan Dealer is restricted to Permitted Dealer-to-Dealer Sales. "Permitted Dealer-to-Dealer Sales" are wholesale sales of Authorized Products that you make to any other Culligan dealership where (a) the Authorized Product being sold has been previously used (i.e., placed into service), (b) the Authorized Product being sold is not otherwise supplied by Culligan or its Affiliates for sale to Culligan dealerships, or (c) the other Culligan dealership is a COD or is subject to a form of franchise agreement that conforms to the Franchise Agreement.

You may make Multi-Dealer Sales in accordance with Culligan's Multi-Dealer Program.

You must obtain Culligan's prior written approval of your initial location, any additional location and any change in location.

The nature of the products and services that Culligan authorizes you to provide may, as a practical matter, limit the customer market for a particular product or service. For example, a Dealer who is authorized to sell only "Culligan" brand household water conditioning products may find that most of its sales are to residences instead of large commercial businesses. In an exhibit to the Franchise Agreement, Culligan identifies any specific limitations on your authorization to service, promote or sell to defined customer classifications, including end-users or resellers.

Except as discussed in Item 11, you may not offer or sell Culligan products or services using any Alternative Distribution Channel. However, any Culligan products Culligan offers using any Alternative Distribution Channel in the U.S. will also be made available for purchase by you from Culligan or its Affiliates at prices that comply with a most favored nation pricing protection in your Franchise Agreement.

Some product/service authorizations have other customer limitations. If Culligan has authorized you to produce "Culligan" brand bottled water, you are authorized only sell it to third parties licensed to distribute Culligan bottled water. You must also obtain Culligan's prior written approval of the size and type of containers in which you package the water. If Culligan has authorized you to distribute bottled water, you must purchase it only from licensed or franchised Culligan bottled water producers.

Some Existing Dealers may continue to offer, sell and provide Non-Culligan Industrial Products and Services to end users at their business establishments if they sign the Non-Culligan Industrial Water Treatment addendum and pay Culligan the Industrial Continuing Royalty.

Some Existing Dealers may continue to offer, sell and provide Small Pack Water for resale under brands other than the Proprietary Marks if they sign the Non-Culligan Small Pack Bottled Water Production Addendum and pay Culligan the Small Pack Continuing Royalty.

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## Item 17
## RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

**This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document**.

| Provision | Section in franchise or other agreement* | Summary |
|---|---|---|
| a. Length of the franchise term | Section 3.1 | Usually 20 years from the Effective Date. A shorter term may be offered for test market programs, when a probation period is advisable or the parties agree to it.<br><br>All Existing Dealers who sign the Franchise Agreement will be granted a 20 year term. |
| b. Renewal or extension of the term | Section 3.2 | If you have complied with the conditions for renewal, you have the right, but not the obligation, to enter into a renewal agreement. The renewal agreement will have the standard provisions then in use for new Dealers,which may differ from your expiring Franchise Agreement. The term of your renewal agreement and the renewal franchise fee, if any, will be as provided in the then current Franchise Agreement you will sign on renewal. |
| c. Requirements for franchisee to renew or extend | Sections 3.2, 3.3<br><br>Exhibit D | You can enter into a renewal agreement if: (a) you performed all material obligations throughout the term of your Franchise Agreement and are not in default under any agreements you have with Culligan or its Affiliates at time of renewal, and no more than 3 defaults described in Sections 11.3 (defaults with no opportunity to cure) or 11.4 (defaults with an opportunity to cure) occurred within the final 2 years of the term; (b) you execute a Termination and General Release Agreement in the form of Exhibit D to the Franchise Agreement; and (c) Culligan has not given you written notice that you have not met the renewal conditions. You may be asked to sign a contract with materially different terms than your original contract. You will have 60 days from receipt of your renewal agreement to sign and return it. If you fail to do so, your Franchise Agreement will automatically expire at the end of its term. |
| d. Termination by franchisee | Section 11.1 | Give Culligan at least 90 days' advance written notice. You cannot withdraw your notice without Culligan's advance written consent. This provision is subject to state law. |

| Provision | Section in franchise or other agreement* | Summary |
|---|---|---|
| e. Termination by franchisor without cause | Not Applicable | |
| f. Termination by franchisor with cause | Sections 11.2, 11.3, 11.4 | Culligan may terminate the agreement only if you default or there is other cause. |
| g. "Cause" defined – curable defaults | Sections 9.12, 11.4 | You will have 30 days to cure a default for failure to comply with certain of your obligations under your Franchise Agreement, as supplemented by the Operating Manual. If it is not commercially practical to cure these obligations within 30 days, the time for cure will be extended for an additional period not to exceed 60 days.<br><br>If you fail to satisfy your Minimum Performance Requirements for any Measurement Period, you will have a 12-month cure period. If you do not cure, Culligan may either immediately terminate your territorial protections and the restrictions placed on Culligan, or terminate the Franchise Agreement. You are only entitled to 2 cure periods during the term of the Franchise Agreement. |
| h. "Cause" defined – non-curable defaults | Sections 11.2, 11.3 | The Franchise Agreement automatically terminates if you, your dealership or any person or entity that controls, is controlled by or is under joint control with you: is adjudicated as bankrupt or insolvent; has assets assigned for the benefit of creditors; has a bankruptcy petition filed against one of them and is not dismissed in 60 days; has a receiver or custodian appointed for them or their assets; has execution levied against them or their assets; or the property of your dealership is sold after levy by a government agency.<br><br>Culligan has the option to terminate your Franchise Agreement without an opportunity to cure, effective immediately upon written notice, if you: do not commence operations within 180 days or cease to operate or abandon your dealership; omitted or misrepresented material facts to Culligan; fail to satisfy Minimum Performance Requirements and do not cure within the cure period; you or your principal owners or officers are convicted of a felony, fraud or certain crimes that will have an adverse effect on the Culligan system, the Proprietary Marks or their goodwill; fail to cure an advertising standards breach within 10 days; make unauthorized use of the |

| Provision | Section in franchise or other agreement* | Summary |
|---|---|---|
| | | Proprietary Marks; fail to purchase and maintain required insurance within a 10 day cure period; your dealership poses a threat or danger to public health or safety; do not comply with your non-compete covenant or confidentiality obligations; do not comply with transfer restrictions; conceal revenues or make false or fraudulent reports; fail timely to pay amounts due within a 5 day cure period or on 4 or more occasions within 5 years; do not cure any failure to comply with any law or regulation within specified time periods; or fail to provide authorized services to any National Account or Alternative Distribution Channel at prices established by the applicable service matrices within a 30 day cure period. |
| i. Franchisor obligations on termination/non-renewal | Sections 11.6, 13.3 | Upon termination or expiration, you must: pay all fees, royalties or other sums due to Culligan, its Affiliates or third parties; discontinue use of the Proprietary Marks and Confidential Information; cease doing business under any name using "Culligan"; cancel any assumed name registrations; sell to Culligan any new inventory of Culligan products at your purchase cost from Culligan or its designee, less a reasonable restocking charge; deliver to Culligan all Confidential Information, including the Operating Manual, and other items with the Proprietary Marks or that relate to the Culligan System; within 10 days notify telephone directory companies not to list you under "Culligan"; de-identify all approved locations from a Culligan dealership; assign all your rights to advertising or promotion funds collected before termination as part of a national or regional program or cooperative; and execute any agreements necessary to effectuate the termination.<br><br>You cannot take any action in derogation of Culligan's rights in the Proprietary Marks, apply or obtain any trademark or service mark registration of any of the Proprietary Marks or confusingly similar marks, impair the goodwill associated with the Proprietary Marks, or dispute or impugn the validity of the Proprietary Marks or Culligan's rights to them or its right to use them.<br><br>See Item 17.n on Culligan's right of first refusal to acquire your business for up to 1 year after termination. |

| Provision | Section in franchise or other agreement* | Summary |
|---|---|---|
| j. Assignment of contract by franchisor | Section 12.1 | Culligan may transfer and assign the Franchise Agreement to any person, firm, corporation or other entity, if the transferee or assignee assumes its obligations under the Franchise Agreement. |
| k. "Transfer" by franchisee | Sections 12.2, 12.3, 12.4, 12.5, 12.6, 12.7, 12.9 | Transfer includes assignment, sale, transfer, share, sublicense or division of your interest in the Franchise Agreement, your dealership, or any interest in your dealership or an entity franchisee. This includes transfers to immediate family members, key employees or key equity holders, to a corporation or partnership<br>you form, to a qualified Dealer, to a third party, or upon death or disability.<br>You may not pledge, encumber, mortgage or grant a security interest to a third party without Culligan's prior written permission, which Culligan may withhold for any reason. |
| l. Franchisor's approval of transfer by franchisee | Section 12.2 | Culligan's written consent must be obtained. |
| m. Conditions for franchisor approval of transfer | Sections 12.2, 12.3, 12.4, 12.5, 12.6, 12.7, 15.5<br><br>Exhibits D, E, G, I, J | You must pay Culligan an Administrative Transfer Fee for each transfer, except transfers of equity interests to any immediate family member as part of a bona fide estate plan (which you will provide to Culligan upon request), unless and until that immediate family member holds a 25% or more equity interest in your dealership.<br>Culligan will consent to a transfer to an immediate family member, key employee or key (25%) equity holder if the proposed transferee meets Culligan's reasonable qualifications to conduct your dealership and fulfill your obligations to Culligan and its Affiliates, you have cured any defaults under the Franchise Agreement and other agreements, and you and all equity holders sign a Termination and General Release Agreement attached as Exhibit D to the Franchise Agreement. The proposed transferee may have to complete Culligan's training program, sign a Confidentiality/Non-Competition Agreement, and sign a guarantee if more than a 25% equity interest is being transferred. A transfer to a key employee, together with transfers to other key employees, may not be more than a 40% interest in the franchisee. Culligan will consent to transfers to an estate planning or retirement trust if the trustee is the franchisee, an |

| Provision | Section in franchise or other agreement* | Summary |
|---|---|---|
| | | immediate family member, key employee or key equity holder.<br><br>Culligan will consent to a transfer to a corporation, partnership or other business entity you form for the convenience of equity ownership as long as the proportionate ownership interests do not change, you sign an agreement in which you and the entity are jointly and severally liable for all obligations under the Agreement, all equity holders sign a Confidentiality/Non-Competition Agreement, and comply with certain business entity franchisee requirements.<br><br>If you want to transfer to another Dealer, you must give Culligan written notice of the transfer proposal. Culligan then has 30 days to exercise Culligan's right of first offer to purchase the interests you propose to sell. Culligan will consent to a transfer to another Dealer if: the other Dealer is in good standing, met its Minimum Performance Requirements, has financial resources; the closing is within 120 days; you cure all defaults; the transferee executes a separate Franchise Agreement with an initial term equal to the balance of your term; and other conditions are met.<br><br>If you want to transfer to a third party, Culligan will consent (subject to the non-exercise of Culligan's first refusal right described in Item 17.n) if: the transferee meets Culligan's qualification requirements; the transferee and its business manager are trained; you cure defaults or the transferee agrees to do so; the transferee executes a separate Franchise Agreement with an initial term equal to the balance of your term; you and your equity holders execute a Termination and General Release Agreement attached as Exhibit D to the Franchise Agreement; and other conditions are met.<br><br>Upon your death or long-term disability, or the death or disability of a key equity holder, your rights may pass to your estate. Your estate may continue to operate your dealership if it provides a qualified business manager who is trained and assumes operation within 3 months. Alternatively, your estate may sell your dealership within 6 months, subject to Culligan's right of first refusal. |

| Provision | Section in franchise or other agreement* | Summary |
|---|---|---|
| | | |
| n. Franchisor's right of first refusal to acquire franchisee's business | Sections 12.8, 15.14 | You or your estate's proposed transfer of any interest in the Franchise Agreement or your dealership to a third party is subject to Culligan's right of first refusal. You must give Culligan a copy of any offer, and Culligan has 30 days to consent or withhold consent to the transfer, or, at Culligan's option, accept the transfer to Culligan or to its nominee on the terms and conditions specified in the notice. If there is a proposed partial transfer of more than 50% of the ownership interests in an entity franchisee other than to key equity holders, immediate family members or a key employee, Culligan has an option to purchase 100% of the entire dealership. If Culligan exercises its right of first refusal, Culligan will have at least 60 days to prepare for the closing.<br>Section 12.8 will survive the termination of the Franchise Agreement for 1 year. |
| o. Franchisor's option to purchase franchisee's business | Section 11.6 | Upon termination, you must sell to Culligan any new inventory of Culligan products at your purchase cost, less a reasonable restocking fee. |
| p. Death or disability of franchisee | Section 12.7 | See above on "transfers". |
| q. Non-competition covenants during the term of the franchise | Sections 14.1, 14.2, 14.3<br><br>Exhibit H | Confidential Information can be used only for the operation of your dealership, and can only be divulged to those who need to know it for you to operate your dealership.<br><br>During the term, you cannot engage in a competitive business without Culligan's prior written agreement. You cannot divert any business that should be handled by your dealership to any other person or entity. You must obtain a signed Confidentiality/Non-Competition Agreements from your Business Manager, other persons who have access to Confidential Information and your officers, directors and equity holders if you are an entity. Culligan will have an independent right to enforce those agreements.<br><br>If you review the Operating Manual before you buy a franchise from us you must sign the confidentiality agreement attached to this Franchise Disclosure Document as **Exhibit H**. Until you buy a franchise |

| Provision | Section in franchise or other agreement* | Summary |
|---|---|---|
| | | you may only use the confidential information in the Operating Manual to evaluate whether to do so. You may not share the Operating Manual or its contents with any third party and, if you are an entity, you may only share the information with those people within your organization who have a need to know.<br><br>This provision is subject to state law. |
| r. Non-competition covenants after the franchise is terminated or expires | Section 11.6 | You must discontinue use of Confidential Information. For 2 years after termination, you will not solicit for employment any of Culligan's or its Affiliates' personnel, or personnel of any other Culligan dealership, without first getting written permission from the employer.<br><br>This provision is subject to state law. |
| s. Modification of the agreement | Sections 9.11, 15.7<br><br>Exhibit H | No change, modification, amendment or waiver of the Franchise Agreement will be effective and binding (other than a modification of your Territory to reflect the outcomes of any dispute resolution) unless it is in writing and signed by the party against whom enforcement is sought. Only Culligan's Vice Presidents or President can sign that document.<br><br>The Minimum Performance Requirements will be annually recalculated by Culligan for Measurement Periods ending after December 31, 2011. |
| t. Integration/merger clause | Section 15.7 | Only the terms of the Franchise Agreement and other documents or agreements executed contemporaneously are binding (subject to state law). Any other promises may not be enforceable; provided that nothing in this Agreement is intended to disclaim the representations Culligan made in the Franchise Disclosure Document furnished to you. If you enter into the Franchise Agreement, you must terminate all other Culligan franchise agreements applicable to the same Territory. |
| u. Dispute resolution by arbitration or mediation | Section 15.11 | All disputes, controversies or claims are to be settled by arbitration, except actions seeking purely injunctive relief, and certain other disputes. Either party may apply to FRC to mediate the dispute. Mediation is non-binding. Before arbitrating, you must submit your dispute to FRC (unless the dispute is with a COD). You may not arbitrate unless FRC fails to accept the mediation within 30 days or FRC |

| Provision | Section in franchise or other agreement* | Summary |
|---|---|---|
| | | says the mediation has reached an impasse. Any arbitration will be under the JAMS Streamlined Arbitration Rules and Procedures ("JAMS Rules") and conducted by 1 arbitrator. |
| v. Choice of forum | Section 15.11<br><br>Exhibits J, L | FRC is the initial exclusive forum to resolve disputes regarding (i) the fair market value or allocable price of any acquired customer account or other assets required to be offered for transfer, (ii) whether you have complied with the requirements for transfer, or (iii) whether you have met the requirements to renew your Franchise Agreement.<br><br>If there is arbitration under the JAMS Rules, the seat of the arbitration will be the JAMS office closest to the primary place of business to the defendant/respondent, or, if the subject of the dispute is a territory, the JAMS office nearest that territory. JAMS is a private judicial arbitration and mediation service.<br><br>Venue for a court action for injunctive relief is a court in the county and state where the defendant/respondent has its primary place of business. (But see State Addenda in **Exhibit I** of this Franchise Disclosure Document.<br><br>Litigation under a personal Guarantee must be in the federal or state court of general jurisdiction located in the county and state where the defendant/respondent either resides or has its primary place of business. |
| w. Choice of law | Section 15.10<br><br>Exhibit J | Illinois law applies.[2] (But see State Addenda in **Exhibit I** of this Franchise Disclosure Document.) |

**Notes:**

* The references to "Section" and "Exhibit" are references to sections of and exhibits attached to the Franchise Agreement.

1. The personal Guarantee attached to the Franchise Agreement (see Exhibit J to the Franchise Agreement) includes a guarantee of performance of all obligations under the Franchise Agreement.

2. In some states, a provision in a franchise agreement requiring the application of Illinois law is void. (See **Exhibit I**, if applicable, for more information.)

There are state specific addenda, attached as **Exhibit I**, for the states of California, Hawaii, Illinois, Maryland, Minnesota, New York, North Dakota, Rhode Island, Virginia and Washington**.** The Michigan Addendum is located after the state cover page.

California residents see the California Addendum to this Franchise Disclosure Document for additional disclosures required by California law.

## Item 18
## PUBLIC FIGURES

Culligan currently does not use or have plans to use any public figures to promote its franchises.

## Item 19
## FINANCIAL PERFORMANCE REPRESENTATIONS

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

Culligan does not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. Culligan also does not authorize its employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, Culligan 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 the franchisor's management by contacting Thomas P. Vitacco, Vice President, Franchise Development, 9399 West Higgins Road, Suite 1100, Rosemont, Illinois 60018, (847) 430-2800, or (800) 428-2828, the Federal Trade Commission, and the appropriate state regulatory agencies.

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## Item 20
## OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1**

**Systemwide Outlet Summary For Years 2019 to 2021**

| Column 1<br>Outlet Type | Column 2<br>Year | Column 3<br>Outlets at the Start of the Year | Column 4<br>Outlets at the End of the Year | Column 5<br>Net Change |
|---|---|---|---|---|
| Franchised | 2019 | 531 | 525 | -6 |
| | 2020 | 525 | 523 | -2 |
| | 2021 | 523 | 511 | -12 |
| Company-Owned | 2019 | 27 | 30 | +3 |
| | 2020 | 30 | 31 | +1 |
| | 2021 | 31 | 43 | +12 |
| Total Outlets | 2019 | 558 | 555 | -3 |
| | 2020 | 555 | 554 | -1 |
| | 2021 | 554 | 554 | 0 |

**Table No. 2**

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For Years 2019 to 2021**

| Column 1<br>State | Column 2<br>Year | Column 3<br>Number of Transfers |
|---|---|---|
| Arizona | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 1 |
| Colorado | 2019 | 1 |
| | 2020 | 0 |
| | 2021 | 3 |
| Florida | 2019 | 2 |
| | 2020 | 0 |
| | 2021 | 0 |
| Illinois | 2019 | 0 |

| Column 1<br><br>State | Column 2<br><br>Year | Column 3<br><br>Number of Transfers |
|---|---|---|
| | 2020 | 1 |
| | 2021 | 1 |
| Indiana | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 1 |
| Kentucky | 2019 | 1 |
| | 2020 | 0 |
| | 2021 | 0 |
| Michigan | 2019 | 2 |
| | 2020 | 0 |
| | 2021 | 1 |
| Minnesota | 2019 | 0 |
| | 2020 | 3 |
| | 2021 | 3 |
| Missouri | 2019 | 1 |
| | 2020 | 0 |
| | 2021 | 1 |
| New York | 2019 | 1 |
| | 2020 | 0 |
| | 2021 | 0 |
| Ohio | 2019 | 2 |
| | 2020 | 0 |
| | 2021 | 0 |
| Pennsylvania | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 1 |
| South Dakota | 2019 | 1 |
| | 2020 | 0 |
| | 2021 | 0 |
| Texas | 2019 | 2 |
| | 2020 | 2 |
| | 2021 | 0 |
| Virginia | 2019 | 1 |
| | 2020 | 0 |
| | 2021 | 0 |
| Wisconsin | 2019 | 2 |

| Column 1<br><br>State | Column 2<br><br>Year | Column 3<br><br>Number of Transfers |
|---|---|---|
| | 2020 | 0 |
| | 2021 | 0 |
| Total | 2019 | 13 |
| | 2020 | 6 |
| | 2021 | 12 |

**Table No. 3**

**Status of Franchised Outlets for Years 2019 to 2021**

| Column 1<br>State | Column 2<br>Year | Column 3<br>Outlets at Start of Year | Column 4<br>Outlets Opened | Column 5<br>Termin-ations | Column 6<br>Non-Renewals | Column 7<br>Re-acquired by Franchisor | Column 8<br>Ceased Operations-Other Reasons | Column 9<br>Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| Alabama | 2019 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2020 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2021 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| Alaska | 2019 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Arizona | 2019 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| | 2020 | 5 | 1 | 0 | 0 | 0 | 0 | 6 |
| | 2021 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| Arkansas | 2019 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2020 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2021 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| California | 2019 | 28 | 0 | 0 | 0 | 0 | 1 | 27 |
| | 2020 | 27 | 0 | 1 | 0 | 0 | 0 | 26 |
| | 2021 | 26 | 0 | 1 | 0 | 0 | 0 | 25 |
| Colorado | 2019 | 9 | 1 | 0 | 0 | 0 | 0 | 10 |
| | 2020 | 10 | 0 | 0 | 0 | 0 | 0 | 10 |
| | 2021 | 10 | 0 | 0 | 0 | 0 | 0 | 10 |
| Connecticut | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Delaware | 2019 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Florida | 2019 | 18 | 0 | 0 | 0 | 0 | 0 | 18 |
| | 2020 | 18 | 0 | 0 | 0 | 0 | 0 | 18 |
| | 2021 | 18 | 0 | 0 | 0 | 9 | 0 | 9 |

| Column 1<br>State | Column 2<br>Year | Column 3<br>Outlets at Start of Year | Column 4<br>Outlets Opened | Column 5<br>Termin-ations | Column 6<br>Non-Renewals | Column 7<br>Re-acquired by Franchisor | Column 8<br>Ceased Operations-Other Reasons | Column 9<br>Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| Georgia | 2019 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2020 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2021 | 4 | 1 | 0 | 0 | 1 | 0 | 4 |
| Idaho | 2019 | 8 | 0 | 0 | 0 | 0 | 0 | 8 |
| | 2020 | 8 | 0 | 0 | 0 | 0 | 0 | 8 |
| | 2021 | 8 | 0 | 0 | 0 | 0 | 0 | 8 |
| Illinois | 2019 | 30 | 0 | 0 | 0 | 0 | 0 | 30 |
| | 2020 | 30 | 0 | 1 | 0 | 1 | 0 | 28 |
| | 2021 | 28 | 0 | 0 | 0 | 0 | 0 | 28 |
| Indiana | 2019 | 29 | 0 | 0 | 0 | 0 | 0 | 29 |
| | 2020 | 29 | 0 | 0 | 0 | 0 | 0 | 29 |
| | 2021 | 29 | 0 | 0 | 0 | 0 | 0 | 29 |
| Iowa | 2019 | 35 | 0 | 0 | 0 | 0 | 0 | 35 |
| | 2020 | 35 | 0 | 0 | 0 | 0 | 0 | 35 |
| | 2021 | 35 | 0 | 1 | 0 | 0 | 0 | 34 |
| Kansas | 2019 | 17 | 0 | 0 | 0 | 0 | 0 | 17 |
| | 2020 | 17 | 0 | 0 | 0 | 0 | 1 | 16 |
| | 2021 | 16 | 0 | 0 | 0 | 0 | 0 | 16 |
| Kentucky | 2019 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2020 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2021 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| Louisiana | 2019 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2020 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| | 2021 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| Maine | 2019 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Maryland | 2019 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| | 2020 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| | 2021 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| Massachusetts | 2019 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2020 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |

| Column 1<br>State | Column 2<br>Year | Column 3<br>Outlets at Start of Year | Column 4<br>Outlets Opened | Column 5<br>Termin-ations | Column 6<br>Non-Renewals | Column 7<br>Re-acquired by Franchisor | Column 8<br>Ceased Operations-Other Reasons | Column 9<br>Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| | 2021 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| Michigan | 2019 | 35 | 0 | 0 | 0 | 0 | 1 | 34 |
| | 2020 | 34 | 0 | 0 | 0 | 0 | 0 | 34 |
| | 2021 | 34 | 0 | 0 | 0 | 0 | 0 | 34 |
| Minnesota | 2019 | 46 | 0 | 0 | 0 | 0 | 1 | 45 |
| | 2020 | 45 | 0 | 0 | 0 | 0 | 0 | 45 |
| | 2021 | 45 | 0 | 0 | 0 | 0 | 0 | 45 |
| Mississippi | 2019 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Missouri | 2019 | 17 | 0 | 0 | 0 | 0 | 0 | 17 |
| | 2020 | 17 | 0 | 2 | 0 | 0 | 0 | 15 |
| | 2021 | 15 | 0 | 0 | 0 | 0 | 0 | 15 |
| Montana | 2019 | 8 | 0 | 0 | 0 | 0 | 0 | 8 |
| | 2020 | 8 | 0 | 0 | 0 | 0 | 0 | 8 |
| | 2021 | 8 | 0 | 0 | 0 | 0 | 0 | 8 |
| Nebraska | 2019 | 18 | 0 | 0 | 0 | 0 | 0 | 18 |
| | 2020 | 18 | 0 | 0 | 0 | 0 | 0 | 18 |
| | 2021 | 18 | 0 | 0 | 0 | 0 | 0 | 18 |
| Nevada | 2019 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2020 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| New Hampshire | 2019 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2020 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2021 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| New Jersey | 2019 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2020 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2021 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| New Mexico | 2019 | 7 | 0 | 0 | 0 | 0 | 0 | 7 |
| | 2020 | 7 | 0 | 0 | 0 | 0 | 0 | 7 |
| | 2021 | 7 | 0 | 0 | 0 | 0 | 0 | 7 |
| New York | 2019 | 14 | 0 | 0 | 0 | 0 | 1 | 13 |

| Column 1<br>State | Column 2<br>Year | Column 3<br>Outlets at Start of Year | Column 4<br>Outlets Opened | Column 5<br>Termin-ations | Column 6<br>Non-Renewals | Column 7<br>Re-acquired by Franchisor | Column 8<br>Ceased Operations-Other Reasons | Column 9<br>Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 13 | 0 | 0 | 0 | 0 | 0 | 13 |
| | 2021 | 13 | 0 | 0 | 0 | 0 | 0 | 13 |
| North Carolina | 2019 | 7 | 1 | 0 | 0 | 0 | 0 | 8 |
| | 2020 | 8 | 1 | 0 | 0 | 0 | 0 | 9 |
| | 2021 | 9 | 0 | 0 | 0 | 0 | 0 | 9 |
| North Dakota | 2019 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2020 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Ohio | 2019 | 19 | 0 | 0 | 0 | 0 | 0 | 19 |
| | 2020 | 19 | 0 | 0 | 0 | 0 | 0 | 19 |
| | 2021 | 19 | 0 | 0 | 0 | 0 | 0 | 19 |
| Oklahoma | 2019 | 10 | 0 | 0 | 0 | 0 | 0 | 10 |
| | 2020 | 10 | 0 | 0 | 0 | 0 | 0 | 10 |
| | 2021 | 10 | 1 | 0 | 0 | 0 | 0 | 11 |
| Oregon | 2019 | 1 | 0 | 0 | 0 | 1 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pennsylvania | 2019 | 23 | 0 | 0 | 0 | 0 | 0 | 23 |
| | 2020 | 23 | 0 | 0 | 0 | 0 | 0 | 23 |
| | 2021 | 23 | 0 | 0 | 0 | 0 | 0 | 23 |
| South Carolina | 2019 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| | 2020 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| | 2021 | 6 | 0 | 1 | 0 | 2 | 0 | 3 |
| South Dakota | 2019 | 8 | 0 | 1 | 0 | 0 | 0 | 7 |
| | 2020 | 7 | 1 | 0 | 0 | 0 | 0 | 8 |
| | 2021 | 8 | 0 | 0 | 0 | 0 | 0 | 8 |
| Tennessee | 2019 | 7 | 0 | 0 | 0 | 0 | 0 | 7 |
| | 2020 | 7 | 0 | 0 | 0 | 0 | 0 | 7 |
| | 2021 | 7 | 0 | 0 | 0 | 0 | 0 | 7 |
| Texas | 2019 | 30 | 0 | 0 | 0 | 0 | 1 | 29 |
| | 2020 | 29 | 0 | 0 | 0 | 0 | 0 | 29 |
| | 2021 | 29 | 0 | 0 | 0 | 0 | 0 | 29 |

| Column 1<br>State | Column 2<br>Year | Column 3<br>Outlets at Start of Year | Column 4<br>Outlets Opened | Column 5<br>Termin-ations | Column 6<br>Non-Renewals | Column 7<br>Re-acquired by Franchisor | Column 8<br>Ceased Operations-Other Reasons | Column 9<br>Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| Utah | 2019 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| | 2020 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| | 2021 | 6 | 1 | 0 | 0 | 0 | 0 | 7 |
| Vermont | 2019 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Virginia | 2019 | 11 | 0 | 0 | 0 | 0 | 0 | 11 |
| | 2020 | 11 | 0 | 0 | 0 | 0 | 0 | 11 |
| | 2021 | 11 | 0 | 0 | 0 | 0 | 0 | 11 |
| Washington | 2019 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2020 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2021 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| West Virginia | 2019 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2020 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Wisconsin | 2019 | 31 | 0 | 0 | 0 | 0 | 1 | 30 |
| | 2020 | 30 | 0 | 0 | 0 | 0 | 0 | 30 |
| | 2021 | 30 | 0 | 0 | 0 | 0 | 0 | 30 |
| Wyoming | 2019 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2020 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2021 | 4 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Totals** | **2019** | **531** | **2** | **1** | **0** | **1** | **6** | **525** |
| | **2020** | **525** | **4** | **4** | **0** | **1** | **1** | **523** |
| | **2021** | **523** | **3** | **3** | **0** | **12** | **0** | **511** |

**Notes:**

1. Each change of ownership is reported only once. If multiple events occurred in the process of transferring ownership of an outlet, only the event that occurred last in time is reported.

2. Some dealerships have authorized branch offices. Branch offices that have their own franchise agreements are counted as a dealership. Branch offices that do not have their own franchise agreements are not counted as a dealership. Although a dealership could have more than 1 franchise agreement to authorize Culligan products/services, it is counted as 1 dealership.

**Table No. 4**

**Status of Company-Owned Outlets**
**For Years 2019 to 2021[(1)]**

| Column 1<br>State | Column 2<br>Year | Column 3<br>Outlets at Start of Year | Column 4<br>Outlets Opened | Column 5<br>Outlets Reacquired From Franchisees | Column 6<br>Outlets Closed | Column 7<br>Outlets Sold to Franchisees | Column 8<br>Outlets at End of the Year |
|---|---|---|---|---|---|---|---|
| Alabama | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| California | 2019 | 2 | 1 | 0 | 0 | 0 | 3 |
| | 2020 | 3 | 0 | 0 | 0 | 0 | 3 |
| | 2021 | 3 | 0 | 0 | 0 | 0 | 3 |
| Connecticut | 2019 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2020 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 0 | 0 | 0 | 0 | 2 |
| Florida | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 9 | 0 | 0 | 9 |
| Georgia | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 1 | 0 | 0 | 1 |
| Illinois | 2019 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 1 | 0 | 0 | 2 |
| | 2021 | 2 | 0 | 0 | 0 | 0 | 2 |
| Indiana | 2019 | 4 | 0 | 0 | 0 | 0 | 4 |
| | 2020 | 4 | 0 | 0 | 0 | 0 | 4 |
| | 2021 | 4 | 0 | 0 | 0 | 0 | 4 |
| Kentucky | 2019 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2020 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 0 | 0 | 1 | 0 | 1 |
| Massachusetts | 2019 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2020 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 0 | 0 | 0 | 0 | 2 |

| Column 1<br><br>State | Column 2<br><br>Year | Column 3<br><br>Outlets at Start of Year | Column 4<br><br>Outlets Opened | Column 5<br>Outlets Reacquired From Franchisees | Column 6<br><br>Outlets Closed | Column 7<br><br>Outlets Sold to Franchisees | Column 8<br><br>Outlets at End of the Year |
|---|---|---|---|---|---|---|---|
| New York | 2019 | 3 | 0 | 0 | 0 | 0 | 3 |
| | 2020 | 3 | 0 | 0 | 0 | 0 | 3 |
| | 2021 | 3 | 0 | 0 | 0 | 0 | 3 |
| Ohio | 2019 | 4 | 1 | 0 | 0 | 0 | 5 |
| | 2020 | 5 | 0 | 0 | 0 | 0 | 5 |
| | 2021 | 5 | 0 | 0 | 0 | 0 | 5 |
| Oregon | 2019 | 1 | 0 | 1 | 0 | 0 | 2 |
| | 2020 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 0 | 0 | 0 | 0 | 2 |
| Rhode Island | 2019 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 1 |
| South Carolina | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 2 | 0 | 0 | 2 |
| Tennessee | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 1 | 0 | 0 | 0 | 1 |
| Totals | 2019 | 27 | 2 | 1 | 2 | 0 | 30 |
| | 2020 | 30 | 0 | 1 | 0 | 0 | 31 |
| | 2021 | 31 | 0 | 13 | 1 | 0 | 43 |

**Notes:**

1. If multiple events occurred in the process of transferring ownership of an outlet, Culligan reported only the event that occurred last in time. If a single outlet exchanged ownership two or more times during the same fiscal year, the footnotes below describe the types of changes involved and the order in which the changes occurred.

**Table No. 5**

**Projected Openings as of December 31, 2021**

| Column 1<br><br>State | Column 2<br><br>Franchise Agreements Signed But Outlet Not Opened | Column 3<br><br>Projected New Franchised Outlets in the Next Fiscal Year( | Column 4<br><br>Projected New Company – Owned Outlets In the Next Fiscal Year |
|---|---|---|---|
| California | 0 | 1 | 0 |
| Georgia | 0 | 0 | 2 |
| Illinois | 0 | 1 | 0 |
| Indiana | 0 | 1 | 0 |
| Massachusetts | 0 | 0 | 2 |
| New Mexico | 0 | 1 | 0 |
| North Carolina | 0 | 1 | 0 |
| South Dakota | 0 | 1 | 0 |
| Virginia | 0 | 1 | 0 |
| Wyoming | 0 | 1 | 0 |
| Total | 0 | 8 | 4 |

Attached as **Exhibit F, Part I** is a list of the names of all franchisees, their addresses and the telephone numbers of all their outlets as of December 31, 2021.

Attached as **Exhibit F, Part II** is a list of the name, city, state and current business telephone number or last known home telephone of every franchisee who in Culligan's most recent full fiscal year end had an outlet terminated, cancelled, not renewed, otherwise voluntarily or involuntarily closed to do business under the Franchise Agreement, or has not communicated with Culligan within 10 weeks of this Franchise Disclosure Document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

**Confidentiality Clauses**

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict then from discussing with you their experiences as a franchisee in Culligan's franchise system.

**Dealer Advisory Council ("DAC")**

The Franchise Agreement provides for a Dealer Advisory Council to facilitate communication between Culligan and its franchisees. The DAC will have no less than 17 elected members, all of whom will be individual Culligan franchisees or key equity holders or key employees of Culligan dealerships in good standing. DAC members will be elected by Culligan dealerships. The DAC will operate in accordance with procedures approved by the DAC. Culligan will consider DAC's advice on Dealer training and support; advertising; National Account programs; Alternative Distribution Channels; the development of any Customized Service Matrices; material changes to Dealer policies and the Operating Manual; modifications to the Culligan System; the general direction of franchise enforcement (rather than any specific incidents); and operational issues (e.g., product quality and shipping performance); and, except

where DAC approval is required under the Franchise Agreement, Culligan will make all decisions in its reasonable business judgment. Culligan will not establish or change any service matrices without the prior approval of the DAC, which approval shall not be unreasonably withheld or delayed. See Section 6.1.

The DAC currently includes 17 members, 1 from each of the 16 U.S. and 1 Canadian districts. Each district elects a DAC member, who serves for 3 years. COD employees cannot serve on the DAC.

**Franchise Relations Committee**

The Culligan Franchise Relations Committee (the "FRC") will have 4 members, consisting of 2 of Culligan's most senior executives and 2 Dealer representatives. The Dealer representatives will include the Chairperson of the DAC and the Chairperson elect of the DAC. Up to 2 former FRC members who were Dealer representatives may attend FRC meetings as non-voting observers to facilitate continuity. The FRC will meet at least twice a year to discuss business strategy issues relevant to the Culligan System and Culligan dealerships. Culligan will give reasonable consideration to the advice, counsel and input of the FRC, but Culligan retains the right to make all decisions in Culligan's reasonable business judgment. The FRC will also serve to mediate and resolve certain disputes; however, whenever the FRC is to mediate or resolve disputes on any matter, (a) any FRC member may designate another senior Culligan executive or another DAC member to sit in his or her place on the FRC mediation or dispute resolution panel and (b) the FRC may agree to refer such matter to a third party mediator. See Section 6.2 of the Franchise Agreement.

**Brand Oversight Board**

The Brand Oversight Board (the "B.O.B.") may assess fees to use towards advertising to effectively promote the Culligan brand. It may develop advertising materials, programs and campaigns. It consists of 10 persons: 4 senior Culligan executives and 6 franchisees that hold leadership positions with DAC, Culligan Dealers' Association of North America, and other franchisees who actively participate in the operation of their dealership. The Culligan representatives are either our President or CEO (or designee), Senior Vice President North America Franchise, Vice President/Director Marketing and one more person we appoint who is integral to branding/marketing/advertising decisions and implementation. The franchisee representatives are the DAC Chair, DAC Vice Chair, a member of the C-DANA Executive Committee and the MSC Chair. Those 4 members will appoint 2 more Culligan franchisees who are active in their dealerships and responsible for and active in marketing activities and decisions. These 2 candidate must be approved by a 75% majority of DAC. The maximum term for the appointed franchisee representatives is 2 years. The B.O.B. has decision-making power with respect to the fees it assesses. We do not have the power to change or dissolve the B.O.B.

## Item 21
## FINANCIAL STATEMENTS

Attached as **Exhibit G, Part I** to this Franchise Disclosure Document are:

The audited balance sheets of Culligan's affiliated company, Culligan Franchise Company as of December 31, 2021 and 2020 respectively and the related statements of income and changes in stockholders equity and cash flows for the years ending December 31, 2021, 2020, and 2019.

Attached as **Exhibit G, Part II** to this Franchise Disclosure Document is Culligan Franchise Company's absolute and unconditional Guarantee of Performance.

If required by state law, attached as **Exhibit G, Part III** to this Franchise Disclosure Document are unaudited financial statements of a more recent date than the year-end audited statements attached as Part I.

## Item 22
## CONTRACTS

The following agreements are attached to and made part of this Franchise Disclosure Document:

**Exhibit C:** Franchise Agreement

| | |
|---|---|
| Exhibit A: | Authorized Products and Services; Authorized Customers |
| Exhibit B: | Approved Locations; Territory |
| Exhibit C: | Baseline Service Matrices |
| Exhibit D: | Termination and General Release Agreement |
| Exhibit E: | Fees and Royalties |
| Exhibit F-1: | Culligan Products Price List |
| Exhibit F-2: | Currently Supplied Products |
| Exhibit F-3: | Index |
| Exhibit G: | Initial Training Program |
| Exhibit H: | Minimum Performance Requirements |
| Exhibit I: | Confidentiality/Non-Competition Agreement |
| Exhibit J: | Guarantee |
| Exhibit K: | Proprietary Marks |
| Exhibit L: | Arbitration |
| Exhibit M: | Agreement and Consent |
| Exhibit N: | SBA Addendum |
| Exhibit O: | Brand Oversight Board Charter |

**Exhibit D:** State Specific Amendments to Franchise Agreement for franchisees in Illinois, Maryland, Minnesota, New York, North Dakota, Virginia and Washington.

**Exhibit E-1:** Termination and Release Agreement (Non-VENAC)

**Exhibit E-2:** Termination and Release Agreement (VENAC)

**Exhibit H:** Confidentiality Agreement

## Item 23
## RECEIPTS

The last 4 pages of this Disclosure Document are two receipts. Please insert the name of the franchise seller and date and sign both copies. Detach the last 2 pages and return it to Culligan promptly upon execution. Retain the other copy of the receipt pages for your records.

**EXHIBIT A**

**STATE AGENCIES**

**California**

Department of Financial Protection and
Innovation
State of California
320 W. 4th St., Suite 750
Los Angeles, California 90013-2344
(213) 576-7500
(866) 275-2677

**Hawaii**

Hawaii Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
State of Hawaii
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2722

**Illinois**

Franchise Bureau
Illinois Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-4465

**Indiana**

Franchise Section
Indiana Securities Division
302 West Washington, Room E-111
Indianapolis, IN 46204
(317) 232-6681

**Maryland**

Office of the Attorney General
Securities Division
200 Saint Paul Place
Baltimore, MD 21202
(410) 576-6360

**Michigan**

Consumer Protection Division
Franchise Section
Michigan Department of Attorney General
G. Mennen Williams Building, 6th Floor
Lansing, MI 48933
(517) 373-7117

**Minnesota**

Minnesota Department of Commerce
Franchise Section
85 Seventh Place East, Suite 280
St. Paul, MN 55101-2198
(651) 539-1500

**New York**

Bureau of Investor Protection & Securities
New York State Department of Law
21st Floor
28 Liberty Street
New York, New York 10005
(212) 416-8222

**North Dakota**

North Dakota Securities Department
State of North Dakota
600 East Boulevard, Fifth Floor
Bismarck, ND 58505-0510
(701) 328-4712

**Oregon**

Department of Consumer and Business Services
Division of Finance and Corporate Securities
State of Oregon
Labor and Industries Building
305 Winter St., N.E.
Salem, OR 97310
(503) 378-4140

**Rhode Island**

Department of Business Regulation
Rhode Island Securities Division
1511 Pontiac Ave.
John O. Pastore Complex – Building 69-1
Cranston, RI 02920
(401) 462-9500

**South Dakota**

Department of Labor and Regulation
Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, South Dakota 57501 (605) 773-3563

**Virginia**

State Corporation Commission
Division of Securities and Retail Franchising
Commonwealth of Virginia
1300 East Main Street, Ninth Floor
Richmond, VA 23219
(804) 371-9051

**Washington**

Department of Financial Institutions
Securities Division
State of Washington
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8738

**Wisconsin**

Division of Securities
Department of Financial Institutions
Wisconsin Commissioner of Securities
P.O. Box 1768
Madison, WI 53702-1768
(608) 266-8559

**EXHIBIT B**

**AGENTS FOR SERVICE OF PROCESS**

**California**
State of California
Commissioner of Financial Protection and Innovation
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344

CT Corporation System
818 West Seventh Street, Suite 1004
Los Angeles, CA 90017
Los Angeles County

**Delaware**

CT Corporation System
1209 Orange Street
Wilmington, DE

**Hawaii**

Hawaii Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
State of Hawaii
335 Merchant Street, Room 204
Honolulu, Hawaii 96813

**Illinois**

Office of Attorney General
State of Illinois
500 South Second Street
Springfield, IL 62706

CT Corporation System
208 South LaSalle Street, Suite 814
Chicago, IL 60604
Cook County

**Indiana**

Secretary of State
State of Indiana
201 State House
200 W. Washington St.
Indianapolis, IN 46204

**Maryland**

Maryland Securities Commissioner
Office of the Attorney General
Securities Division
200 Saint Paul Place
Baltimore, MD 21202-2020

**Michigan**

Michigan Department of Commerce
Corporation & Securities Bureau
6546 Mercantile Way
Lansing, MI 48909

**Minnesota**

Commissioner of Commerce
Minnesota Department of Commerce
Franchise Section
85 Seventh Place East, Suite 280
St. Paul, MN 55101-2198

CT Corporation System Inc.
405 Second Avenue, South
Minneapolis, MN 55401
Hennepin County

**New York**

Secretary of State
State of New York
41 State Street
Albany, NY 12231

**North Dakota**

North Dakota Securities Department
State of North Dakota
600 E. Boulevard, 5th Floor
Bismarck, ND 58505-0510

**Oregon**

Department of Consumer and Business Services
Division of Finance and Corporate Securities
State of Oregon
350 Winter St., N.E.
Room 21
Salem, OR 97310

**Rhode Island**

Department of Business Regulation
Rhode Island Securities Division
1511 Pontiac Ave.
John O. Pastore Complex – Building 69-1
Cranston, RI 02920

**South Dakota**

Franchise Administrator
Department of Labor and Regulation
Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, South Dakota 57501

**Virginia**

Clerk of the State Corporation
Commission
State of Virginia
1300 East Main Street, 1st Floor
Richmond, VA 23219

**Washington**

Director of Financial Institutions
Securities Division
State of Washington
150 Israel Rd., SW
Tumwater, WA 98501

**Wisconsin**

Commissioner of Securities
Wisconsin Securities Commission
345 West Washington Avenue, 4th Floor
Madison, WI 53703

**EXHIBIT C**

**FRANCHISE AGREEMENT (INCLUDING GUARANTEE) AND EXHIBITS**

# CULLIGAN INTERNATIONAL COMPANY

# FRANCHISE AGREEMENT

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Exhibit A Authorized Products and Services; Authorized Customers
Exhibit B Approved Locations; Territory
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Exhibit E Fees and Royalties
Exhibit F-1 Culligan Products Price List
Exhibit F-2 Currently Supplied Products
Exhibit F-3 Index
Exhibit G Initial Training Program
Exhibit H Minimum Performance Requirements
Exhibit I Confidentiality/Non-Competition Agreement
Exhibit J Guarantee
Exhibit K Proprietary Marks
Exhibit L Arbitration
Exhibit M Agreement and Consent
Exhibit N SBA Addendum
Exhibit O Brand Oversight Board Charter

**CULLIGAN INTERNATIONAL COMPANY**

**FRANCHISE AGREEMENT**

THIS AGREEMENT (as amended from time to time, this "Agreement") is entered into as of ____ _____, 20__ (the "Effective Date"), between CULLIGAN INTERNATIONAL COMPANY, a Delaware corporation ("we," "us," "our," "Franchisor", "Culligan" or the "Company"), and _____ ("you," "your" or "Franchisee").

## 1. NATURE AND SCOPE OF THIS AGREEMENT

Culligan has developed, and intends to continue to implement, modify and improve, a proprietary system for operating from fixed business premises local businesses within the United States and Canada (each, a "Culligan Dealership"), which provide specified water-related products and services to individuals and business establishments (collectively, the "Culligan System" or the "System"). The Culligan System makes use of certain trademarks, service marks, trade names (including but not limited to "Culligan®"), related emblems, designs, labels, signs and symbols, copyrighted materials and other intellectual property (collectively the "Proprietary Marks"), together with operational manuals, business procedures, instruction and related information, that have been designated by Culligan for use in Culligan Dealerships in the United States and Canada. The System, and any of its elements, may be modified or changed hereafter by Culligan in accordance with the provisions of this Agreement. This Agreement establishes the terms and conditions for your license to operate a specified Culligan Dealership, using the Culligan System, as defined and limited in this Agreement.

## 2. GRANT OF FRANCHISE AND LICENSE

### 2.1 Grant

We grant, and you accept, the right and license to use the Culligan System to operate a Culligan Dealership ("your Dealership") offering the Culligan products and services set forth on **Exhibit A** (the "Authorized Products and Services") to the authorized customers specified in **Exhibit A** (the "Authorized Customers"), in accordance with and subject to this Agreement and the Manual (as defined in Section 7.6), only under the business name (DBA) using the trade name "Culligan" listed on the signature page of this Agreement.[1] Except as provided in Section 2.4, all rights granted to you are non-exclusive.

### 2.2 Approved Locations

You must operate your Dealership continuously during the Term (as defined in Section 3.1) from only those locations that you select and we approve in writing (your "Approved Locations"), as listed on **Exhibit B**. You may change your Approved Locations only with our prior written approval, which will not be unreasonably withheld. You may not conduct (or permit anyone else to conduct) any business other than your Dealership from an Approved Location without first obtaining our written consent, which we may withhold for any reason. We reserve the right to disapprove products and services offered or sold through your Dealership, other than the Authorized Products and Services that comply with our Product Policy (as defined in Section 7.1), if in our reasonable judgment we determine that those products and

[1] Examples of acceptable DBAs are: "Culligan Water Conditioning of Atlanta;" "Hall's Culligan;" "South East Texas Water-Culligan."

services are not compatible with the Culligan System or would constitute a Competitive Business (as defined in Section 14.2).

### 2.3 Territories

Your right to establish and operate your Dealership is subject to the territorial restrictions set forth in **Exhibit A**. For each category of Authorized Products and Services where **Exhibit A** provides that territorial restrictions apply, your assigned Territory (your "Territory") is specified in **Exhibit B**, and you will use your best efforts to promote, sell and provide those Authorized Products and Services exclusively within your Territory and you are not permitted to promote, sell or provide any of those Authorized Products and Services to any individual or entity located outside of your Territory or where the place of work to be performed is outside your Territory; however, you may (a) make Permitted Dealer-to-Dealer Sales (as defined in Section 7.1), and (b) make Multi-Dealer Sales in accordance with our Multi-Dealer Program (each, as defined in Section 2.5). If **Exhibit A** does not impose a territorial restriction to a category of Authorized Products and Services, you may sell and provide those Authorized Products and Services anywhere within North America, but only from your Approved Location; however, if we provide you with notice that we intend to grant or have granted any Culligan franchise for a portion of Mexico (a "Mexican Territory"), you will (a) not continue to promote or sell any Authorized Products or Services within that Mexican Territory, and (b) you agree to offer to transfer each of your customer accounts located in that Mexican Territory to any newly appointed dealer for that Mexican Territory (which may be a Culligan Dealership owned by us or our Affiliates (as defined in Section 2.4) in the United States or Canada, each a "COD"), in return for payment of the agreed upon fair market value of those accounts. If no such agreement is reached within thirty (30) days following our delivery of such notice, then the matter shall be submitted to the FRC (as defined in Section 6.2) or, if the FRC fails to act or the newly appointed dealer is a COD, to arbitration, for final, binding resolution in accordance with Section 15.11(b)(4). If the newly appointed dealer for that Mexican Territory refuses to purchase your customer accounts in that Mexican Territory, you may continue to serve those accounts, but you will not acquire any additional rights to or designation of the area of the Mexican Territory so served as part of your Territory.

If you are the operator of your Culligan Dealership immediately prior to the Effective Date (an "Existing Dealer") that, as of the Effective Date, is providing Household Products and Services (including Portable Exchange and Drinking Water) or Bottled Water Distribution (as specified in **Exhibit A**) to an Authorized Customer outside of your Territory (an "Out-of-Territory Account"), you agree to offer to transfer each such Out-of-Territory Account to any Existing Dealer or COD within whose restricted territory that account is located, in return for payment by such Existing Dealer or COD of the agreed upon fair market value of that account. If no such agreement is reached within thirty (30) days following the Effective Date, then the matter may be submitted by you or any such other Existing Dealer or COD to the FRC (or if the FRC fails to act or the dispute involves a COD, arbitration) for final, binding resolution in accordance with Section 15.11(b)(4). Consideration of such disputes by the FRC will be limited to setting the fair market value and shall not involve any determination as to territorial restrictions. If any Existing Dealer or COD within whose restricted territory an Out-of-Territory Account is located approves your continuing to serve that account, or refuses to purchase any Out-of-Territory Account in accordance with this paragraph, you may continue to serve that account, but you will not acquire any additional rights to or designation of the area so served as part of your Territory. You acknowledge and agree that other Existing Dealers and CODs will offer to transfer their Out-of-Territory Accounts to you on terms comparable to those provided in this paragraph (including the right to have the fair market value of any such account finally determined by the FRC or through arbitration in accordance with Section 15.11(b)(4)) and you agree to be bound by any such fair market value determination by the FRC or an arbitrator. If you refuse to purchase any Out-of-Territory Account so offered to you, or you otherwise

approve, that other Existing Dealer or COD may continue to serve that account, but it will not acquire any additional rights to or designation of the area so served as part of its restricted territory.

### 2.4 Territorial Protections

During the Term, neither Culligan nor its Affiliates will offer or sell, or open a Culligan Dealership that offers or sells, within your Territory those categories of Authorized Products and Services designated in **Exhibit A** as subject to the territorial restriction of your Territory ("Restricted Products and Services"), or authorize another to do any of the foregoing, in each case except as provided in this Agreement. The preceding sentence shall not prohibit or restrict operations or sales within your Territory (a) pursuant to any franchise or supply agreement in effect as of the Effective Date or renewals thereof; (b) to the Out-of-Territory Accounts of any Existing Dealers or CODs to the extent permitted in the final paragraph of Section 2.3; (c) of vended water sold at a retail establishment; (c) of bottled water products sold in containers that are less than two (2) gallons in size; (d) by us, or by any entity or any of its Affiliates that, at the time of any acquisition, merger, affiliation or similar transaction by, with or of us, or our Affiliates was engaged in the sale of Authorized Products or Authorized Services, or both, in competition with your Dealership (a "Competitor"), provided that neither we nor any such entity will provide Restricted Products and Services within your Territory using the Proprietary Marks (except as permitted in the following paragraph); or (e) by any Competitor acquired by any person or entity operating a Culligan Dealership within the United States or Canada other than us and our Affiliates (a "Dealer") with our prior written consent and provided they do not use the Proprietary Marks in the operation of such Competitor (except as permitted in the following paragraph). "Affiliates" include, for any entity, any other entity that it controls, is controlled by, or is under common control with.

If we purchase, or a COD or any Dealer (other than a Dealer that has not entered into this form of Agreement) purchases, a Competitor which is located or operates within your Territory, we, the COD or that Dealer will be required to offer to sell you those facilities and/or accounts located within your Territory that relate to Restricted Products or Services at the same price such assets were acquired, but in no event more than their fair market value, plus a reasonable and proportionate share of the buyer's reasonable transaction fees; provided we will not be obligated to make any such offer if the Competitor will not be operated by or administered through any COD and will not offer or sell Restricted Products or Services using the Proprietary Marks. Any dispute concerning the determination of the price at which such assets were acquired or their fair market value will be determined by the FRC or through arbitration in accordance with Section 15.11(b)(4). If you do not elect to purchase such assets according to these terms within thirty (30) days after receipt of a written offer, we, the COD or the other Dealer may continue to operate as a Competitor in your Territory, and may offer or sell any Authorized Products or Services to the acquired accounts in your Territory, which products and services will (in the case of a COD or a Dealer acquisition) or may (in the case of an acquisition by us) use the Proprietary Marks.

> Example: A neighboring Dealer purchases a Competitor, whose primary facility is located in that neighboring Dealer's territory. However, the Competitor also services 200 bottled water accounts and 500 residential rental accounts in your Territory. The total purchase price (and fair market value) is $2 million, with the following allocation:

| | | |
|---|---|---|
| Land/Building | $ | 1,100,000 |
| Commercial Accounts | $ | 400,000 |
| Household (HH) rentals (1,000) | $ | 350,000 |
| Bottle Water (BW) Accounts (1,000) | $ | 150,000 |
| Transaction fees (legal, accounting, finance fees, sales/transfer taxes) | $ | 10,000 |

You would be offered the ability to purchase the stated accounts for $206,025 (BW, $30,000; HH, $175,000; transaction fees, $1,025).

If you purchase a Competitor which is located or operates in the territory of another Dealer (other than a Dealer that has not entered into this form of Agreement) or a territory reserved to us or our Affiliates, you agree to offer to sell to such other Dealer or us or our Affiliates, as applicable, those facilities and/or accounts located in such other territory in the manner and on the terms provided above in this section.

**2.5 Reverse Royalty Opportunities**

a. Notwithstanding any territorial or other restriction herein, we or our Affiliates may sell Culligan Products and Services (as defined in Section 7.1) (a) to National Account Customers (as defined below), pursuant to National Accounts (as defined below), and (b) through other methods of distribution other than a Culligan Dealership, including, without limitation, through sales to retailers, sales through the World Wide Web and other methods of electronic commerce, catalogue sales, and sales through "800" or similar toll-free telephone services (collectively, "Alternative Distribution Channels"). However, neither we nor our Affiliates will sell within your Territory any Culligan Product that is a Restricted Product (1) which is the Premier Model (as defined below) in any Culligan Product category through any Alternative Distribution Channel; (2) which is new and based on technology that is exclusive to us through Alternative Distribution Channels for a period of one year after that Culligan Product is first made available to Dealers (after having successfully completed reasonable field testing); and (3) to any wholesaler, original equipment manufacturer (OEM) distributor or other "middleman," who will resell such Culligan Product to a competitive retail dealer within your Territory. In addition, we and our Affiliates will not sell any Culligan Products or Services to any National Account Customer that has a National Account with you to provide for the systemwide (as opposed to local or regional) needs of that National Account Customer. For purposes of this Agreement, a "Premier Model" is either (i) the model in any Culligan category among our Currently Supplied Products (as defined in Section 4.2) identified in **Exhibit F-2** or (ii) a different model that we may designate from time to time subject to approval by the DAC, which approval may not be unreasonably withheld or delayed. If the DAC does not timely approve a proposed change in the designation of a Premier Model, the proposed Premium Model will not thereafter be deemed to be a Premium Model under this Agreement. We will consult with the DAC (as defined in Section 6.1) with respect to Alternative Distribution Channels and National Account Customers to permit Dealer input as to how they may affect them. For purposes of this Agreement, a "National Account Customer" is a customer designated as part of our national, regional or institutional account program and, when so designated, operates in more than one (1) state or Canadian province and through at least fifty (50) branches or outlets, and a "National Account" is an account with a National Account Customer, where the gross aggregate price for goods or services reasonably expected to be provided by us or our Affiliates is at least $50,000 per year (adjusted by the percentage change in the Consumer Price Index, U.S. All Urban Wage Earners, as of January 1 of each year following the Effective Date).

b. Notwithstanding the territorial or other restrictions herein, other Dealers and CODs may engage in sales within your Territory to Multi-Dealer Customers (as defined below) of Restricted Products and

Services ("Multi-Dealer Sales") in accordance with the terms of our Multi-Dealer Program, as set forth in the Manual as of the Effective Date and subject to such changes as we may make with the approval of the DAC (our "Multi-Dealer Program"), which approval will not be unreasonably withheld or delayed. "Multi-Dealer Customers" are customers that operate through branches or outlets located in the restricted territory of more than one (1) Dealer or COD, but that do not constitute National Account Customers.

c. In order to be able to offer Authorized Services (including, without limitation, installation, aftermarket servicing and repairs and warranty related services) within your Territory in connection with National Accounts, sales pursuant to Alternative Distribution Channels and Multi-Dealer Sales, the Baseline Warranty Service Matrix set forth on **Exhibit C-1** (the "Baseline Warranty Service Matrix") establishes a basis for computing the prices at which you and other Dealers may be required to provide warranty related Authorized Services, and the Baseline Non-Warranty Service Matrix set forth on **Exhibit C-2** (the "Baseline Non-Warranty Service Matrix" and, together with the Baseline Warranty Service Matrix, the "Baseline Service Matrices") establishes a basis for computing the prices at which you and other Dealers may be required to provide non-warranty related Authorized Services. We may seek to develop customized Dealer service matrices for particular National Accounts or types of Alternative Distribution Channel sales (each, a "Customized Service Matrix"), and we may withdraw any Customized Service Matrix (and revert to the Baseline Service Matrices) in connection with changes relating to particular National Accounts or Alternative Distribution Channel sales. All Customized Service Matrices, and any changes to the Baseline Service Matrices, will be subject to prior DAC approval, which approval shall not be unreasonably withheld or delayed. You will provide upon request any Authorized Services within your Territory required by any National Accounts or requested by any Alternative Distribution Channel customer or National Account Customer at fees determined in accordance with the applicable Customized Service Matrix or, if no Customized Service Matrix is applicable, the Baseline Service Matrices. We will pay to you a reverse royalty as specified in the Customized Service Matrix or, if no Customized Service Matrix is applicable, in the Baseline Service Matrices (a "Reverse Royalty") for a sale of a Culligan Product (excluding any services) that is a Restricted Product within your Territory to a National Account Customer under a National Account or a Culligan Product sale through an Alternative Distribution Channel (less any applicable taxes, refunds, credits or allowances) upon the following conditions:

(i) Either: (a) You timely provide Authorized Services; or (b) you are not requested to provide Authorized Services; and

(ii) You are not in material default of this Agreement (and have not been notified by us that you are in material default).

If you breach either of the above conditions, or you fail to perform Authorized Services to the reasonable satisfaction of us or any customer (after notice and a ten (10) day cure period or such longer cure period as may be permitted under the applicable National Account), in addition to our remedies under Section 11.3, we may cause one of our Affiliates or a third party to perform such Authorized Services without any Reverse Royalty or any other compensation to you (and you will refund any Reverse Royalty previously paid by us in respect of such sale). If you are requested to provide any Authorized Services for less than the amount specified in the applicable Customized Service Matrix or, if no Customized Service Matrix is applicable, in the Baseline Service Matrices, you will not be required to provide those Authorized Services as a condition to receiving seventy-five percent (75%) of the Reverse Royalty otherwise applicable to the related Culligan Product sale, but if you decline to provide such Authorized Services, we may cause one of our Affiliates or a third party to perform such Authorized Services without any other compensation to you, and you will be excused from any obligation to continue to provide such Authorized Services.

In connection with any Multi-Dealer Sale by you, you will pay a reverse royalty, as provided in the Multi-Dealer Program (a "Multi-Dealer Reverse Royalty"). In connection with any Multi-Dealer Sale into your Territory, you shall be entitled to receive, from the other Dealer or COD making such sale, a Multi-Dealer Reverse Royalty, as provided in the Multi-Dealer Program, subject to your willingness to perform Authorized Services in connection with such Multi-Dealer Sale.

d. If we sell a Culligan Product for use at a business establishment that is not an Industrial Customer (as defined in **Exhibit A**) pursuant to a National Account to a National Account Customer or through an Alternative Distribution Channel, a Reverse Royalty (determined in accordance with paragraph c. above) will be payable to you if you are the Dealer, if any, that installs that Culligan Product or, if no Dealer or COD does that installation, you are the nearest Culligan Dealership authorized and qualified to provide Commercial Products and Services (as specified in **Exhibit A**).

e. Except as provided in this Section 2.5, you may not offer or sell Culligan Products or Services using any Alternative Distribution Channel, however, any Culligan Products we offer using any Alternative Distribution Channel within the United States will also be made available for purchase by you from us or our Affiliates at prices that comply with the most favored nations pricing protections of Section 4.5. We will make any required determinations of the location of any sales to any National Account or through any Alternative Distribution Channel in our reasonable judgment. You may advertise your Dealership via the Internet and similar methods of electronic commerce subject to the terms of this Agreement, but you may not sell Restricted Products or Services for delivery or installation outside of your Territory.

### 2.6 Rights We Reserve

You acknowledge that we and our Affiliates may have, and may later acquire or develop, rights and property that are not granted to you or may not be designated as part of the Culligan System and that this Agreement does not create any form of franchise or license with respect to those rights, all of which remain our property. We reserve those rights and all other rights not expressly granted in this Agreement which will not be qualified or diminished in any way by implication. For example, and without limitation, we or our Affiliates may: own, operate or authorize others to own or operate Culligan Dealerships or any other form of Culligan business subject only to exclusivity restrictions provided in Section 2.4; engage in or authorize others to engage in at any location any form of business including any business using any type of water-related product or service not offered under the Proprietary Marks; engage in or authorize others to engage in the offer and sale of products and services other than Restricted Products and Services in your Territory; and engage in or authorize others to engage in any form of business under the Proprietary Marks that does not include any Authorized Products or Services, provided that, if we engage in such a business within the United States, we will offer qualified Dealers who meet our standards for inclusion the opportunity to offer and service, on a non-exclusive basis and on terms to be agreed upon, any products and services using the Proprietary Marks that are included in that other business.

### 2.7 Acquired Enterprises

With our prior written consent, which shall not be unreasonably withheld, you may acquire an existing business enterprise located and operating within your Territory that is not a Culligan Dealership but operates in competition with the Culligan System (an "Acquired Enterprise"). If you make any such acquisition and you submit to us such financial information as may reasonably be required by us to determine the Gross Revenues (as defined in Section 4.6) of the Acquired Enterprise during the twelve (12) calendar months immediately prior to your acquisition, we will give you a credit equal to two percent (2%) of those Gross Revenues (other than those Gross Revenues derived from Industrial Products and

Services (as defined in Section 4.6) and Ancillary Products and Services (as defined in Section 7.1), as to which you will receive a one-half of one percent (0.5%) credit) against any amounts you owe to us or our Affiliates. You will have the twelve (12) month period following any such acquisition (the "Conversion Period") to convert the operation of the Acquired Enterprise to be a part of your Dealership, subject to all the terms of this Agreement (including, but not limited to signage, use of the Proprietary Marks, territorial restrictions, limitations on products and services offered and authorized customers). If you acquire such a competitor that operates competing activities in the territory of another Dealer, us or our Affiliates, then (a) you will be required to offer those competing assets for sale to that other Dealer, us or our Affiliates, under the terms described in Section 2.4, and (b) to the extent such competing assets are sold to another Dealer, us or our Affiliate, the amount of any credit given to you pursuant to the second sentence of this Section 2.7 will be proportionately reduced and given instead to the purchaser of such assets.

## 3. TERM AND RENEWAL

### 3.1 Term of this Agreement

Unless earlier terminated in accordance with its terms, this Agreement shall expire twenty (20) years following the Effective Date and may be renewed through a Renewal Agreement pursuant to Sections 3.2 and 3.3. The period during which this Agreement remains in effect is referred to as the "Term."

### 3.2 Renewal

If you have complied with the conditions for renewal in Section 3.3, you will have the right, but not the obligation, to enter into a renewal agreement (a "Renewal Agreement")**.** The Renewal Agreement will contain the standard provisions then in use for new Culligan Dealerships, which may differ from the terms of this Agreement.

### 3.3 Conditions to Renewal

You will have the right to enter into a Renewal Agreement effective upon the expiration of this Agreement, provided: (a) throughout the Term you have performed all of your material obligations, and are not in default of any material obligations at the time of renewal under this Agreement, the Manual and all other agreements then in effect between you and us or our Affiliates (without limiting the foregoing, no more than three (3) defaults described in Section 11.3 or 11.4 shall have occurred within the final two (2) years of the Term (without regard to whether we elected not to terminate this Agreement or whether the default was cured)); (b) you have executed a Termination and General Release Agreement, in the form of **Exhibit D**; and (c) we have not given you written notice that you have not met the renewal conditions in this Section 3.3. You will have sixty (60) days from receipt of your the Renewal Agreement to sign and return it to us. If you fail to do so, this Agreement will automatically expire at the end of the Term.

## 4. PAYMENT PROVISIONS

### 4.1 Initial Franchise Fee; Existing Dealer Deposit Refund

In consideration of our executing this Agreement, you will pay us the non-refundable Initial Franchise Fee stated in **Exhibit E** when you sign this Agreement, less the amount of any non-refundable fee you paid us in connection with your application. When paid, it will be fully earned, subject to Section 9.13. However, you will not be required to pay an Initial Franchise Fee if you are an Existing Dealer. In consideration for our not charging you the Initial Franchise Fee or requiring any deposit from you under this Agreement if you are an Existing Dealer, we will have up to twenty-four (24) months after the

Effective Date to refund any deposit otherwise refundable to you upon the termination or expiration of your prior franchise agreement with us. If you acquire another Culligan Dealership, either through the transfer of another existing Culligan Dealership or the grant of a new Culligan Dealership, you will not be required to pay an Initial Franchise Fee or any other fee other than the non-refundable Administrative Transfer Fee stated in **Exhibit E**.

### 4.2 Currently Supplied Product Pricing

The prices for Culligan Products, as of the Effective Date, are indicated in **Exhibit F-1**. Under Article 7, you agree to purchase Culligan Products offered by us, our Affiliates or suppliers we designate. The Culligan Products that you are required to purchase from us or our Affiliates, as of the Effective Date ("Currently Supplied Products"), are listed in **Exhibit F-2**.

We will not increase the prices of the Currently Supplied Products to you by a percentage greater than the percentage increase in the index specified in **Exhibit F-3** (the "Index"), as measured between September 30, 2005 (or (i) in the case of a Replacement Product (as defined in Section 4.3), the replacement date, and (ii) in the case of a New Product (as defined in Section 4.4), the date it is first made available for sale to Dealers) and the billing date for such Currently Supplied Products in accordance with **Exhibit F-3**. If the Index is no longer published or there is a change in how the Index is calculated, we may substitute another cost index for the Index that we reasonably believe is reflective of the costs we incur in connection with Currently Supplied Products.

### 4.3 Replacement Product Pricing

We retain the right under this Agreement to change, modify, replace or discontinue any Culligan Product or Service. If we do so with respect to any Currently Supplied Product, any changed, modified or replacement Culligan Product you are required to purchase from us or our Affiliates (a "Replacement Product") will be initially offered to you at a price not more than one hundred five percent (105%) of the then current price of the Culligan Product changed, modified or replaced by the Replacement Product (the "Replaced Product"), unless either (a) the DAC approves a higher price or (b) we continue to offer you the opportunity to purchase the Replaced Product at prices consistent with Section 4.2 for so long as our unit sales of the Replaced Product to all Dealers for the most recent four (4) calendar quarters are at least twenty-five percent (25%) of our unit sales for the relevant Replaced Product during the four calendar quarters immediately prior to the change, modification or replacement. Following its introduction to the Dealer channel, a Replacement Product shall thereafter be treated as a Currently Supplied Product for purposes of Section 4.2. A product shall not be considered a Replacement Product if we reasonably determine that, due to material changes in function, technology or similar characteristics, it is a New Product subject to Section 4.4 below.

### 4.4 New Product Pricing

We also retain the right under this Agreement to introduce new Culligan Products within your categories of Authorized Products and Services, which do not modify, change or replace existing Culligan Product lines but are designated by us as part of the Culligan System ("New Products"). We will establish the initial price of any New Product, however if we source a New Product from a third party supplier and that supplier makes the same product available for purchase by wholesalers (although not using the Proprietary Marks), then we agree to establish the initial price of that New Product you are required to purchase from us taking into account the price then being charged by the supplier to wholesalers for the same product, plus a reasonable premium to take account of the value associated with Culligan System products and services. Any New Product that you are required to purchase from us will, following its introduction, be treated as a Currently Supplied Product for purposes of Section 4.2.

### 4.5 Most Favored Nation Pricing

Within your categories of Authorized Products and Services, you will be entitled to purchase any Culligan Product from us or our Affiliates at the most favorable prices being offered by us or our Affiliates at the time of such purchase for sales of the same Culligan Product to any third party within the United States (excluding short-term incentives or promotions approved by the DAC). However, the foregoing will not apply to changes in prices by us or our Affiliates that occur subsequent to such purchase by you. For determination of most favorable prices, the following will be factored in: rebates, shipping, quantities or other terms that affect buyer net unit costs, however (a) in the case of Alternative Distribution Channel sales by us to a retailer, you will be entitled to purchase Culligan Products at the same unit price offered to that retailer, regardless of the volume of Culligan Products you purchase, and (b) in the case of sales by us to a National Account Customer pursuant to a National Account, you will be entitled to purchase from us, at the same unit price offered by us to that National Account Customer and without regard to volume, Culligan Products for resale to that National Account Customer within your Territory.

> Example: We offer a softener unit X to a retailer at $400 per unit, including shipping, based upon a 10,000 unit order. We receive a bid for shipping of $200,000. The comparable Dealer cost would be $380 per unit, F.O.B. the same distribution point for each unit offered (with no minimum order).

### 4.6 Continuing Royalty

In consideration of granting you the right to use the Culligan System to operate your Dealership, you will pay us a monthly continuing royalty (the "Continuing Royalty") in an amount equal to two percent (2%) of your prior month's Gross Revenues except Gross Revenues derived from Industrial Products and Services (as defined below) and Ancillary Products and Services, as to which you will pay us a monthly continuing royalty in an amount equal to one-half of one percent (0.5%) of your prior month's Gross Revenues derived from those activities. "Industrial Products and Services" are any Industrial Products and Services (as specified in **Exhibit A**) sold or provided to Industrial Customers (as defined in **Exhibit A**).

"Gross Revenues" means all revenues from any source that you derive or receive from, through, by or on account of the operation of your Dealership (including any Acquired Enterprise), whether received in cash, in services, in kind, from barter and/or exchange (valued at the full retail value of the goods or services received), on credit, or otherwise; however, Gross Revenues does not include (a) any Reverse Royalty; (b) documented refunds, credits and allowances that you give in good faith to customers, and all sales, use, gross receipts or similar taxes on your revenues or receipts (excluding income taxes) that you are legally required to collect and/or pay to the appropriate taxing authority; (c) Direct Costs paid by us; (d) revenues derived from Permitted Dealer-to-Dealer Sales; and (e) bad debt/uncollectible charges, sales allowances, coupons and discounts given to customers or employees, to the extent the full retail price was credited to sales revenues and the amount of the discount, charge or allowance was then charged as an expense.

### 4.7 Advertising Contribution

**You will pay us a monthly system advertising contribution equal to one percent (1%) of your prior month's Gross Revenues except Gross Revenues derived from Industrial Products and Services and Ancillary Products and Services (the "System Advertising Contribution") and we will cause our COD's to make advertising contributions based on the same percentage of their Gross Revenues.**

**We will match fifty percent (50%) of the amount of your System Advertising Contribution. Your System Advertising Contribution will be made by the fifteenth (15th) day following the end of each calendar month. Our matching contribution for each calendar month will be made by the last day of the following month. Up to twenty percent (20%) of the sum of your System Advertising Contribution and those of all other Dealers and all CODs and our matching contributions may be spent by us through the Culligan System Advertising Fund in accordance with Section 5.2, and the balance shall be delivered by us to your local Advertising Cooperative, as provided in Section 5.3.**

### 4.8 Reporting and Payment

You must pay the Continuing Royalty based on Gross Revenues for each calendar month and submit it to us for receipt on or before the fifteenth (15th) day of the following month with a signed monthly report in the form we designate showing all Gross Revenues by category of Authorized Products and Services and Ancillary Products and Services, a calculation of the Continuing Royalty and your System Advertising Contribution and any other documentation we reasonably request to verify your Gross Revenues and the Continuing Royalty payable to us. We will not be bound as to the correctness of your report, and our acceptance of payment will not be construed as a waiver of our rights to ascertain and collect the correct amount due. We may require you to make any payments due under this Agreement and to file your monthly reports electronically, but only following the first anniversary after we provide written notice of such change and subject to the limit on your required expenditures provided for in Section 7.4.

You will pay us for products and services you purchase from us as provided in Section 7.2. You must pay us or our Affiliates all other payments under this Agreement immediately upon demand, including: (i) all sales taxes, trademark license taxes and any other taxes, imposed on, required to be collected, or paid by us or our Affiliates (excluding any corporate income taxes imposed on us or our Affiliates) because we (or our Affiliates) have furnished services or products to you or collected any fee from you; and (ii) all amounts that we are legally required to advance, pay or become obligated to pay on your behalf for any reason.

### 4.9 Brand Oversight Board

The Brand Oversight Board ("B.O.B.") has broad discretion to utilize advertising dollars to effectively promote the Culligan Brand. It is composed of four senior executives from Culligan, as well as six franchise dealers holding leadership positions from the Culligan DAC, Culligan Dealers' Association of North America and other appointed dealers widely respected and who actively participate in operating their Culligan dealerships.

The B.O.B. may, upon approval by Culligan, and a 75% majority of both: i) the dealer members of the B.O.B.; and, ii) the full DAC, approve special initiatives and programs, and levy an assessment of up to 1% of your Gross Revenues from a specified start date (except Gross Revenues derived from Industrial Products and Services and Ancillary Products and Services) to fund such programs and initiatives ("B.O.B. Special Assessment"). We will at least match the aggregate amounts collected from all Culligan Dealers pursuant to a B.O.B. Special Assessment.

Unless otherwise approved by the B.O.B. and the DAC, a B.O.B. Special Assessment will be reported and paid in the same manner as your System Advertising Contribution discussed in Section 4.7. For clarity, however, monies collected via a B.O.B. Special Assessment will ***only*** be spent on initiatives as approved by the B.O.B. and the DAC, and will not be considered part of the Fund, nor subject to the Overhead Allocation described in Section 4.7.

The B.O.B. operates according to the Brand Oversight Board Charter, which may not be revoked, repealed or amended without approval by Culligan, and a 75% majority of both: i) the dealer members of the B.O.B.; and, ii) the full DAC. To the extent there is any conflict between this Section 4.9 and the Brand Oversight Board Charter, this Section 4.9 controls.

The current Brand Oversight Board Charter is attached as **Exhibit O**.

## 5. ADVERTISING

### 5.1 Advertising Standards and Submission

Except for Advertising materials, programs and campaigns we furnish to you or as approved by the B.O.B., you shall submit to us (at our notice address specified in Section 15.13, Attention: Marketing Co-Op Administrator) and receive our approval for all proposed Advertising before use or dissemination. If we do not notify you within ten (10) business days of receipt by us that the materials are unacceptable and the basis for the determination, the materials will be deemed acceptable and you may use them; provided your Advertising must use the Proprietary Marks and refer to your Dealership only in a dignified manner which conforms to the highest ethical and legal standards and is designed to avoid fraud, deception, misrepresentation, embarrassment, disparagement and liability of any nature. You agree to conform all Advertising to the standards, specifications and requirements that we specify in writing. Your failure to conform to the requirements of this Section 5.1 will be grounds for default under Section 11.4, and we may remove any unauthorized Advertising within three (3) days after notice to you. "Advertising" means any and all advertising, identification and promotional materials and programs of any type or nature, including, without limitation, print and broadcast advertisements; direct mail materials; catalogues; brochures; World Wide Web/Internet pages, banner ads or other communications by computer network; business cards; stationery; press releases; signs; telephone and voicemail messages; videotape, CD-ROM or other electronic media; and any other material or communication which we denominate as "Advertising" in our Manual or otherwise.

### 5.2 Administration of the System Advertising Fund

**The System Advertising Contributions paid by us or one or more of our Affiliates, you, and other Culligan Dealerships will constitute the Culligan System Advertising Fund (the "Fund"), which we will administer as follows.** The Fund will be used for all costs of administering, directing, preparing, placing and paying for national, regional or local Advertising that we may consider appropriate and employing advertising agencies to assist in these activities, including, without limitation, agency fees to have print, broadcast and/or World Wide Web/Internet or other Advertising placed. We will use the Fund only for purposes set forth in this Agreement and not to promote or sell new Dealerships or products or services not made available for sale by Dealerships. However, the Fund is not a trust and we are not a fiduciary with respect to the Fund. We may expend a reasonable portion (but not greater than twenty percent (20%) annually) of the Fund for costs and overhead that we may incur in activities related to the administration or direction of the Fund and Culligan network Advertising programs, including, without limitation, market research; marketing and Advertising materials; work with Advertising agencies; placement services and creative talent; maintenance of World Wide Web/Internet sites and other Advertising-related activities via the Internet or other public computer networks; collecting, accounting for and auditing the Fund (collectively the "Overhead Allocation"). You acknowledge that the Fund is intended to further general public recognition and acceptance of the Proprietary Marks for the benefit of the Culligan System. Within one hundred twenty (120) days following the end of each calendar year, we will distribute a statement of Fund revenues and expenses for the year just ended to you. Any

commissions, rebates or the value of any other consideration delivered directly or indirectly to us or our Affiliates relating to or arising from the placement, production, creation or research of Advertising will be accounted for and delivered to the Fund.

We expect to spend most contributions to the Fund for Advertising during the calendar year when the contributions are made. If less than the total sum available in the Fund is spent during any fiscal year, we may spend the unused sum during the following year. If we spend more than the amount available in the Fund in any year (including any sums remaining from the preceding year), we will be entitled to reimburse ourselves from the Fund during the next year for all excess expenditures made with our own money during the preceding year.

All Fund revenues/proceeds in excess of the Overhead Allocation will be delivered to local and regional Advertising Cooperatives, as described in Section 5.3, in proportion to the amounts collected from all Dealers and CODs belonging to each relative Advertising Cooperative.

### 5.3 Local and Regional Advertising Cooperatives

We will establish and maintain local and regional advertising cooperatives for geographic areas (each an "Advertising Cooperative"). Each Advertising Cooperative will use the funds it receives (from the Fund or from direct contributions pursuant to this section) only for the purposes set forth in this Agreement and shall operate pursuant to policies and procedures we establish, and the B.O.B. and DAC approve, which approval shall not be unreasonably withheld or delayed. CODs will participate in the Advertising Cooperatives on the same basis as other Culligan Dealerships. We will furnish to you written notice of your Advertising Cooperative. In addition to your System Advertising Contribution, you agree to contribute one-half percent (0.5%) of your prior month's Gross Revenues, except Gross Revenues derived from Industrial Products and Services and Ancillary Products and Services, to your Advertising Cooperative on or before the fifteenth ($15^{th}$) day after the end of each calendar month. You will make those contributions either to us (and we will make them available to your Advertising Cooperative) or directly to your Advertising Cooperative, as we direct from time to time.

In addition to the above, you agree to spend at least one percent (1%) of your annual Gross Revenues, except Gross Revenues derived from Industrial Products and Services and Ancillary Products and Services, on local advertising and promotions. Guidelines for qualifying expenditures will be published by the B.O.B. For expenditures that are not within the categories published by the B.O.B., you will need to obtain prior written consent under Section 5.1, above, in order for such amounts to be considered as meeting this obligation.

We may, as part of the normal audit process described in Section 9.10, also audit your local advertising expenditures to ensure that sufficient funds were spent on qualifying activities as required above. You should retain a separate file with copies of all contracts, receipts or proof of payment, and a copy or sample of all materials for this purpose.

In the event that an audit discloses that you have failed to meet your local advertising spending requirements, we will issue a notice of default and require you, within 90 days of the notice, to either: 1) provide proof of additional expenditures in the current period that makes up the shortfall disclosed in the audit; 2) provide copies of binding contracts with bona fide third parties in such amounts; or, 3) pay to us the amount of the shortfall, which amounts we will then contribute to your Co-Op. If you do not perform one of these tasks within the 90 day cure period, your franchise may be terminated immediately, without further notice or opportunity to cure.

## 6. DEALER ADVISORY COUNCIL AND FRANCHISE RELATIONS COMMITTEE

### 6.1 Dealer Advisory Council

We will maintain the Dealer Advisory Council (the "DAC") to facilitate communication between us and the Dealerships. The DAC will have not more than seventeen (17) elected members, all of whom shall be individual Culligan franchisees or Key Equityholders (as defined in Section 12.3) or Key Employees (as defined in Section 12.3) (who own at least five percent (5%) of a Culligan Dealership or five percent (5%) of a Culligan Dealership's equity if a Dealer is a legal entity) of Culligan Dealerships in good standing under their respective franchise agreements. DAC members shall be elected by Culligan Dealerships (other than CODs), and the DAC shall otherwise operate, in accordance with procedures approved by the DAC. Wherever DAC approval or consent is required under this Agreement, such approval or consent shall mean a vote in favor of such action by a majority of the members of the DAC or of any subcommittee or representatives of the DAC authorized to grant such consent or approval. We will seek and give reasonable consideration to the advice, counsel and input of the DAC on our general business strategy for Culligan Dealerships; dealer training and support; advertising; National Account programs; Alternative Distribution Channels; the development of any Customized Service Matrices; material changes to dealer policies and the Manual; modifications to the Culligan System; the general direction of franchise enforcement (rather than any specific incidents); and operational issues (e.g., product quality and shipping performance). While such consultation may involve significant changes to our policies and business practices, we retain the right to make all decisions in our reasonable business judgment, however, we will not establish or change any Baseline Service Matrices or Customized Service Matrices without the prior approval of the DAC, which approval shall not be unreasonably withheld or delayed.

### 6.2 Franchise Relations Committee

The Culligan Franchise Relations Committee (the "FRC") will have four (4) members, consisting of our two (2) most senior executives (currently our Chairman and our President) and two (2) Dealer representatives. The Dealer representatives will include the Chairperson of the DAC and the Chairperson elect of the DAC. Up to two (2) former FRC members who were Dealer representatives may attend FRC meetings as non-voting observers to facilitate continuity. The FRC will meet at least twice a year to discuss business strategy issues relevant to the Culligan System and Culligan Dealerships. We will give reasonable consideration to the advice, counsel and input of the FRC, but retain the right to make all decisions in our reasonable business judgment. The FRC will also serve to resolve certain disputes, described in Section 15.11; however, whenever the FRC is to mediate or resolve disputes with respect to any matter pursuant to Section 15.11, (a) any FRC member may designate another senior Culligan executive or another DAC member to sit in his or her place on the FRC mediation or dispute resolution panel and (b) the FRC may agree to refer such matter to a third party mediator, as provided in Section 15.11.

## 7. PRODUCTS AND SERVICES

### 7.1 Products and Services Sold by You

You will offer and sell only those proprietary and trademarked products that we designate as part of the Culligan System within your categories of Authorized Products and Services ("Culligan Products and Services"), however you may also offer and sell (a) such other Authorized Products as are permitted pursuant to our Product Policy, as set forth in the Manual on the Effective Date and subject to such changes as we may make with the approval of the DAC, which approval will not be unreasonably withheld or delayed (our "Product Policy"), and (b) products and services ("Ancillary Products and

Services") which are not Authorized Products and Services and do not bear the Proprietary Marks, but (1) are related to the water or water treatment industry; (2) are not designated as part of the Culligan System; and (3) we have not reasonably determined to be inconsistent or detrimental to the Culligan System, brand or image. Examples of Ancillary Products and Services include pool/spa equipment and chemicals, well drilling, plumbing services and supplies, coffee/beverage supplies and equipment. You will give us notice within ninety (90) days of the Effective Date of any Ancillary Products and Services you are providing as of the time of such notice and will thereafter give us notice prior to offering to customers any additional Ancillary Products and Services. If we modify the Culligan System after the Effective Date to include any products and services previously offered by you as Ancillary Products and Services in accordance with this Section 7.1, you may continue to treat those products and services as Ancillary Products and Services, provided that (i) you do not offer any products in that product category bearing any Proprietary Marks and such products and services are not provided by you to customers as part of the Culligan System and (ii) we may, or may authorize others to, sell and provide products and services (whether or not bearing the Proprietary Marks) within that category that compete with you within or outside your Territory. You will offer and sell Authorized Products only in accordance with our Product Policy as then in effect and subject to the territorial restrictions of Section 2.3, and you will not offer any other products without our prior approval other than Ancillary Products and you will not without our prior approval offer any services other than Authorized Services (subject to the territorial restrictions of Section 2.3) and Ancillary Services. You will not offer, sell or otherwise transfer any Authorized Product to anyone other than an Authorized Customer for that category of Authorized Product, however you may engage in Permitted Dealer-to-Dealer Sales. "Permitted Dealer-to-Dealer Sales" are wholesale sales of Authorized Products that your Dealership makes to any other Culligan Dealership where (A) the other Culligan Dealership is a COD or is subject to a form of franchise agreement that conforms to this Agreement, (B) the Authorized Product being sold has been previously used (i.e., placed into service), or (C) the Authorized Product being sold is not otherwise supplied by us or our Affiliates for sale to Culligan Dealerships. If you are not an Existing Dealer, we will reasonably designate and you will purchase your required opening inventory of Culligan Products, as well as supplies, equipment and materials for use within your Dealership.

### 7.2 Purchase of Culligan Products

Our standard credit policy on our product sales to Dealers is to require payment in full within thirty (30) days of the invoice date, with a one percent (1%) discount for payments made within ten (10) days of the invoice date. However, if you are late making any payments to us or our Affiliates more than twice in any twelve (12) month period, we or our Affiliates may require payment in full for any products or services (including, if we or our designee elects to arrange for shipment, estimated shipping charges) at the time you place an order and before the products are loaded for shipment or the services are rendered. We (or our designees) will sell you all products F.O.B. from any location within the United States or Canada we may designate from time to time. We (or our designees) will have no duty or responsibility regarding the selection or actions of any carrier, and you waive any possible claim against us (or our designees) related to the shipment of products or the selection of any carrier.

### 7.3 Resale Pricing

You will have sole discretion over the prices you charge for Authorized Products and Services and Ancillary Products and Services provided through your Dealership. We will not establish any maximum pricing policies or otherwise interfere with your right to establish pricing. However, we may, to the extent permitted by law, run limited promotions on national and regional levels where we set a maximum retail price in a manner that complies with applicable legal requirements for newly introduced Culligan Products or Services, provided: (i) we will do so only on a temporary basis not to exceed ninety (90) days; (ii) the maximum price so set will not be below the cost you are required to pay for that Culligan

Product at such time; and (iii) if we set a maximum retail price with respect to any Authorized Service, it will be consistent with the applicable Customized Service Matrix or, if there is no applicable Customized Service Matrix, the Baseline Service Matrices. Our reasons for imposing any maximum price limitations may include, without limitation, to enhance the inter-brand competitiveness of the Culligan System; to enable competitive and multiterritorial "price point" advertising; to effectuate national or regional promotions; or to benefit Culligan end customers.

### 7.4 Modifications to the Culligan System

You acknowledge that, in the exercise of our reasonable business judgment, we may from time to time modify any components of the Culligan System and requirements applicable to you by revisions to the Manual or otherwise, including, but not limited to, altering the products, programs, services, methods, standards, accounting and computer systems, forms, policies and procedures of the System; adding to, deleting from or modifying the Culligan Products and Services (but not the categories of Authorized Products and Services set forth in **Exhibit A**); modifying or substituting the equipment, signage, trade dress and other requirements that you are required to observe; and changing, improving, modifying or substituting for the Proprietary Marks. You agree to use and effectuate any such modifications as if they were part of the System at the time you executed this Agreement. Notwithstanding the foregoing, you will not be required to make expenditures (other than for Culligan Products and Services) in any one calendar year that equate to more than one percent (1%) of your prior year's Gross Revenues to implement any such modifications. We will consult with, and (except where such matter requires DAC consent) give reasonable consideration to the input of, the DAC prior to making any material changes to the System. You acknowledge that because uniformity under many varying conditions may not be possible or practical, we reserve the right to materially vary standards or franchise agreement terms for any Culligan Dealership based on the timing of the grant of such franchise, the peculiarities of the particular territory or circumstances, business potential, population, existing business practices, or any other non-arbitrary considerations.

### 7.5 Vendor Rebates

We will not charge or collect any rebates, royalty payments, licensing fees or other similar consideration from any third party suppliers of Authorized Products (other than Authorized Products we or our Affiliates supply or source) that are sold to you and which do not bear any of the Proprietary Marks. The aggregate amount of any rebates, royalty payments, licensing fees or other similar consideration collected by us or our Affiliates from any third party suppliers of Authorized Products (other than Authorized Products we or our Affiliates supply or source) that are sold to you bearing any of the Proprietary Marks will not in any year exceed five percent (5%) of the cost of such products paid by you, unless (a) the DAC has previously approved our accepting larger payments, in which case we will deposit the excess payments upon receipt into the System Advertising Fund, or (b) you have the opportunity to purchase the same Authorized Product not bearing any of the Proprietary Marks and that are not subject to any rebates, licensing or other consideration payable to us, as provided in the immediately preceding sentence. Notwithstanding the foregoing, we may (i) participate in, and receive compensation from, finance programs such as Aqua Finance, however, you will not be obligated to participate in such program(s); and (ii) charge and collect fees from third party suppliers of Authorized Products in connection with trade shows, product fairs or Dealer conventions we sponsor or underwrite, however those fees will not exceed our costs of sponsoring or underwriting the applicable trade show, product fair or convention, after giving effect to any amounts paid to us by Dealers or other attendees of those events. In connection with our preparation of our annual statement of Fund revenues and expenses pursuant to Section 5.2, we will deliver to the DAC a letter, signed by a Culligan officer, confirming that we have complied during the prior year with the requirements of this Section 7.5.

### 7.6 Confidential Operating Manual; Dealer Guidance; Policy Statements

We will lend you one copy of our confidential manual (as the same may be amended from time to time by us, the "Manual"), which may be in one or more written or electronic formats, all identified as being part of the Manual. We may revise or expand the Manual from time to time as provided in Sections 6.1, 7.1 and 7.4. Revisions, other than those relating to the Proprietary Marks, other intellectual property rights or matters involving public health, safety or compliance with law, will be implemented within ninety (90) days of notice, whenever reasonably practicable to do so. In addition, we will make available to you certain operations guides, and general bulletins with respect to operating your Dealership under the Culligan System. We will furnish to you certain information, instructions, techniques, data, instructional materials, forms and notices of other developments pertaining to the operation of your Dealership which we may incorporate in the Culligan System. In addition to the Manual, we may issue policy statements designed to provide you with information and insight as to our current thinking about various business issues or strategies. Such policy statements are not part of the Manual. They are not contracts and do not create any contractual obligation on either you or us.

## 8. FRANCHISOR DUTIES

### 8.1 Initial and Ongoing Training Program

The provisions of **Exhibit G** (Initial Training Program) will apply to Dealers who sign this form of Agreement other than Existing Dealers. We may also provide ongoing training and other optional materials and services to you as we may specify in the Manual. Refresher training courses for you and/or your employees may be mandatory in relation to the introduction of new products or services, as part of an agreed upon plan to remedy any default under this Agreement or if mandatory training is approved by the DAC for any other purpose, and we may charge a reasonable fee for these courses and the materials associated with them. In the case of any mandatory training other than the Initial Training Program, we will use our reasonable efforts to make such training available on a regional or electronic basis or otherwise so as to reduce the expense to you of satisfying that mandatory training requirement. All other training and other materials and services will be optional, but we may charge a reasonable fee for them.

### 8.2 Field Support and Consultation; Other Services

We may offer to furnish you with field support or consultation services that we consider advisable through on-site visits, off-site sessions, telephonic, electronic or other communication devices. You agree to pay us for any consultation services performed on the terms that we set forth at the time of our offer if such services are either: (i) requested by you and are in excess of the scope of services generally provided to Dealers as part of administering the System; or (ii) offered as part of an agreed upon plan to remedy any default under this Agreement. The timing of our support and consultation will be subject to the availability of our personnel. We will make available one or more qualified laboratories to test, at your expense, water samples that you submit in the course of operating your Dealership.

### 8.3 Site Selection Assistance

Upon your request, we may assist you with selecting an Approved Location for your Dealership. You acknowledge that you will not construe or rely on our advice (whether as part of the Manual, in response to your proposals or inquiries, or otherwise) as a representation or warranty about the prospective profitability or viability of any location.

### 8.4 Web Site; Your Web Pages

We maintain a World Wide Web site for the Culligan network and provide linked Web pages at the site for the use of each Culligan Dealership. You may customize the Web page(s) we provide to you, or you may develop a World Wide Web site within our guidelines and using our templates provided in the Manual (including required hyperlinks), so long as your site conforms to our requirements, including, without limitation, those related to format, "look and feel," substantive content, privacy and technical performance. You may use the Web page(s) we offer you or you develop only to advertise and market your Dealership, and you may not use such Web page(s) or any other mode of electronic commerce to engage in the offer and/or sale of any products, goods, merchandise and/or services for delivery or installation outside of your Territory. You may not allow customers to see your Web page(s) or any modifications unless you have received our prior written approval. We will be and at all times remain the sole owner of the copyrights for all material which appears on your Web page(s), excluding copyrighted material you own and for which you obtain our permission for inclusion on your Web page(s). If you are an Existing Dealer and currently have a Web site, we will not require you to modify your Web site without the prior approval of the DAC before January 1, 2007, except to the extent any information posted on your Web site is in violation of this Agreement.

## 9. FRANCHISEE DUTIES

### 9.1 Commencement of Operations

If you are an Existing Dealer, you will operate your Dealership pursuant to this Agreement as of the Effective Date. If you are not an Existing Dealer, you will fulfill all of your pre-opening obligations and commence the operation of your Dealership within one hundred eighty (180) days after the Effective Date.

### 9.2 Participation in the Business; Business Manager

You will personally supervise the operation of your Dealership, unless we otherwise permit in writing, and will devote your time, attention and best efforts to the performance of your duties under this Agreement and the proper operation of your Dealership. You must designate in writing to us a Business Manager for your Dealership (your "Business Manager"), and your Business Manager will have full time, day-to-day management responsibility for your Dealership, exercise on-premises supervision and personally participate in the operation of your Dealership. You will employ a sufficient number of trained sales and service personnel to meet the demand in your Territory. In the event your Business Manager leaves your employment, you will have sixty (60) days to designate a new Business Manager, and up to an additional ninety (90) days for that person to complete any required or supplemental training which we may reasonably require. Your Dealership must comply with all other requirements under this Agreement during such periods.

### 9.3 Post-Sale Services

You will be responsible for providing labor under Culligan warranties for Culligan Products you sell, any separate warranties you offer, and for making available preventive and remedial maintenance and support for the Culligan Products in your Territory. You will be reimbursed for your direct costs for reasonable labor (i.e., your incremental costs, without any general administrative or overhead allocation, including incremental employee wages, benefits, payroll and transportation expenses) performed by you in fulfillment of warranties on Culligan Products within one (1) year from the date of initial customer installation (or, if longer, the period we warrant labor in any Culligan-provided warranty) at rates established in the Baseline Warranty Service Matrix or as otherwise agreed upon by the DAC and us from

time to time, provided (a) you are not otherwise compensated for your warranty services and (b) you provide us with reasonable substantiation as to the date of initial customer installation and the need for any warranty service performed by you (collectively, your "Direct Costs"). Direct Costs include the cost of freight incurred by you in returning any defective Culligan Product to us, but do not include freight charges associated with the delivery to you of replacement Culligan Products, which will be your responsibility. You will not be obligated to perform Authorized Services (other than Authorized Services in connection with warranties) with respect to Culligan Products sold by us pursuant to National Accounts or through Alternative Distribution Channels for prices below those specified in the applicable Customized Service Matrix or, if no Customized Service Matrix is applicable, the Baseline Non-Warranty Service Matrix. You will remedy any Authorized Service that was improperly performed, replace or repair any defective Culligan Product and mitigate any damage caused by the foregoing.

### 9.4 Maintenance and Repair; Leases; Signs

You will maintain the interior and exterior of your Approved Locations and any equipment or vehicles used in your Dealership and all equipment, furniture, fixtures, decorations and signs in the highest degree of cleanliness, maintenance, condition and repair. The lease for your Approved Locations may not create any obligation on us or our Affiliates. Upon our request, you will provide us with a copy of all the leases for your Approved Locations and any amendments thereto. All exterior and interior signs used in connection with your Dealership or vehicles must conform to our criteria set forth in the Manual and must receive our written approval before installation or display.

### 9.5 Computer System and Telephone Requirements

You will install, and thereafter maintain the phone lines, answering or voicemail system, fax lines/machines, the computer hardware, software, Internet connections and service and other equipment and accessories that we specify in our Manual; however, you will not be obligated to incur costs as a result of changes we make to those specifications in excess of the limitation specified in Section 7.4, and we will not designate any proprietary hardware or software components unless non-exclusive licenses for users of such hardware or software are generally available and not restricted to us or our Dealers. Furthermore, we will allow you to purchase and use generic equipment to the extent such equipment interfaces acceptably with Culligan's equipment, formats and communication media. You will maintain in your computer system all data and information which we reasonably prescribe and accurately and consistently record and provide all information concerning your Dealership that we reasonably require (except for customer data and your proprietary information as discussed in Sections 9.6 and 9.7).

### 9.6 Intellectual Property You Develop

Except in the case of Existing Dealers for items listed in Schedule 9.6, you irrevocably and permanently grant us an exclusive royalty-free license for any and all of the following developed by you, or on your behalf, if such development occurred, in whole or in part, in connection with your Dealership: improvements to existing or newly developed Culligan Products or Services; your means, manner and style of offering and managing sales; and all sales, marketing, Advertising and promotional programs and campaigns developed by you or on your behalf. We may authorize our CODs, Culligan of Canada, Ltd., any of our other Affiliates operating under the Proprietary Marks internationally and/or other Culligan dealerships to use rights under such license. No further consideration will be payable as a result of this license.

### 9.7 Product and Marketing Records

You will maintain for at least six (6) years, and provide us upon request complete and accurate records of all Culligan Products (including without limitation bottled water products) sold in sufficient detail to enable us to conduct an effective recall of Culligan Products and all bottled water products. You will cooperate and assist us in effecting any such recall, including by promptly communicating to your customers any information or instructions that we designate. We will reimburse you for your reasonable out-of-pocket costs of effectuating any recall, including any shipping costs related to returning recalled Culligan Products to us and replacing them with new Culligan Products at our expense and your Direct Costs. Notwithstanding the foregoing, you will be responsible for paying all costs and expenses that you or we incur in connection with recalls resulting from or relating to your acts or omissions or your production of bottled water. You will also cooperate and assist us in conducting customer surveys, direct marketing and similar activities designed to collect or communicate customer related-information. However, you will not be required to deliver specific customer contact information to us, except in the case of an actual product recall. Your and our obligations under this Section 9.7 will survive the expiration or earlier termination of this Agreement.

### 9.8 Revenue Reporting

No later than thirty (30) days following the end of each calendar quarter, you must furnish to us, in a form we approve, a statement of your Dealership's revenues and revenue adjustments for the quarter, following the reporting format set forth in the Manual. No later than ninety (90) days following the end of each fiscal year, you must furnish to us, in a form we approve, a statement of your Dealership's revenues and revenue adjustments for the year. You must ensure that we receive the reports by the due date in the manner that we direct; however, we will not require you to file electronically prior to the first anniversary of the Effective Date or require you make expenditures to be able to file electronically that would exceed your required expenditures under Section 7.4. All statements you deliver pursuant to this section must be certified as true and correct by you and your Business Manager.

No later than thirty (30) days following your filing of the annual sales tax returns of your Dealership, you must furnish to us exact copies of those portions of your sales tax returns as we set forth in the Manual or as we may reasonably request. You must also provide us with the cover page (showing income and adjustments to income) of your federal income tax return within thirty (30) days after you file that return each year.

In addition to, or as part of, the revenue reports you are to provide pursuant to this Section 9.8 or the monthly reports to be delivered pursuant to Section 4.8, you shall provide us with such additional Information as may be reasonably required to confirm your Gross Revenues and Continuing Royalty for any period, and such other product quality, customer (other than customer lists of Existing Dealers) and operating data as we may request in connection with our oversight and management of the Culligan System.

You authorize us to incorporate any information derived from the above information in our franchise offering circular and/or promotional literature and to use such information for any other business purpose, provided we do so without identifying your Dealership by name, except as may be required by applicable law or regulation.

### 9.9 Records and Accounts

You will maintain separate financial books and records and bank accounts for your Dealership from those of any other business you operate; completely segregate the revenues of your Dealership from the

revenues of such other businesses; and never commingle the revenues of your Dealership with the revenues of any other business.

You will record all Dealership revenues and expenditures in the manner we specify. You will keep and preserve adequate and accurate books, records and tax returns (including related supporting material such as cash receipts and credit and charge records and supporting evidence of expenditures) for your Dealership for at least three (3) years and provide us with copies at our request.

### 9.10 Inspection and Audit

We (and any of our authorized agents and representatives, including outside accountants or auditors) may during normal business hours, and after reasonable notice, enter your Dealership and any of its premises, and/or visit any locations at which you are maintaining business records, and may examine, inspect and audit your books and records with respect to matters required to be reported to us under Section 9.8, the products and supplies contained at such locations and may confer with your employees. You will incorporate into your Dealership and your business records any reasonable corrections and modifications we require to maintain the standards of quality and uniformity we prescribe, as quickly as is reasonably possible and using all resources at your disposal.

If an audit reveals that you have understated your Gross Revenues for any audit period by more than four percent (4%) of the amount due or otherwise failed to make any other payment required under this Agreement, then in addition to our termination rights, if any, under Sections 11.3 and 11.4, you will pay us on demand the reasonable cost of the audit for the entire audited period.

### 9.11 Evaluation of Performance

We will evaluate the performance of your Dealership on an ongoing basis as provided in Section 9.12, based on criteria and measurement systems ("Minimum Performance Requirements") set forth in our Minimum Performance Requirements Policy (or "MPR Policy"), as of the Effective Date. Your Minimum Performance Requirements are specified in **Exhibit H**. We will annually recalculate your Minimum Performance Requirements applicable to Measurement Periods (as defined in Section 9.12) ending in subsequent calendar year periods during the Term in accordance with the criteria and measurement systems set forth in **Exhibit H**. In addition to the recalculation described above, we reserve the right, subject to DAC approval, not to be unreasonably withheld or delayed, to change the criteria and measurement system set forth in our MPR Policy with not less than ninety (90) days prior notice to you.

### 9.12 Failure to Meet Minimum Performance Requirements

We will measure your success in satisfying the Minimum Performance Requirements at the end of each month based on the monthly average for the immediately preceding twelve (12) month period (i.e., a rolling measurement period) (the "Measurement Period"). If you fail to satisfy your Minimum Performance Requirements for any Measurement Period, you will be afforded a twelve (12) month cure period, beginning on the date of the first violation (the "Cure Period"), on condition that you use reasonable efforts to cure. At your request during any Cure Period, we will provide remedial support to you for a reasonable fee that we determine. If you fail to meet the Minimum Performance Requirements for the Cure Period (i.e., your monthly average for the Cure Period does not satisfy your Minimum Performance Requirements as of end of Cure Period), we will, immediately upon notice to you, have the right either to (i) terminate your territorial protections granted in Sections 2.3 and 2.4 and terminate the restrictions placed on us and our Affiliates by Section 2.4, or (ii) terminate this Agreement. Notwithstanding the foregoing, you shall only be entitled to two (2) Cure Periods during the Term.

### 9.13 Compliance with Laws; Complaints and Proceedings

You will adhere to the highest standards of honesty, integrity and fair dealing in all dealings with the public and operate your Dealership in strict compliance with all applicable laws, rules and regulations of all governmental and quasi governmental authorities. You will also obtain and keep in good standing all licenses, permits and other governmental consents and approvals now or hereafter required to operate your Dealership. If you are a new franchisee and unable to obtain such licenses, permits and other consents and approvals by the required date of commencement of operations specified in Section 9.1, we may terminate this Agreement immediately upon notice and all funds you paid us will be considered earned by us, except that we will return to you ninety percent (90%) of the Initial Franchise Fee (or fifty percent (50%) if we have furnished our Initial Training Program to you).

You will respond to all requests for information or assistance from current, former and prospective Culligan customers in a prompt and courteous manner, and use all reasonable efforts to resolve customer complaints promptly, fairly and in a manner consistent with our standards. You will take responsibility for resolving complaints from your customers. You will also take responsibility for resolving complaints from other consumers located in your Territory when referred for handling by us, in which case you will be compensated for your Direct Costs incurred in responding to such complaints as if this were a Culligan warranty claim under Section 9.3. You will provide prompt written notice to our legal department of the commencement or threat of any action, suit or other proceeding or of any government investigation against or otherwise involving your Dealership or the Culligan System.

## 10. INSURANCE AND INDEMNIFICATION

### 10.1 Your Required Insurance Coverage

You will purchase and maintain in effect during the Term, the categories of insurance coverage in forms and with insurance companies reasonably satisfactory to us (based upon their rated claims paying ability) as specified in the Manual or as we otherwise notify you in writing and name us as an additional insured as "grantor of franchise" under each policy. You will provide us with Certificates of Insurance evidencing the required coverage no later than ten (10) days before the date that your Culligan Dealership will commence operations, and you will timely renew all insurance policies, and furnish a renewal Certificate of Insurance to us before the expiration date of the policy in question. We may at any time require you to forward to us full copies of all insurance policies. You acknowledge that we may modify the required minimum limits of insurance coverage by written notice to you through modifications to the Manual or otherwise. Nothing in this Agreement may be considered our representation that the insurance that you are required to obtain will insure you against any or all insurable risks of loss which may arise out of or in connection with the operation of your Dealership. You may not reduce the policy limits, restrict coverage, cancel or otherwise alter or amend the insurance policies required by this Section 10.1 without our prior written consent. If any indemnitee under Section 10.4 makes a claim against you, you will, upon our request, assign to us all rights which you then have or thereafter may have with respect to the claim against the insurer(s) providing the coverage.

### 10.2 Notice of Claims and Demands

You will notify us of all claims or demands against us, any claim or demand for which any Franchisee Indemnitee may seek indemnification from us and any claim or demand against you or your Dealership for which you do not have insurance or which exceed the limits of coverage provided under any insurance policy within ten (10) days of your receiving notice of any such claim or demand. You will respond to all claims within the time required by law, rule or regulation. In addition, you will provide us with any information we may request about the claim or demand, assert any defenses that we may direct

and otherwise cooperate as we may reasonably request in the defense or prosecution of any claim. We may elect to assume (but under no circumstance will we be obligated to undertake) the defense and/or settlement (subject to Section 10.4) of any claim or demand against us or for which any Franchisee Indemnitee may seek indemnification from us.

### 10.3 Our Indemnification

We will, at our sole cost, indemnify, at all times defend you, your Affiliates, and the corporate affiliates, subsidiaries, successors, assigns and designees of each, and the respective directors, officers, employees, agents, attorneys, shareholders, contractors and representatives of each (collectively, the "Franchisee Indemnitees"), and hold harmless you and the other Franchisee Indemnitees from and against, and pay or reimburse the Franchisee Indemnitees for, any loss, liability, judgment, damage, assessment, deficiency, settlement, action, suit, proceeding, claim, demand, investigation, formal or informal inquiry or expense (including, without limitation, reasonable attorneys' and experts' fees), whether or not resulting from third party claims (collectively "Losses"), to the extent that such Losses arise out of, are based upon, or resulting from any of the following:

1. Any grossly negligent or intentional acts, errors or omissions by us, our Affiliates, and/or the officers, directors, shareholders, management, employees, agents, contractors, partners, proprietors, affiliates or representatives of us or our Affiliates (or any third party acting on our behalf or at our direction);

2. Defects in the Culligan Products or in the services rendered to your Dealership by us or our Affiliates in accordance with this Agreement (except to the extent that such Losses arise from any defects in Culligan Products or Services not present when supplied or rendered to you by us or our Affiliates); it being understood that, for purposes of this subparagraph, your Losses will include your Direct Costs and other out-of-pocket expenses reasonably incurred by you as a result of such defects, however, we will not be responsible for warranty labor or freight on Culligan Products beyond the applicable Culligan warranties;

3. Our or our Affiliates' alleged or actual infringement or violation of any patent, mark or copyright or other proprietary right owned or controlled by third parties (except to the extent that the claim arises out of or relates to your use of any of the Proprietary Marks and/or our patents, copyrights or other proprietary rights in violation of this Agreement);

4. Our or our Affiliates' alleged or actual violation or breach of any federal, state, local, foreign or other law, regulation, ruling, standard of directive applicable to us;

5. Our breach of any warranty, representation, or obligation set forth in this Agreement or the Manual;

6. Any alleged or actual claims by our or our Affiliates' creditors; and

7. Any alleged or actual claims of any type or nature against us or our Affiliates or any of our or their officers, directors, shareholders, partners, proprietors, management, agents, employees, affiliates, representatives and contractors (or any third party acting on our behalf or at our direction) by a third party or between or among themselves, in each case except to the extent such claims are entitled to indemnification by you under Section 10.4.

Specifically excluded from this indemnity is (a) any liability arising from the gross negligence or intentional or willful misconduct of Franchisee Indemnitees, except to the extent that joint liability is involved, in which case our indemnification provided by this Section 10.3 will extend to any finding of comparative negligence or contributory negligence and (b) any Losses arising or resulting from any event, circumstance, act or failure to act occurring prior to the Effective Date. The indemnification obligations of this Section 10.3 will survive the expiration or earlier termination of this Agreement as specified in Section 10.5.

**10.4 Your Indemnification**

You will, at your sole cost, at all times indemnify and hold us, our Affiliates, and the corporate affiliates, subsidiaries, successors, assigns and designees of each, and the respective directors, officers, employees, agents, attorneys, shareholders, contractors and representatives of each (collectively, the "Culligan Indemnitees"), harmless, and at our request, defend the Culligan Indemnitees from and against, and pay or reimburse the Culligan Indemnitees for, any Losses, arising out of, based upon, or resulting from any of the following:

1. Any acts, errors or omissions by you or your Dealership, and/or the officers, directors, shareholders, management, employees, agents, contractors, partners, proprietors, affiliates or representatives of you or your Dealership (or any third party acting on your behalf or at your direction), whether in connection with your Dealership or otherwise, including (without limitation) injury or death suffered or caused by any delivery person or vehicle serving your Dealership;

2. Your offer, sale, installation and delivery of Authorized Products or provision of Authorized Services (except to the extent that such liabilities arise from any defects in Authorized Products which you prove existed when supplied by us or our Affiliates or designees), or any other product or service you provide at, from or related to the operation of your Dealership or any of its premises;

3. Your alleged or actual misuse or misapplication of the Authorized Products or Services, Proprietary Marks or Confidential Information;

4. Your alleged or actual infringement or violation of any patent, mark or copyright or other proprietary right owned or controlled by third parties (except if the claim is based upon your use of the Proprietary Marks);

5. Your alleged or actual violation or breach of any contract, federal, state, local, foreign or other law, regulation, ruling, standard or directive applicable or related to your Dealership;

6. Your violation or breach of any warranty, representation, agreement or obligation set forth in this Agreement or the Manual (other than changes to the Manual after the Effective Date which have not been approved by the DAC);

7. Any alleged or actual claims by your or your Affiliates' creditors; any claims by any customer, visitor, employee or guest of your Dealership or any of its premises;

8. Any alleged or actual claims of any type or nature against you or any of your officers, directors, shareholders, partners, proprietors, management, agents, employees, affiliates representatives and contractors (or any third party acting on your behalf or at your direction) by a third party or between or among themselves, in each case except to the extent such claims are entitled to indemnification by us under Section 10.3; and

9. Your statements, representations or warranties to any customer or proposed assignee or transferee of your Dealership, or any claim in connection with the negotiation or consummation of the assignment or transfer of your Dealership.

Specifically excluded from this indemnity are any Losses to the extent arising from the gross negligence or intentional or willful misconduct of us or the Culligan Indemnitee seeking indemnification, except to the extent that joint liability is involved, in which case your indemnification provided by this Section 10.4 will extend to any finding of comparative negligence or contributory negligence. Under no circumstances will we or the other Culligan Indemnitees be required to seek recovery from third parties to maintain an indemnity claim against you, and any failure to pursue recovery from third parties will in no way reduce the amounts recoverable by the Culligan Indemnitees from you. The indemnification obligations of this Section 10.4 will survive the expiration or earlier termination of this Agreement as specified in Section 10.5.

You will give us written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation that could be a basis for a claim for indemnification by any Culligan Indemnitee within ten (10) days of your actual or constructive knowledge of it. At your expense and risk, we may elect to assume (but under no circumstance will we be obligated to undertake) the defense and/or settlement of the action, suit, proceeding, claim, demand, inquiry or investigation. However, we will seek your advice and counsel and keep you informed with regard to the defense or contemplated settlements. Our undertaking of defense and/or settlement will in no way diminish your obligation to indemnify the Culligan Indemnitees. In order to protect persons or property, our reputation and goodwill, and the reputation and goodwill of others, we may, at any time we consider appropriate, offer, order, consent or agree to settlements or take any other remedial or corrective actions we consider expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in our sole business judgment, there are reasonable grounds to do so. However, we will not settle any claim for which we may seek indemnity from you without your prior written consent, or we irrevocably waive any rights or claims for indemnity from or against you relating to or arising from that claim.

### 10.5 Limitations

Except for indemnity/defense required by Sections 10.3 and 10.4 with respect to third party claims, neither party will be liable to the other for incidental, consequential, special, or punitive damages of any nature. In no event will either party be liable for compensation or reimbursement for loss of prospective profits or anticipated sales or service revenue occasioned by termination of this Agreement. Except for claims for indemnity/defense relating to a third party claim against one of us, any legal proceedings resulting from a failure by either party to perform under this Agreement or otherwise arising out of the relationship contemplated by this Agreement must be commenced within two (2) years after the cause of action has accrued, unless a shorter period applies under applicable law or by agreement of the parties. In the event either of us seek indemnification from the other based upon a third-party claim, such indemnification claim must be brought within five (5) years after the cause of action of the underlying third party claim has accrued, unless a shorter period applies under applicable law or by agreement of the parties.

## 11. DEFAULT AND TERMINATION

### 11.1 Your Termination Rights

You may terminate this Agreement at any time by giving us at least ninety (90) days advance written notice. If you do so, you must continue to comply with this Agreement, all related agreements and the Manual until 12:01 A.M. on the ninety-first (91st) day following the date you give such written notice and must thereafter diligently and promptly observe and comply with the post-termination requirements and prohibitions specified in this Agreement. You will not have the right to withdraw your notice without our advance written consent.

### 11.2 Our Termination Rights – Automatic Termination Without Notice

You will be in default of this Agreement, and all rights granted to you herein will automatically terminate and revert to us without notice to you, if: you, your Dealership or any individual or entity that directly or indirectly controls you (a "Control Person") is adjudicated as bankrupt or insolvent; all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor; a petition in bankruptcy is filed by or against you, your Dealership or any Control Person and is not immediately contested and dismissed within sixty (60) days from filing; a bill in equity or other proceeding for the appointment of a receiver or other custodian of you, your Dealership or any Control Person or assets of any of them is filed and consented to by you; a receiver or other custodian (permanent or temporary) of all or part of your assets or property is appointed by any court of competent jurisdiction; you are dissolved; execution is levied against you, your Dealership or any Control Person or your or their property; or, the real or personal property of your Dealership is sold after levy thereon by any governmental body or agency.

### 11.3 Our Termination Upon Notice – No Opportunity to Cure

You will have materially breached this Agreement and we may, at our option, terminate this Agreement and all rights granted under this Agreement, without giving you any opportunity to cure the breach (except as otherwise provided), effective immediately upon our giving notice of termination following the occurrence of any of the following events:

a. You do not commence operation of your Dealership within one hundred eighty (180) days after the Effective Date or you cease to operate or abandon your Dealership.

b. You omitted or misrepresented any material fact in the information that you furnished to us in connection with our decision to enter into this Agreement.

c. You fail to satisfy the Minimum Performance Requirements for any Measurement Period and such failure is not cured within the Cure Period, as provided in Section 9.12.

d. You (or any principal owner or officer of a corporate, partnership, proprietorship or other entity franchisee) are convicted of a felony, fraud, crime involving moral turpitude, or any other crime or offense which we reasonably believe is related to the operation of your Dealership, or is likely to have an adverse effect on the Culligan System, the Proprietary Marks or the goodwill associated with the Proprietary Marks or the Culligan System.

e. You fail to cure a breach of Section 5.1 within ten (10) days following delivery of written notice (or, if 10 days is not reasonably sufficient to cure, thirty (30) days); provided we may take such actions we deem necessary to comply with any applicable laws, agreements or consent decrees, including the removal of advertising which violates any of the foregoing.

f. You use any of the Proprietary Marks in a manner not authorized under Article 13.

g. You fail to purchase and maintain all of the insurance required by Section 10.1 or by Section 15.5(3) (unless the personal guarantee requirements otherwise applicable under that Section have been satisfied), after notice and a ten (10) day cure period has lapsed.

h. A threat or danger to public health or safety results from your continued operation of your Dealership.

i. You do not comply with the covenant not to compete in Section 14.2 or the covenant regulating Confidential Information in Section 14.1.

j. You fail to comply with the restrictions on Transfer under Article 12 or Section 15.5.

k. You conceal revenues; maintain false books or records; falsify information or otherwise defraud or make false representations to us; or, submit any materially false report to us.

l. You fail timely to pay any amount due to us under this Agreement (provided that you shall have five (5) days after receipt of notice to cure any such failure to pay) or you otherwise breach this Agreement on four (4) or more occasions within any five (5) year period (even if each such failure or breach was subsequently cured).

m. You do not cure any failure to comply with any governmental authority or with any federal, state or local law or regulation applicable to the operation of your Dealership within the earlier of: (i) the time prescribed by law in the case of notice or citation by a government authority; (ii) ten (10) days following notification from any governmental authority if such notification requires immediate compliance; or (iii) thirty (30) days following notice of such noncompliance from us or any governmental authority.

n. You fail to timely agree to provide or in fact provide Authorized Services in connection with any National Account or sale pursuant to an Alternative Distribution Channel at prices consistent with the applicable Customized Service Matrices, or if no Customized

Service Matrix is applicable, the Baseline Service Matrices, and such failure is not cured within thirty (30) days following written notification.

### 11.4 Termination by Us – Thirty Days to Cure

Except as provided in Sections 9.12, 11.2 and 11.3, you will have thirty (30) calendar days following our delivery of written notice to you to cure any default under this Agreement and provide us with evidence that you have done so. If you have not cured any default within that time, this Agreement will terminate immediately upon expiration of the thirty (30) day period, unless we otherwise agree in writing. You will be in default of this Agreement for any failure to comply with all of your obligations under this Agreement, as supplemented by the Manual. In the event that it is not commercially practicable to cure such default within thirty (30) days, given best efforts and full diligence, and provided that such breach will not materially impact Culligan and you demonstrate you are diligently attempting to cure, the time to cure such default will extend for an additional period not to exceed sixty (60) days.

### 11.5 Notice Required by Law

If any applicable law limits our termination rights or requires longer notice or cure periods than those set forth above, this Agreement will be considered modified to conform to the minimum notice, cure periods or restrictions upon termination required by law. We will not be precluded from contesting the validity, enforceability or application of any laws in any proceeding relating to this Agreement or its termination.

### 11.6 Further Obligations and Rights on Termination

If this Agreement terminates for any reason (whether upon expiration at the end of the Term or earlier termination, in each case, a "termination") or is Transferred (as defined in Section 12.2) by you, you will lose all rights to operate a Culligan Dealership and to use our Proprietary Marks, the Culligan System, and all Confidential Information.

Upon termination of this Agreement, you shall immediately:

a. Pay all royalties, fees and other sums owed to us, our Affiliates or third parties through the date of termination.

b. Discontinue the use of the Proprietary Marks and the Confidential Information, and cease doing business under any name or in any manner which might tend to give the general public the impression that you are or were at one time connected to Culligan. You must change your DBA so that it no longer contains the name "Culligan" or any other of the Proprietary Marks.

c. Take all necessary steps to cancel any assumed name or equivalent registration which contains the name "Culligan" or any variant. If you fail to do so within fifteen (15) days following the date of termination, we may, in your name, on your behalf and at your expense, execute all documents necessary to cause discontinuance of your use of the name "Culligan" or any related name used in connection with this Agreement. You irrevocably appoint us as your attorney-in-fact to do so.

d. Except in the case of a Transfer permitted under Section 12.6 or 12.7, sell to us any new inventory of Culligan Products, at your purchase cost from us or our designee, less a reasonable restocking charge.

e. Deliver to us all Confidential Information, training or other manuals we or our Affiliates furnished to you (including, without limitation, the Manual), instructions, display items, advertising and promotional material, warranty information and records, all materials, signs and items which bear our Proprietary Marks or slogans or insignias, forms and other materials or property of ours, and any copies of them in your possession which relate to the Culligan System. You agree that the foregoing items will be considered to be our property for all purposes.

f. Within ten (10) days notify the Yellow and White Pages and any telephone directories that your phone numbers and advertising should no longer be under the name "Culligan" or any other confusingly similar name. If you fail to do so, you irrevocably appoint us as your attorney-in-fact to direct the telephone company to transfer all telephone numbers listed for your Dealership or Approved Locations to us or to any other party as we direct.

g. Perform all deidentification of Approved Location(s) and any other premises as is necessary to distinguish such Approved Locations from a Culligan Dealership.

h. Assign to us all of your rights, if any, to advertising or promotion funds collected prior to termination as part of a national or regional program or cooperative.

i. Execute any agreements necessary to effectuate the termination in a prompt manner.

For two (2) years after the termination of this Agreement, you agree not to solicit for employment (excluding any general advertising or solicitation for employment) our personnel or the personnel of our Affiliates or of any other Culligan Dealership, without first obtaining written permission from the employer(s) of the personnel in question.

### 11.7 No Prejudice

The termination of this Agreement will be without prejudice to our respective rights against each other and will not relieve either of us of any obligations to each other, or terminate our respective obligations which by their nature survive the termination of this Agreement. We specifically acknowledge your right to operate a water treatment business following the termination of this Agreement, provided you do not use the Proprietary Marks or Confidential Information. Our obligation to indemnify you for defective Culligan Products and your Direct Costs and any other costs associated with Culligan warranties under Sections 9.3 and 10.3 will terminate with this Agreement, if (a) this Agreement is terminated by us under Sections 11.2, 11.3 or 11.4 or (b) this Agreement is terminated by you pursuant to Section 11.1 or expires.

## 12. TRANSFER/ASSIGNMENT; RIGHT OF FIRST REFUSAL

### 12.1 Our Transfer

We may transfer and assign this Agreement and all of our rights, privileges and obligations under this Agreement, to any person, firm, corporation or other entity; however, if the transfer or assignment will result in the performance by the transferee or assignee of our obligations under this Agreement, the transferee or assignee must assume those obligations. You acknowledge that we may sell our company, our assets, our Proprietary Marks and/or our System or any interest in the foregoing to a third party or parties by any means we deem appropriate. We and our Affiliates also have the right to purchase, merge with, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that network's, chain's or business's facilities, and, following the purchase, merger, acquisition or affiliation, to operate, franchise or license

those businesses and/or facilities, regardless of the location of those facilities, which may be within your Territory or proximate to your Approved Locations.

### 12.2 Your Transfer – General

Your rights and obligations under this Agreement are personal because we have entered into this Agreement in reliance on and in consideration of your singular personal trust, confidentiality, skill and qualifications (or, if you are an entity, the personal trust, confidentiality, skill and qualifications of your owners and employees). Therefore, except as provided below, neither your interest in this Agreement, your rights, privileges or obligations under this Agreement, your Dealership, nor any interest in your Dealership or an entity Franchisee (including any capital stock, partnership or proprietary interest of you or anyone who controls you), may be assigned, sold, transferred, shared, sublicensed or divided, voluntarily or involuntarily, directly or indirectly, in one or a series of related transactions, by operation of law or otherwise (each, a "Transfer"), without first obtaining our written consent and, where applicable, complying with our right of first refusal, each as provided in this Article 12. Any Transfer in violation of the foregoing will be null, void and of no effect. You shall immediately report to us any Transfer, whether or not permitted by this Agreement. Except as otherwise provided in Section 12.3, each Transfer will require the payment by you to us of the Administrative Transfer Fee.

### 12.3 Transfer to Immediate Family Members, Key Employees and Key Equityholders

We will consent to a Transfer to an Immediate Family Member, Key Employee or Key Equityholder if all the following conditions are met:

a. The proposed transferee provides us with the information and references that we request to determine whether the proposed assignee meets our reasonable qualifications for skills, qualifications, financial condition, background and history, ethics, reputation, economic resources and ability necessary, in our reasonable judgment to conduct your Dealership and to fulfill your obligations to us and our Affiliates, and we determine, in our reasonable judgment, that the proposed assignee meets these requirements (the "Qualifications Requirement");

b. If the proposed transferee is the Business Manager, he or she has attended and successfully completed our Initial Training Program before the assignment, and any other training that we reasonably require, at the transferee's expense (which will include a training fee) (the "Training Requirement");

c. Any Transfer to a Key Employee, together with all prior Transfers to Key Employees, does not constitute more than a forty percent (40%) direct or indirect beneficial interest in the Franchisee;

d. The proposed transferee executes our Confidentiality/Non-Competition Agreement in the form of **Exhibit I** to this Agreement;

e. If the Transfer is of a twenty-five percent (25%) or more equity interest in the Franchisee, the transferee signs a guarantee in the form of **Exhibit J** to this Agreement;

f. As of the Transfer date, the transferor has cured any existing defaults under this Agreement and any other agreement with us or our Affiliates (the "Cure Requirement");

g. The transferor and all equity holders of a Business Entity (as defined in Section 12.4) transferor execute the Termination and General Release Agreement in the form of **Exhibit D**;

h. The transferor remains liable for all the obligations to us arising out of or related to this Agreement before the effective date of the Transfer, and executes all instruments reasonably requested by us to evidence this liability; and

i. The transferee executes an agreement with us (the form of which appears as **Exhibit M**) under which the transferee agrees to be liable for all of the obligations under this Agreement and bound by all the terms, conditions and covenants of this Agreement.

We will also consent to a Transfer to an estate planning or retirement trust, provided that the trustee is the Franchisee, an Immediate Family Member, Key Employee and/or Key Equityholder and all of the foregoing requirements are otherwise met.

Any Transfer pursuant to this Section 12.3 will not be subject to our rights of first refusal under Section 12.8 or any transfer fee, other than the Administrative Transfer Fee, however we will not charge the Administrative Transfer Fee for periodic Transfers of equity interests in the Franchisee to any Immediate Family Member as part of a bona fide estate plan (which you will provide to us upon request), unless and until such Immediate Family Member holds a twenty five percent (25%) or more equity interest in the Franchisee. "Immediate Family Member" means the spouse, brother, sister or adult child of you (if you are an individual) or of any Key Equityholder, or the spouse of any of the foregoing. "Key Employee" of your Dealership means an individual whom you have employed for at least five (5) years in a management position. "Key Equityholder" means a twenty-five percent (25%) or greater shareholder, member, partner or proprietor of the Franchisee as of the Effective Date.

### 12.4 Transfer to a Corporation or Partnership You Form

We will consent to your Transfer to a corporation, partnership or other business entity (a "Business Entity") you form solely for the convenience of entity ownership if all the following conditions are met:

a. The Business Entity is newly formed and each requirement in Section 15.5 has been satisfied;

b. Each individual or Business Entity involved in the new entity has the same proportionate ownership interest in the new entity as he or she had in your Dealership before the Transfer;

c. You and the new entity execute an agreement with us under which you and the new entity are jointly and severally liable for all the obligations under this Agreement and bound by all the terms, conditions and covenants of this Agreement; and

d. Each present and future equity holder in the new entity executes our Confidentiality/Non-Competition Agreement in the form of **Exhibit I** to this Agreement.

Any Transfer pursuant to this Section 12.4 will not be subject to our rights of first refusal under Section 12.8 below or any transfer fee other than the Administrative Transfer Fee.

### 12.5 Transfer to a Qualified Dealer

If you wish to make a Transfer to another Dealer, you will give us prior written notice of the nature of the Transfer and any terms and conditions you propose to offer to the other Dealer as conditions to the Transfer (the "Transfer Proposal"). Within thirty (30) days after our receipt of the Transfer Proposal we may, at our option, deliver to you a notice setting forth the price and other material terms on which we would be prepared to purchase the interests you propose to Transfer (a "First Offer"). We will consent to your Transfer to another Dealer if all of the following conditions are met:

a. You furnish us with a copy of any proposed contract related to the Transfer (the "Dealer Offer"), and the Dealer Offer is consistent with the Transfer Proposal and includes a purchase price and other material terms and conditions no less favorable to you than those contained in our First Offer, if any;

b. The closing date of the Transfer is no later than one hundred twenty (120) days from the date you delivered your Transfer Proposal notice to us;

c. The proposed transferee is a Dealer in good standing and in compliance with all material requirements of that Dealer's franchise agreement with us, has consistently met that Dealer's Minimum Performance Requirements, and satisfies our standards for financial resources, taking into account the proposed Transfer and any associated acquisition indebtedness, as well the proposed transferee's prior record as a Dealer;

d. The proposed Business Manager must meet the Training Requirement;

e. The lessors or sublessors of the Approved Locations must consent in writing to the transfer of your leases or subleases to the proposed transferee;

f. If you are in default, you and the transferee must agree to cure all defaults in a time frame we may reasonably establish;

g. The transferee executes a separate Franchise Agreement in the form and on the terms and conditions (including renewal terms) of this Agreement, but with an initial term equal to the balance of the Term;

h. The transferor and all equity holders of a Business Entity transferor execute Termination and General Release Agreements in the form of **Exhibit D**;

i. Each of the owners of twenty-five percent (25%) or more of the equity of the proposed transferee signs a guarantee in the form of **Exhibit J**, and Confidentiality/Non-Competition Agreements in the form of **Exhibit I** are signed by those persons required to sign by Section 14.2; and

j. You remain liable for all the obligations to us arising out of or related to this Agreement before the effective date of the Transfer, and all guarantees, post termination and post-expiration provisions of this Agreement and execute all instruments reasonably requested by us to evidence this liability.

If we consent to the Transfer of your Dealership or this Agreement, we will also (i) grant you a limited release covering obligations to us arising out of or related to the Agreement after the effective date of the Transfer, except to the extent you remain liable pursuant to the condition to Transfer listed in

subparagraph j. above, and (ii) consent to the Transfer of your Approved Location leases. If your Dealership or this Agreement is transferred, you also agree to assign your Approved Location leases and, at our request, all related agreements between you and us to the same transferee (excluding agreements relating to the purchase or grant of our, or our Affiliates', equity shares). Any Transfer pursuant to this Section 12.5 will not be subject to our rights of first refusal under Section 12.8 below or any transfer fee other than the Administrative Transfer Fee.

**12.6 Transfer To Third Party**

If we do not exercise our right of first refusal under Section 12.8, we will consent to the Transfer to a third party if all of the following conditions are met:

a. The proposed transferee must meet the Qualifications Requirement;

b. The proposed transferee (if an individual) and the proposed Business Manager must meet the Training Requirement;

c. The lessors or sublessors of the Approved Locations must consent in writing to the transfer of your leases or subleases to the proposed transferee;

d. If you are in default, you must cure such default prior to the effective date of the Transfer, unless we (in our sole discretion) grant the transferee the ability to cure such defaults and the transferee specifically agrees to cure such defaults upon the terms and conditions we specify;

e. The transferee executes a separate Franchise Agreement in the form and on the terms and conditions (including renewal terms) of this Agreement, but with an initial term equal to the balance of the Term;

f. The transferor and all equity holders of a Business Entity transferor execute Termination and General Release Agreements in the form of **Exhibit D**;

g. Each of the owners of twenty-five percent (25%) or more of the equity of the proposed transferee signs a guarantee in the form of **Exhibit J**, and Confidentiality/Non-Competition Agreements in the form of **Exhibit I** are signed by those persons required to sign by Section 14.2;

h. Transferor furnishes us with a copy of any proposed contract related to the Transfer of the Culligan Dealership; we find the proposed contract acceptable; and we receive an executed copy thereof (and any related agreements); and

i. You remain liable for all the obligations to us arising out of or related to this Agreement before the effective date of the Transfer, and all guarantees, post termination and post-expiration provisions of this Agreement and execute all instruments reasonably requested by us to evidence this liability.

If we consent to the Transfer of your Dealership or this Agreement, we will also (i) grant you a limited release covering obligations to us arising out of or related to the Agreement after the effective date of the Transfer, except to the extent you remain liable pursuant to the condition to Transfer listed in subparagraph i. above, and (ii) consent to the Transfer of your Approved Location leases. If your Dealership or this Agreement is Transferred, you also agree to assign your Approved Location leases and,

at our request, all related agreements between you and us to the same transferee (excluding agreements relating to the purchase or grant of our, or our Affiliates', equity shares).

### 12.7 Transfer Upon Death or Disability

Upon your death or long-term disability (if you are an individual) or the death or disability of any Key Equityholder (if you are a Business Entity), that person's rights will pass to his or her estate, heirs, legatees, guardians or representatives, as appropriate (collectively, the "Estate"). Your Estate may continue the operation of your Dealership if: (i) your Estate provides a competent and qualified individual reasonably acceptable to us to serve as Business Manager and operate your Dealership on a full-time basis; (ii) that individual attends and successfully completes our next offered Initial Training Program at your Estate's expense; and, (iii) that individual assumes full-time operation of your Dealership as Business Manager within three (3) months of the date the person dies or becomes disabled. In the alternative, your Estate may sell your Dealership within six (6) months of your death or disability in accordance with the provisions of this Article 12 and subject to our right of first refusal under Section 12.8 if the sale is to a third party under Section 12.6. Your Estate's failure to satisfy either of the foregoing alternatives under this Section 12.7 will be a material breach of this Agreement which, unless cured by your Estate as provided in Section 11.4, will result in the immediate termination of this Agreement.

### 12.8 Right of First Refusal

Your or your Estate's rights to Transfer any interest in this Agreement or your Dealership to a third party, as provided in Sections 12.6 and 12.7, will be subject to our right of first refusal, which will survive the termination of this Agreement as provided in Section 15.14. We will exercise our right of first refusal in the following manner:

a. You must deliver to us a true and complete copy of the proposed transferee's offer including all of the material terms thereof (the "Notice") and furnish to us any additional information concerning the proposed transaction and the proposed transferee that we may, within ten (10) business days of receiving the Notice, reasonably request.

b. Within thirty (30) days after our receipt of the Notice (or, if we request additional information, within thirty (30) days after receipt of the additional information), we may either consent or withhold consent to the Transfer, in accordance with this Agreement, or at our option, accept the Transfer to ourselves or to our nominee, on the terms and conditions specified in the Notice. However, if the offer contains no provision regarding representations and warranties, we will be entitled to all of the customary representations and warranties given by the seller of assets of a business, including (without limitation) representations and warranties as to ownership, condition of and title to assets, liens and encumbrances on the assets, validity of contracts and agreements, and your contingent and other liabilities affecting the assets.

c. If a partial Transfer is proposed through the Transfer of more than fifty percent (50%) of the ownership interests of a Business Entity Franchisee to other than the Key Equityholders, an Immediate Family Member or a Key Employee of the Franchisee, then we will have the option to purchase the entire Dealership so that our resulting ownership will be one hundred percent (100%) of the Franchisee entity. The price of the Dealership will be proportionate to the price of the interests initially being offered.

d. Our credit will be considered at least equal to the credit of any proposed purchaser. We may substitute cash for the fair market value (after tax) of any other form of payment proposed in the offer.

e. If we give notice of exercise of our right of first refusal, we will be given at least sixty (60) days to prepare for closing. You agree to take all action necessary to assign your Approved Locations' leases to us.

If we do not exercise our right of first refusal and we consent to the proposed Transfer, then you will, subject to the provisions of this Article 12, be free to Transfer this Agreement or your Dealership to your proposed transferee for one hundred twenty (120) days from the date of our notice and on any other terms and conditions specified to us in the Notice as long as you satisfy the conditions of Section 12.6. If, however, the terms are changed, the changed terms will be considered a new offer, and we will have a right of first refusal with respect to this new offer. Our election not to exercise our right of first refusal with regard to any offer will not affect our right of first refusal with regard to any later or modified offer. If we do not exercise our right of first refusal, this will not, by itself, constitute approval of the proposed transferee or the Transfer.

### 12.9 No Encumbrance

You agree not to pledge, encumber, mortgage or otherwise give any third party a security interest in this Agreement without our prior written permission, which we may withhold for any reason. The Transfer and encumbrance of your equity interest and those of entities that control you are also restricted as provided in this Article 12 and Section 15.5.

## 13. PROPRIETARY MARKS

### 13.1 Your Non-Ownership of Proprietary Marks

Nothing in this Agreement will give you any right, title or interest in or to any of our (or our Affiliates') Proprietary Marks except as a mere privilege and license, during the Term, to display and use the Proprietary Marks according to the limitations set forth in this Agreement. You acknowledge that we (or our Affiliates) own the Proprietary Marks and that your limited license to use the Proprietary Marks granted by this Agreement applies only to the Proprietary Marks listed in **Exhibit K** (if we do not subsequently designate them as being withdrawn from use), together with those which we may later designate in writing, that you will not represent that you have acquired or assert any claim to, any ownership, goodwill, reputation or equitable rights of our Proprietary Marks by virtue of the limited license granted under this Agreement, or by virtue of your use of any of the Proprietary Marks. All of your uses of the Proprietary Marks and any goodwill generated thereby, whether as a trademark, service mark, trade name or trade style, will inure to our benefit. Following the termination of this Agreement, no monetary amount will be attributable to any goodwill associated with your use of the Proprietary Marks or operation of your Culligan Dealership.

You acknowledge that our rights in the Proprietary Marks are not limited to their specific presentation or configuration but rather extend to all combinations, displays and designs used with the words and extend to all translations in any language. Further, you acknowledge that our rights in and to the Proprietary Marks are not limited to rights that may be conferred by registrations or by applications for registrations and include extensive common law and other rights vested in us as a result of their use by us and other authorized parties.

### 13.2 Prosecution of Infringers

If you receive notice or otherwise become aware that any third party which you believe is not authorized to use the Proprietary Marks is using the Proprietary Marks or any variant of the Proprietary Marks, you will notify us promptly. You will have no right to make any demand or to prosecute any infringement claim against any alleged infringer of our Proprietary Marks.

### 13.3 Acts in Derogation of the Proprietary Marks

During and after the Term, you will not (i) do or permit any act to be done in derogation of any of our rights or the rights of our Affiliates in connection with the Proprietary Marks; (ii) apply for or obtain any trademark or service mark registration in your own name of any of the Proprietary Marks or any confusingly similar marks; (iii) impair the goodwill associated with the Proprietary Marks; or (iv) dispute or impugn the validity of the Proprietary Marks, our rights (or those of our Affiliates) to the Proprietary Marks, or our rights to use the Proprietary Marks or those of our Affiliates, other Culligan Dealerships or other third parties to whom we may have licensed the Proprietary Marks.

### 13.4 Use and Display of Proprietary Marks

You will use the Proprietary Marks only for the operation of your Dealership or in advertising for your Dealership and in the manner specifically permitted under this Agreement and in full compliance with rules we prescribe from time to time in our Manual or otherwise. You may not use any names, marks or logotypes other than the Proprietary Marks in connection with your Dealership without our prior written approval. You may not use the Proprietary Marks in any way which will incur any obligation on our behalf. You will comply with our instructions by filing and maintaining all requisite trade name or fictitious name registrations, and by executing any documents we may consider necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

### 13.5 Non-Use of Culligan in Corporate Name

You may not use our Proprietary Marks or any confusingly similar words or symbols (including, without limitation, the words "Culligan," "CWC" or any variant) as part of your corporate entity name but you must do business under the business name/DBA specified on the signature page of this Agreement. If you are an Existing Dealer, and had the name "Culligan" in your corporate name as of January 1, 2005, you may continue to use the name "Culligan" in your corporate name for so long as you continue to own your Dealership and limit the use of that name to the operation of your Dealership.

### 13.6 Injunction

You explicitly affirm and recognize the unique value and secondary meaning attached to the Culligan System and the Proprietary Marks. Accordingly, you acknowledge that your unauthorized or improper use of the Culligan System or the Proprietary Marks, will cause irreparable damage to us and other Culligan Dealerships and that during or after the Term we will be entitled to, and you consent to the entry of, both temporary and permanent injunctive relief against you from any court of competent jurisdiction, without bond or security, in addition to all other remedies which we may have at law.

## 14. CONFIDENTIAL INFORMATION/COVENANT NOT TO COMPETE

### 14.1 Restriction on Use of Confidential Information

You will use and permit the use of our Confidential Information (as defined below) solely in connection with the operation of your Dealership. You may only use and divulge Confidential Information to those of your officers, directors, shareholders, sales personnel, employees, management personnel, agents or independent contractors who need access to it for you to operate your Dealership; provided that you have taken all necessary precautions to ensure that these individuals retain the Confidential Information in confidence and comply with the restrictions of this Section 14.1 and Section 14.2 below. You will never copy, reproduce, divulge or use any Confidential Information for the benefit of any other person, Business Entity, or other entity, nor will you directly or indirectly permit the disclosure of, imitate or aid any such third party to imitate any of the Confidential Information.

"Confidential Information" is defined as information, knowledge, trade secrets or know-how relating to the Culligan System or concerning the Culligan systems of operation, programs, services, products, customers, materials, books, records, manuals, computer files or databases, software or practices which we or our Affiliates have provided to you, to the extent that the information is not generally known to the public or within the water quality industry. Confidential Information will not include information which you can demonstrate you possessed or came to your attention before we disclosed it to you (unless illegally or improperly procured by you before our disclosure) or which, at or after the time of disclosure, becomes part of the public domain through no act of yours. We acknowledge that, except to the extent required to comply with our obligations under Culligan warranties or to effect product recalls, we have no right to require you to share or otherwise disclose to us the identity of your customers.

### 14.2 In-Term Restriction and Related Provisions

During the Term, you will not, without our prior written agreement, directly or indirectly engage in any other business which sells or provides products or services substantially similar to the products and services we have included as part of the Culligan System, except to the extent permitted under our Product Policy or this Agreement (a "Competitive Business").

You are prohibited from directly or indirectly engaging in any Competitive Business as a proprietor, partner, investor, director, member, officer, manager, employee, principal, agent or adviser. In addition, you will not divert any business that should be handled by your Dealership to any other person or entity. Nothing in this Section 14.2 will prevent you from owning for investment purposes no more than an aggregate of five percent (5%) of the capital stock of any Competitive Business you do not control and whose stock is listed on the New York Stock Exchange or the National Association of Securities Dealers Automated Quotation System. It is the intention of these provisions that any person or entity with any legal or beneficial interest in or traceable to or through you be bound by the provisions of this covenant.

You will obtain the execution of our Confidentiality/Non-Competition Agreement (**Exhibit I**) from the following persons and to cause them to refrain from any of the competitive activities described above in any manner: (i) before employment or any promotion, your Business Manager, all your other managerial employees and any other persons to whom you grant access to Confidential Information; and (ii) if you are a Business Entity, all your officers and directors, equity holders who control you or who have access to Confidential Information and those of any Business Entity directly or indirectly controlling you, at the same time as the execution of this Agreement (or at such later time as they assume such status). You will furnish us with copies of all executed Confidentiality/Non-Competition Agreements no later than ten (10) days following our request.

You may, in your sole business judgment, prosecute to the fullest extent permitted by law breaches of any Confidentiality/ Non-Competition Agreement executed pursuant to Section 14.1 and this Section 14.2, and you acknowledge our right, to be exercised in our sole business judgment, to ourselves enforce the terms of each such executed Confidentiality/Non-Competition Agreement.

### 14.3 Enforcement of Covenants Not To Compete

You acknowledge that violation of the covenants not to compete or confidentiality agreements contained in this Agreement would result in immediate and irreparable injury to us for which no adequate remedy at law will be available. Accordingly, you consent to the entry of both temporary and permanent injunctions without bond or security prohibiting any conduct by you in violation of the terms of the covenants not to compete and confidentiality agreements set forth in this Agreement. You expressly acknowledge that it may conclusively be presumed that any violation of the terms of the covenants not to compete was accomplished by and through your unlawful use of our Confidential Information, know-how, methods and procedures. Further, you expressly acknowledge that any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants not to compete or not to solicit or hire employees in this Agreement. You shall pay all our costs and expenses, including reasonable attorneys' and experts' fees, incurred in connection with the enforcement of this Article 14.

## 15. ADDITIONAL PROVISIONS

### 15.1 Independent Contractor; Third Party Beneficiaries

You are and will be our independent contractor under this Agreement. Nothing in this Agreement may be construed to create a partnership, joint venture, agency, employment or fiduciary relationship of any kind. Neither you nor any of your employees whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be our employee for any purpose. You will be solely responsible for your employees and all employment related decisions, including, without limitation, decisions concerning wages and benefits, hiring and discharging, training and supervision and work schedules of employees.

You are not empowered to, and will not, make any express or implied agreements, warranties, guarantees or representations or incur any debt or other obligations in our name or for our account. Except as expressly provided in this Agreement, we will have no control or access to your funds or their expenditure or in any other way exercise control over your Dealership.

You will conspicuously identify yourself, your Dealership, your Approved Locations and any other facilities of your Dealership in all dealings with third parties as an independent Culligan Dealership and will place notice of independent ownership on all forms, business cards, stationery, advertising, signs and other materials in the fashion that we may specify and require from time to time, in our Manual or otherwise.

You and all other Dealers and CODs are intended third party beneficiaries of Section 2.3, the final two paragraphs of Section 2.4 and the final paragraph of Section 2.5(c). You and they will have an independent right to enforce your and their respective rights under those paragraphs and any comparable paragraphs contained in such other Dealers' Culligan franchise agreements; provided, (i) as a condition to your enforcement, you give us thirty (30) days prior written notice and we fail to initiate action to enforce such paragraph against such other Dealer within that notice period and (ii) while we will use our reasonable efforts to assist you in enforcing your rights under those paragraphs against another Dealer, we will not be liable if the other Dealer fails to comply with the terms of those paragraphs, nor will we be

required to take legal action against or terminate any non-complying Dealer. All of our obligations under this Agreement are to you alone and no other party is entitled to rely on, enforce or obtain relief for breach of any of our obligations hereunder, either directly or by subrogation.

### 15.2 Your Additional Acknowledgments

You acknowledge, represent and warrant to us that:

a. No representation has been made, and neither you nor any of your Affiliates has relied on any statement made by us or our Affiliates (or any of our or their employees, directors, officers, agents or salespersons), as to (i) the future or past income, expenses, sales volume or potential profitability, earnings or income of your Dealership or any other Culligan Dealership; (ii) our anticipated income, earnings and growth or that of the Culligan System; or (iii) your ability to procure any required license or permit that may be necessary to operate your Dealership.

b. Before executing this Agreement, you had the opportunity to contact existing Culligan Dealerships of your choosing.

c. You have been advised to, and given the opportunity to, independently investigate and analyze the Culligan Dealership opportunity being offered under this Agreement, the prospects for your Dealership and the terms and provisions of this Agreement, using the services of legal counsel, accountants or other advisers (if you so elect) of your own choosing. You have either consulted with these advisors or have deliberately declined to do so.

d. You have received from us a copy of our Uniform Franchise Offering Circular, together with a copy of all proposed agreements relating to the sale of the franchise, at least ten (10) business days before the execution of this Agreement or at least ten (10) business days before the payment by you to us of any consideration in connection with the sale or proposed sale of the franchise granted by this Agreement.

e. You have carefully considered the nature and extent of the restrictions upon you (including, without limitation, the covenants not to compete and the Transfer restrictions set forth in this Agreement) and your rights and remedies conferred under this Agreement. Such restrictions, rights and remedies are (i) fair and reasonable, including, but not limited to, their term and geographic scope; (ii) designed to preclude competition which would be unfair to us; (iii) fully required to protect our legitimate business interests; and (iv) do not confer benefits upon us that are disproportionate to your detriment.

### 15.3 Terrorism

You represent, warrant and covenant that neither you, nor any entity or individual having an ownership interest in you, nor any Affiliate of yours, nor any officer, director, contractor or servant of any of the foregoing, has in the past, currently does or will during the Term support terrorism; provide money or financial services to terrorists; engage in terrorism; be on the current United States government list of organizations that support terrorism; has been engaged in or been convicted of fraud, corruption, bribery, money laundering, narcotics trafficking or other crimes; and, that all of the foregoing individuals are eligible under applicable United States immigration laws to travel to the United States for training or any other purpose.

### 15.4 General Releases

In consideration of our execution of this Agreement, you and your heirs, administrators, executors, agents, representatives and assigns hereby release, remise, acquit and forever discharge us, our Affiliates, our and their respective officers, directors, employees, agents, attorneys and representatives and their respective successors and assigns (collectively, the "Released Parties"), from any and all claims, liabilities, costs and expenses, about which you know, or reasonably should have known, at this time, on account of actions, claims, causes of action, suits, rights, debts, liabilities, accounts, agreements, covenants, contracts, promises, warranties, judgments, executions, demands, damages, costs and expenses, of any kind or nature, absolute or contingent, at law or in equity, on account of any matter (collectively, "Claims"). You agree that you and your successors and assigns will not institute any suit or action against the Released Parties with respect to any matter so released. This release will survive the termination of this Agreement. This release will not apply to matters listed in Schedule 15.4 or to claims for indemnity/defense relating to or arising from an underlying third party claim.

If: (1) prior to the execution of this Agreement, you have been operating under an existing Culligan franchise agreement; (2) in connection therewith, you previously received a Uniform Franchise Offering Circular from us which contained a Guaranty of Performance from our former affiliate, Vivendi North America Company ("VENAC"), prior to your executing the prior Culligan franchise agreement; and (3) you are entering into this Agreement as a renewal, amendment or transfer/assignment of your relationship with us, then in consideration of our execution of this Agreement, you and your heirs, administrators, executors, agents, representatives and assigns hereby release, remise, acquit and forever discharge VENAC, from any and all Claims. You agree that you and your successors and assigns will not institute any suit or action against VENAC with respect to any matter so released. This release will survive the termination of this Agreement and VENAC is intended to be a third party beneficiary of this Section 15.4, with an independent right to enforce this release.

### 15.5 Business Entity Franchisee Requirements; Guarantees

If you are a Business Entity, you must comply with the following requirements (which will also apply to any Business Entity assignee of yours):

1. Furnish us with your governing documents (e.g., articles of incorporation, bylaws and shareholder agreements); list of officers, directors, shareholders, partners (limited and general), proprietors or members (including type, number and percentage of interests held); the Confidentiality/Non-Competition Agreements required under Section 14.2; and any other documents we may reasonably request; and any amendments to any of the foregoing.

2. Confine your activities to the operation of your Dealership (or Dealerships operated under other Culligan franchise agreements), and, unless you are an Existing Dealer, your governing documents will provide that your activities are confined exclusively to the operation of your Dealership.

3. Each person or entity who owns twenty-five percent (25%) or more of your outstanding equity and each owner of twenty-five percent (25%) or more of the outstanding equity of any entity that controls you must, concurrently with the execution of this Agreement, execute our standard form Guarantee (**Exhibit J**), guarantying all your obligations and

duties, and under which your obligations and those of each of your guarantors will be joint and several. Notice to or demand upon any of your guarantors will be considered notice to or demand upon you. The cessation of or release from liability of any of your guarantors will not relieve you from liability under this Agreement, except to the extent that the breach or default has been remedied or money owed has been paid. You will not be required to sign a Guarantee applicable to this Agreement if (a) you are an Existing Dealer (or an equity holder of an Existing Dealer) and you did not sign a guarantee applicable to your existing Dealership, (b) you provide evidence reasonably satisfactory to us that you have and continue to maintain a net worth of not less than $1,000,000 and you purchase and maintain in effect throughout the Term commercial general liability insurance, naming us as additional insureds, for liability arising out of the operation of your Dealership, in an amount (including any applicable excess coverage) of at least $5,000,000 per occurrence, or (c) you provide evidence reasonably satisfactory to us that you have and continue to maintain a net worth of not less than $5,000,000 and you purchase and maintain in effect throughout the Term commercial general liability insurance, naming us as additional assured, in an amount and on terms consistent with the liability insurance requirements then generally applicable to Dealers under Section 10.1; provided such minimum net worth amounts in clauses (b) and (c) and the minimum insurance coverage in clause (b) shall be adjusted by the percentage change in the Consumer Price Index, U.S. All Urban Wage Earners, as of January 1 of each year following September 30, 2005.

4. Except in the case of equity securities outstanding as of the Effective Date that are not subject to the Transfer restrictions provided for in this Agreement, maintain stop transfer instructions against the transfer on the records of any of your equity securities, and not issue or have outstanding any securities on the face of which the following printed legend does not legibly and conspicuously appear:

5. "The transfer of this security is subject to the terms and conditions of a Franchise Agreement with Culligan International Company, dated _____. Reference is made to the provisions of this Franchise Agreement and to the governing documents of this issuer. This certificate is not transferable and is not subject to sale, assignment, pledge, mortgage, encumbrance, or transfer, by operation of law or otherwise, without the prior written consent of Culligan International Company."

6. Maintain a current list of all owners of record and all beneficial owners of any class of your capital stock, general or limited partnership interests, membership interests or similar interests, and furnish this list to us on request.

7. Except for organizational documents in effect as of the Effective Date for an Existing Dealer, ensure that your organizational documents expressly restrict the Transfer of any direct or indirect ownership interest in you, including your equity interests, and provide that such provisions may not be modified without our prior written consent.

### 15.6 Unavoidable Delay or Failure to Perform – Force Majeure

Any delay in our or your performance of any duties under this Agreement other than the payment of money, or any non-performance of such duties, that is not your or our fault (as applicable) or within your or our reasonable control – including, but not limited to, fire, floods, natural disasters, terrorist acts, inclement weather, Acts of God, energy shortage, labor disputes, war, riots, sabotage, civil commotion, any governmental act or regulation, any delays or defaults in deliveries by common carriers and/or postal services and/or overnight couriers, computer network outages, late deliveries or non-deliveries of goods or non-furnishing of services by third party vendors, strikes, and any other similar event beyond such party's control – will not constitute a breach or cause a default under this Agreement, provided that we or you (as applicable) will take all steps reasonably possible to mitigate damages caused by such failure or delay.

### 15.7 Integration of Agreement / Amendment; No Oral Agreements or Representations

Neither you nor we wish to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, you and we agree that this Agreement, together with any other documents or agreements executed by us both contemporaneously hereto (i) constitute the entire agreement between us and contain all of the terms, conditions, rights and obligations of the parties with respect to any aspect of the relationship between the parties with respect to the subject matter hereof, and (ii) supersede and cancel any prior oral or written communications (whether described as representations, inducements, promises, agreements or any other term) between you or anyone acting on your behalf and us or anyone acting on our behalf, and that no reliance is being or will be placed on any such written or oral communications; provided that nothing in this Agreement is intended to disclaim the representations we made in the Franchise Disclosure Document furnished to you. Except as otherwise provided in the final sentence of the second paragraph of Section 2.3, no change, modification, amendment or waiver of any of the provisions hereof will be effective and binding upon either of us unless it is in writing and signed by the party against whom enforcement of such writing is sought. The only persons authorized to sign such a document on our behalf are any of our Vice Presidents or our President.

By this Agreement you and we mutually terminate, as of the Effective Date, all prior Culligan agreements granting a territory that overlaps with your Territory listed on **Exhibit B**, including each of the franchise or dealer agreements between or among you and/or your predecessors and us listed in Schedule 15.7.[2] Such termination will not relieve either of us of the obligation to pay any amounts due under those agreements or any other obligations thereunder that survive termination under the terms of those agreements.

### 15.8 COD Operating Standards

We will use our commercially reasonable efforts to apply those operating standards applicable to Dealers under this Agreement generally to CODs; however (a) neither we nor any COD will be liable to you as a result of its inability or failure of particular CODs to conform to those standards and (b) the inability or failure of any CODs to conform to those standards will not relieve you of any of your obligations under this Agreement.

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[2] Note to Dealers: Schedule 15.7 must include any franchise agreement having a PAR or restricted territory that overlaps the Territory listed in Exhibit B.

### 15.9 Waiver and Delay

No waiver or delay in your or our enforcement of any term, covenant or condition of this Agreement will be construed as a waiver by that party of such covenant or condition of this Agreement, or any claim of breach thereof. Without limiting any of the foregoing, the acceptance of any payment required under this Agreement will not constitute a waiver of any breach of any term, covenant or condition of this Agreement. No waiver or amendment of any other franchise agreement of us or any of our Affiliates will be deemed to be a waiver or amendment of this Agreement.

### 15.10 Governing Law

This Agreement, all relations between you and us, and any and all disputes between you and us are to be exclusively construed in accordance with and governed by the laws of the State of Illinois, without regard to choice of law or conflicts of law principles that might apply the laws of another state.

### 15.11 Dispute Resolution

a. Arbitration. Except as provided in Sections 15.11(b)(4) and (5) and except for an action seeking purely injunctive relief, any dispute, controversy, or claim between the Parties hereto, including without limitation any claim sounding in tort, arising out of, relating to, or in connection with this Agreement, or the breach, termination, or validity thereof, shall be finally settled by arbitration pursuant to the terms and procedures set forth in **Exhibit L**. For purposes of this Section 15.11, the "Parties" shall include without limitation us, you, and the shareholders, members, and partners of each of us and our respective Affiliates (or, in the case of a dispute referred to in Section 15.11(b)(4) you and the other party to such dispute and each of your respective Affiliates), and all officers, directors, employees, managers and agents of each of the foregoing acting in the course of their business activities relating to or arising out of this Agreement.

b. Mediation/FRC as Exclusive Forum.

1. General. Either of us may apply to the FRC to mediate any dispute between us. If the FRC agrees to mediate the dispute, it may itself attempt to mediate the dispute or, on an ad hoc basis, appoint other persons whom it believes to be better suited to resolve a particular dispute. The FRC may, at its discretion, establish procedures and guidelines to govern such mediations and the types of disputes it will undertake to mediate. Except as provided in Sections 15.11(b)(4) and (5), any mediation decision by the FRC shall be non-binding and shall not be referred to or admissible as evidence in any subsequent arbitration or court proceeding.

2. Prerequisite to Arbitration. Except for an action seeking purely injunctive relief, Franchisee must submit any dispute relating to or arising from this Agreement to the mediation process described in this section as a prerequisite to initiating arbitration. Franchisee may not commence an arbitration unless the FRC fails to accept the meditation within thirty (30) days of Franchisee's request, or the FRC decrees that the meditation has reached an impasse. Any applicable statute of limitations (at law or by contract), will be tolled during any FRC mediations as described in this section.

3. Presumption of Reasonableness. Any policy of ours which has been approved by the DAC will be presumed to be reasonable in any future arbitration or other legal action or

proceeding between Franchisee and Culligan, but the failure of the DAC to approve any policy will not constitute a presumption that the policy is not reasonable.

4. Certain Territorial Disputes. Except as otherwise provided in the final sentence of this subparagraph, in any dispute regarding the fair market value or allocable price of any acquired customer account or other assets required to be offered for transfer pursuant to Section 2.3 or 2.4, the FRC will initially be the exclusive forum to resolve such dispute. The FRC will attempt to mediate the dispute and, failing resolution, the FRC will request that each party to the dispute submit in writing its best and final settlement offer to resolve the dispute (its "Final Offer"). The FRC may (but shall not be required to) render a decision. If the FRC decides to render a decision, the decision must be the Final Offer of one or the other party to the dispute, and must be adopted by a majority of the FRC members, in which case it will be final, binding and non-appealable. If the FRC declines to render a decision or is deadlocked on a dispute subject to this subparagraph, the parties to the dispute shall proceed with arbitration in accordance with **Exhibit L**, but the arbitrator shall be limited to awarding only one or the other Final Offer, as originally submitted to the FRC. Any dispute involving a COD will not be submitted to mediation or dispute resolution by the FRC, but will instead proceed directly to arbitration in accordance with this subparagraph and **Exhibit L**, and each party to the dispute shall submit its Final Offer to the arbitrator, rather than the FRC.

5. Exclusive Forum in Certain Other Cases. In any dispute regarding (i) whether or not you have (i) complied with the requirements for a Transfer under Article 12, or (ii) met the requirements to renew this Agreement, the FRC will initially be the exclusive forum to resolve such dispute. The FRC will attempt to mediate the dispute, and if you and we fail to reach agreement, then the FRC may render a decision. If the FRC decides to render a decision, it will be made by a majority of the FRC members and will be final, binding and non-appealable. If the FRC declines to render a decision or is deadlocked on a dispute subject to this subparagraph, then either of us may proceed with arbitration.

6. No Recourse. Any member of the FRC or its appointees will be acting strictly as an intermediary and neither of us, nor our respective agents or Affiliates, will have any claim based upon alleged damages or injuries relating to or arising from any members' participation on the FRC or the actions taken in conjunction with discharging FRC duties. Each of us acknowledges that this FRC dispute resolution process is fair, reasonable and a desired means of resolving disputes, allowing substantial franchisee input into policy matters and is a material benefit of the Culligan System.

c. Venue. The proper venue for any court action for injunctive action will be in a court having jurisdiction within the county and state where the defendant/respondent has its primary place of business.

### 15.12 Costs and Expenses

You shall bear all of your costs and expenses incurred in connection with this Agreement and in complying with your obligations hereunder.

### 15.13 Notices

Any notice required or permitted to be given under this Agreement will be in writing; will be delivered to the other party personally, by certified mail (and return receipt requested, postage prepaid), by a nationally recognized overnight delivery service that provides documented proof of delivery; and, will be effective on the date of the first documented attempt to deliver. Notice to us will be addressed to us at:

Culligan International Company
9399 West Higgins Road
Suite 1100
Rosemont, Illinois 60018
Attention: General Counsel

Any notice to you will be addressed to your address as set forth on the signature page hereof. Either party to this Agreement may, on ten (10) days notice, inform the other of a new or changed address or addressee(s) to which notices under this Agreement should be sent. We may provide any notice hereunder (including, without limitation, any notice of termination) sufficiently in advance of any event to permit compliance with any notice requirements under state or other laws.

### 15.14 Survival

Any provision of this Agreement which imposes an obligation following the termination of this Agreement will survive the termination and will continue to be binding upon the parties to this Agreement. Section 12.8 shall survive the termination of this Agreement for one year. This Agreement will be binding upon and inure to the benefit of the parties, their heirs, legal predecessors, successors and permitted assigns.

### 15.15 Execution, Construction and Interpretation; Further Acts

This Agreement may be executed in multiple counterparts, each of which will be considered an original and all of which together will constitute one and the same instrument. Facsimile execution signatures will be considered as binding and conclusive as if original; however, any party so executing must use all commercially reasonable efforts to furnish to the other party the originally executed document(s) at the earliest opportunity.

The titles and subtitles of the various articles and sections of this Agreement are inserted for convenience and will not affect the meaning or construction of any of the terms, provisions, covenants and conditions of this Agreement. The language of this Agreement will in all cases be construed according to its fair and plain meaning and not strictly for or against us or you.

If any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision will have the meaning which renders it valid.

The parties agree to execute all other documents and perform all further acts necessary or desirable to carry out the purposes of this Agreement.

Each reference in this Agreement to a corporation or partnership will also refer to a limited liability company, general or limited partnership, and any other entity or similar organization. Each reference to the organizational documents, shareholders, directors, officers and stock of a corporation in this Agreement will also refer to the functional equivalents of the organizational documents, shareholders,

directors, officers and voting and/or equity rights, as applicable, in the case of a limited liability company, general partnership, limited partnership or any other entity or similar organization (this specifically includes members and managers, general and limited partners, membership interests and general and limited partnership interests).

### 15.16 Severability

Nothing contained in this Agreement may be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance or regulation required to be made applicable to this Agreement, the latter will prevail, but the affected provision of this Agreement will be curtailed and limited only to the extent necessary to bring it within the requirement of the law. If any article, section, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the entire Agreement will not fail for this reason, and the balance of the Agreement will continue in full force and effect. If any court of competent jurisdiction deems any provision of this Agreement (other than for the payment of money) so unreasonable as to be unenforceable as a matter of law, the court may declare a reasonable modification of this Agreement and this Agreement will be valid and enforceable, and the parties agree to be bound by and perform this Agreement as so modified.

### 15.17 Submission of Agreement

The submission of this Agreement to you does not constitute an offer. This Agreement will become effective only upon the execution of this Agreement by both us and you. Our date of execution will be considered the date of execution of this Agreement.

THIS AGREEMENT WILL NOT BE BINDING ON US UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF OURS. YOU HAVE READ ALL OF THE FOREGOING AGREEMENT AND ACCEPT AND AGREE TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS OF THE FOREGOING AGREEMENT.

[signature page immediately follows]

Dated:_____

FRANCHISEE:
If a corporation or other entity:

_____
(Name of Corporation or Other Entity)

By: _____

_____
(Print Name)

Its: _____
Title

If an individual:

_____
(Signature)

_____
(Print Name)

Business Name (DBA):

_____

Franchisee Notice Address:

_____

_____

Dated:_____

FRANCHISOR:
CULLIGAN INTERNATIONAL COMPANY

By: Thomas P. Vitacco
Its: Vice President, Franchise

**SCHEDULE 9.6**

**Reserved Intellectual Property**
**Developed by Existing Dealer**

**SCHEDULE 15.7**

**Prior Culligan Agreements**
**to be Terminated**

## EXHIBIT A

### Authorized Products and Services; Authorized Customers

Set forth below are those categories of products and services authorized under this Agreement and the categories of Authorized Customers for such Authorized Products and Services.

Note: Non-authorized categories will be deleted and only authorized categories will be included in the final Agreement for each dealer.

| AUTHORIZED PRODUCTS & SERVICES | AUTHORIZED CUSTOMERS | TERRITORIAL RESTRICTION |
|---|---|---|
| **Household Products and Services (including Portable Exchange and Drinking Water)** means water treatment, filtration and conditioning equipment and services, and air filtration equipment for use by consumers in their homes and related products (such as salt), installation, warranty services, maintenance and repairs. | All end users for use within their residences and homebuilders for installation within a residence, except as related in any way to hemodialysis applications ("Household Customers"). | Territorial Restriction Within Your Territory Applies |
| **Commercial Products and Services (including Portable Exchange Service and Deionized Water Service)** means water treatment, conditioning, vending and filtration equipment and services and related products (such as salt and filters), installation, warranty services, maintenance and repairs, and deionized water provided on a periodic basis (after regeneration by third parties approved by Culligan to perform Deionized Water Regeneration through deionization demineralization or dealkalization by cation or anion exchange resins) together with any supplementary filters or other system elements, excluding (a) any such equipment, products or services provided to Household Customers and (b) any | All end users at their business establishments, except Public Water Systems as defined in the Federal Safe Drinking Water Act, and except as related in any way to hemodialysis applications. In addition, vended water may be offered to end users from the Approved Locations and from other business establishments. | No Territorial Restriction But No Approved Location Outside Territory |

| AUTHORIZED PRODUCTS & SERVICES | AUTHORIZED CUSTOMERS | TERRITORIAL RESTRICTION |
|---|---|---|
| Industrial Products and Services provided to Industrial Customers. | | |
| **Deionized Water Regeneration** means the use of a deionized plant system designed to use a process to remove ionized minerals and salt, both organic and inorganic (deionization by ionized exchange) from resin. | All third parties licensed to use the Culligan System in connection with Commercial Products and Services. In addition, Franchisee may regenerate resin not using the Proprietary Marks for resale to third parties not associated with Culligan in any way. Revenue from such sales will be included in Franchisee's Gross Revenues. | No Territorial Restriction But No Approved Location Outside Territory |
| **Bottled Water Distribution** means the distribution of water processed by producers licensed by Culligan and the sale or rental of dispensers and incidental related products such as cups. | All end users for human consumption | Territorial Restriction Within Your Territory Applies |
| **Bottled Water Production** means the products and bottling of processed water, in accordance with Culligan standards, in bottles or other containers authorized by Culligan. | All third parties licensed to distribute Culligan bottled water. In addition, Franchisee may produce water not using the Proprietary Marks and for resale to third parties not associated with Culligan in any way. Revenue from such third party sales will be included in Franchisee's Gross Revenues. | No Territorial Restriction But No Approved Location Outside Territory |

| AUTHORIZED PRODUCTS & SERVICES | AUTHORIZED CUSTOMERS | TERRITORIAL RESTRICTION |
|---|---|---|
| **Industrial Products and Services** means water treatment systems and services provided to Industrial Customers for installation in facilities involved in the manufacture of raw materials into finished goods and facilities employing processes to manufacture intermediate and/or finished goods (e.g. automobiles, automobile parts, textiles, electronics, pharmaceuticals, power, pulp, plating foundries, metal working, beverage, chemicals or rubber), including, in the case of sales of water treatment systems, sales and servicing of boiler and cooling tower chemical treatment equipment. | All end users at their business establishments selling products or services to wholesale accounts or through distributors, but not (a) to the general public, (b) to Public Water Systems, as defined in the Federal Safe Drinking Water Act, and (c) related in any way to hemodialysis applications ("Industrial Customers"). | No Territorial Restriction But No Approved Location Outside Territory |
| **Hemodialysis – Regeneration, Product Sales and Service** means the regeneration of resin and distribution of products authorized for use in hemodialysis applications by the FDA and installation, warranty services, maintenance and repairs. | All medical facilities, such as hospitals and clinics and in home patient care providing hemodialysis to patients. | No Territorial Restriction But No Approved Location Outside Territory |
| **Hemodialysis – Product Sales and Service Only** means the delivery of deionized water conditioning tanks regenerated by a party authorized by Culligan to provide Hemodialysis Regeneration and the distribution of products authorized for use in hemodialysis applications by the FDA and related installation, warranty services, maintenance and repairs. | All medical facilities, such as hospitals and clinics and in home patient care providing hemodialysis to patients. | No Territorial Restriction But No Approved Location Outside Territory |

**EXHIBIT B**

**Approved Locations; Territory**

**Approved Locations**:

**Territory**:

1. With respect to Household Products and Services (including Portable Exchange and Drinking Water):

2. With respect to Bottled Water Distribution:

## EXHIBIT C-1

### Baseline Warranty Service Matrices

### 1. Culligan Products Sold by Dealers

| | Tier 1 (Base) Market[1] | Tier 2 Market[2] | Tier 3 Market[3] |
|---|---|---|---|
| Labor Rate:<br>Benefits Rate: | | | |
| Total Labor and Benefits Hourly Rate: | * | * | * |
| Transportation Rate: (Per Call) | * | * | * |

Warranty work for Household and Commercial products sold by the dealer to be billed at above rates, based on the matrix of standard times for Household and Commercial repairs listed in the Warranty Policy. Matrix of standard times for Household and Commercial repairs to include 30-minute drive time for warranty work.

### 2. National Account/Alternative Distribution Channel Sales by Culligan

| | Tier 1 (Base) Market | Tier 2 Market | Tier 3 Market |
|---|---|---|---|
| Total Labor, Benefits and Transportation Hourly Rate: | * | * | * |

Warranty work for National Accounts and Alternative Distribution Channels to be billed at above rates, based on the matrix of standard times for Household and Commercial repairs listed in the Warranty Policy. Matrix of standard times for Household and Commercial repairs to include 30-minute drive time for warranty work.

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* To be adjusted by the percentage change in the Consumer Price Index, U.S. All Urban Wage Earners, as of January 1 of each year following September 30, 2005.

1 These are the base markets, determined on the basis of Metropolitan Statistical Area (MSA) wages for all hourly jobs (Bureau of Labor Statistics, Metropolitan Area Occupational Employment and Wage Estimates, All Occupations (SOC Code Number 00-0000)) (the "BLS MSA All Occupations Index").

2 As of any determination date, markets in MSAs with a BLS MSA All Occupations Index up to 15% higher than the hourly wage estimates published by the Bureau of Labor Statistics, National Occupational Employment and Wage Estimates, All Occupations (SOC Code Number 00-0000) (the "BLS National All Occupations Index) as of the determination date.

3 As of any determination date, markets in MSAs with a BLS MSA All Occupations Index over 15% higher than the BLS National All Occupations Index as of the determination date.

## EXHIBIT C-2

### Baseline Non-Warranty Service Matrix

**National Account/Alternative Distribution Channel Sales by Culligan**

| | Tier 1 (Base) Market | Tier 2 Market | Tier 3 Market |
|---|---|---|---|
| Total Labor, Benefits and Transportation Hourly Rate: | * | * | * |

Non-warranty work for National Accounts and Alternative Distribution Channels to be billed at above rates, based on the matrix of standard times listed in the National Accounts Policy. Matrix of standard times for non-warranty work to include one hour drive time. Reimbursement for services provided outside of normal business hours, including Sundays and holidays are addressed in the National Accounts Policy.

_____

* To be adjusted by the percentage change in the Consumer Price Index, U.S. All Urban Wage Earners, as of January 1 of each year following September 30, 2005.

**Bureau of Labor Statistics Index:**

The U.S. Bureau of Labor Statistics publishes wage data for numerous segments of U.S. population. These are based on job classifications, regions, and numerous other classifications.

For the purposes of comparing competitive wage rates for Culligan service personnel and installers, we have selected the Bureau of Labor Statistics index of hourly wage earners by MSA. An MSA (Metropolitan Statistical Area) consists of a county or group of counties that demonstrate very strong internal economic and social links and close ties to other portions of the larger area. So, towns and cities, and the areas surrounding them are grouped into 330 MSA's across the U.S. A large majority of Culligan dealers fit into an MSA as defined by the Bureau.

Each MSA has an average hourly wage rate that compares wages for all hourly jobs. These are indexed so that mean wage can be compared to all other MSA's. We have identified the markets that index up to 15% above the index average (Tier 2 Market) and those markets that index over 15% of the index average (Tier 3 Market). The Bureau of Labor Statistics index to be reviewed as of January 1 of each year following September 30, 2005, for any market adjustments.

**Reverse Royalties:** See Exhibit E.

## EXHIBIT D

### Termination and General Release Agreement

This Termination and General Release Agreement (this "Agreement") is made this _____ day of _____, _____, by and between Culligan International Company, a Delaware corporation ("Culligan"), and _____, an _____ ("Franchisee").

A. Franchisee operates its business pursuant to a Franchise Agreement effective _____ _____, between Culligan and Franchisee (collectively, the "Franchise Agreement"); and

B. Franchisee desires to (i) sell its business to _____ on_____, 20___ (the "Sale"), or (ii), enter into a new franchise agreement with Culligan in connection with the renewal of the franchise for its business (the "Renewal"); and

C. Culligan and Franchisee desire to terminate the Franchise Agreement pursuant to and conditioned upon the Sale or the Renewal, as the case may be; and; and

D. Culligan desires that Franchisee release any claims it may have, whether or not known to it, against Culligan and its subsidiaries and affiliates, and their respective shareholders, officers, directors, employees and agents.

NOW, THEREFORE, in consideration for the mutual obligations and covenants contained herein, and for certain other consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Franchisee shall pay Culligan an Administrative Transfer Fee in the amount of $_____no later than_____.

The parties agree that the Franchise Agreement is terminated as of the date of this Agreement, and Franchisee has no further rights as a franchisee thereunder.

Franchisee does hereby release and forever discharge Culligan, its subsidiaries and affiliates, and their respective shareholders, officers, directors, employees and agents (the "Released Parties") from any and all losses, claims, damages, liabilities and obligations of any kind and description, including any reasonable attorneys' fees, arising out of any claim Franchisee may have against the Released Parties pursuant to the Franchise Agreement, whether or not known to Franchisee as of the date of this Agreement.

Franchisee expressly intends to release and understands that by this Agreement Franchisee is releasing all claims, whether presently known, unknown, suspected, or unsuspected, including, but not limited to, those claims within the scope of Section 1542 of California Civil Code, if applicable; which expressly states:

> "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."

and any other state statute, precedent or common law principle of similar import or effect.

Franchisee expressly waives the benefits of Section 1542. Franchisee understands and acknowledges that Franchisee may hereafter discover facts different from or in addition to those Franchisee now believes to be true with respect to the matters released in this Agreement. Franchisee assumes any and all risk of mistake (or discovery of additional facts) in connection with the matters giving rise to this Agreement.

The termination of the Franchise Agreement in no way relieves Franchisee of (a) any payment obligation owed to Culligan as of the date hereof, or accruing after the date of this Agreement, or (b) any obligation under the Franchise Agreement that survives the termination of the Franchise Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

| Franchisee: | Culligan: |
|---|---|
| _____ | Culligan International Company |
| By: _____ | By: _____ |
| Its: _____ | Its: _____ |

**EXHIBIT E**

**Fees and Royalties**

1. Initial Franchise Fee (payable upon execution): $35,082.61*

2. Reverse Royalty (payable as provided in Section 2.5, except as otherwise provided in an applicable Customized Service Matrix):

   National Accounts: 7% of the price charged by Culligan or its Affiliates to Dealers for the applicable Culligan Product being sold, which shall be no less than $50.00* for each water softener and $25.00* for each reverse osmosis unit.

   Alternative Distribution Channels: 7% of the Manufacturer's Suggested Retail Price ("MSRP") to the applicable Alternate Distribution Channel, which shall be no less than $50.00* for each water softener and $25.00* for each reverse osmosis unit. Notwithstanding the foregoing, no reverse royalty shall be payable for products with MSRP equal to $150.00* or less.

3. Administrative Transfer Fee (payable upon transfer of a Dealership or upon the grant to an Existing Dealer of a new Dealership): 1% of gross selling price of the Dealership (excluding current assets, inventory and real estate), with a minimum of $1,403.30* and a maximum of $7,016.52*.

* To be adjusted by the percentage change in the Consumer Price Index, U.S. All Urban Wage Earners, as of January 1 of each year following September 30, 2005.

**EXHIBIT F-1**

**Culligan Products Price List**

| Culligan Product | Unit Price |
| --- | --- |

**EXHIBIT F-2**
**Currently Supplied Products**

**Premier Models**
(1 Model Per Category)

| **Household Softeners & Filters** | **Tank Size** | **Capacity** |
|---|---|---|
| • Residential High Efficiency (HE) Water Softeners | 9"-14" | 1 to 3 cu. ft. of resin, 19,200 to 92,600 grains of capacity |
| • Residential High Efficiency (HE) Water Filters | 9'-10" | |

| **Household Drinking Water** | **Tank Size** | **Capacity** |
|---|---|---|
| • AC-30 Reverse Osmosis Drinking Water Systems | 2, 3, 9 gallon tanks, monitor, non-monitor | 30 GPD |

**EXHIBIT F-3**

**Index**

Under Article 4 of the Franchise Agreement, Culligan may increase the per unit base selling prices for Authorized Products required to be purchased by Dealers from Culligan and its Affiliates by a percentage not greater than the percent change in the Index, measured from the applicable base dates specified in Section 4.2 of the Franchise Agreement. For those purposes, the "Index" shall mean the Producer Price Index, Other Commercial & Services Industry Machinery Manufacturing (Industry and Product), NAICS # 333319, Series Id. PCU333319333319), as published by the Bureau of Labor Statistics for the most recent month. The Index is published monthly at www.bls.gov.

**Producer Price Index (PPI)**

The Producer Price Index, managed by the U.S. Department of Labor, Bureau of Labor Statistics, is a family of indices that measure the average change over time (monthly) in selling prices received by domestic producers of goods and services.

**Producer Price Sub-Index (Other Commercial and Service Industry Machinery Manufacturing, NAICS #333319)**

The North American Industry Classification System (NAICS) uses similar raw material inputs, capital equipment and labor rates classified in similar industries. The sub-index is categorized as Other Commercial and Service Industry Machinery Manufacturing, #333319.

## EXHIBIT G

### Initial Training Program

Before the opening of your Dealership, you and your Business Manager must attend and successfully complete an initial training program which we will provide (the "Initial Training Program") as prescribed in the Manual. We will determine the date of commencement, location and duration of the Initial Training Program and notify you of them. If you or your Business Manager does not successfully complete the Initial Training Program, you or your Business Manager, as the case may be, will have the right and be required to re-enroll in the Initial Training Program as soon as reasonably practicable. If you or your Business Manager fail to successfully complete the Initial Training Program after the second enrollment, we will have the right to either require you or your Business Manager, as the case may be, to re-enroll in the Initial Training Program or to terminate this Agreement without further notice or opportunity to cure. Upon a termination of this Agreement pursuant to the immediately preceding sentence, we will refund a portion of the Initial Franchise Fee and shall retain the remainder as compensation for the costs and expenses incurred as determined by us in our sole business judgment.

Upon commencement of your Dealership, the cost for the Initial Training Program for up to three (3) of your personnel (including yourself, if you are an individual) will be included in the Initial Franchise Fee. You must pay a charge to us of $100.00 per day (adjusted by the percentage change in the Consumer Price Index, U.S. All Urban Wage Earners, as of January 1 of each year following September 30, 2005), per person for training additional or successor Business Managers, other additional personnel, following a Transfer of your Dealership or otherwise. You agree to pay all expenses incurred by your trainees in connection with all training pursuant to this Agreement, including, but not limited to, salaries, transportation costs, meals, lodging and other living expenses. In addition, if you will engage in Hemodialysis activities then we will provide, and your qualified employees must attend and complete, the Hemodialysis training program specified in our Manual for a reasonable fee established by us.

# EXHIBIT H

## Minimum Performance Requirements

## EXHIBIT I

### Confidentiality/Non-Competition Agreement

This Confidentiality/Non-Competition Agreement (this "Agreement") is made and entered into as of _____ by and between Culligan International Company ("Culligan") and _____ ("Franchisee Party").

WHEREAS, _____ ("Franchisee") has entered into a Franchise Agreement, dated as of [_____], 20__, with Culligan (the "Franchise Agreement"); capitalized terms used herein without definition have the meaning given to them in the Franchise Agreement;

WHEREAS, the Franchise Agreement requires the Franchisee to ensure that the Franchisee Party enter into this Agreement; and

WHEREAS, the Franchisee Party has received or been provided access to a copy of the Franchise Agreement from or by Franchisee.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein and for other good and valuable consideration the validity of which is mutually acknowledged, the parties agree as follows:

1. Restriction on Use of Confidential Information.

(a) Franchisee Party will use the Confidential Information (as defined below) solely in connection with the operation of the Franchisee's Culligan dealership. Franchisee Party acknowledges that Franchisee may only use and divulge Confidential Information to those officers, directors, shareholders, sales personnel, employees, management personnel, agents or independent contractors who need access to it for the Franchisee to operate or manage its Culligan dealership and that Franchisee must take all necessary precautions to ensure that any such recipients of the Confidential Information retain such Confidential Information in confidence and comply with the restrictions in this Agreement and the Franchise Agreement. Franchisee Party agrees to comply with such restrictions regarding Confidential Information. Franchisee Party will never copy, reproduce, divulge or use any Confidential Information for the benefit of any person, business entity or other entity other than Franchisee, nor will Franchisee Party directly or indirectly permit the disclosure of, imitate or aid any such third party to imitate any of the Confidential Information.

"Confidential Information" is defined as information, knowledge, trade secrets or know-how relating to the Culligan System or concerning the Culligan systems of operation, programs, services, products, customers, materials, books, records, manuals, computer files or databases, software or practices which Culligan or its affiliates have provided to the Franchisee, to the extent that the information is not generally known to the public or within the water quality industry. Confidential Information will not include information which Franchisee can demonstrate Franchisee possessed or came to Franchisee's attention before Culligan disclosed it to the Franchisee (unless illegally or improperly procured by Franchisee or Franchisee Party before Culligan's disclosure) or which, at or after the time of disclosure, becomes part of the public domain through no act of Franchisee or Franchisee Party.

(b) Proprietary Interest. Franchisee Party acknowledges that Culligan retains rights to the Proprietary Marks and other intellectual property, including, without limitation, pursuant to Sections 9.6 and 13.1 of the Franchise Agreement. Franchisee Party agrees that such provisions shall apply to Franchisee Party, mutatis mutandis, for the benefit of Culligan.

(c) Return of Materials. Franchisee Party acknowledges that all Confidential Information is the exclusive property of Culligan and that upon the earlier of the termination of the Franchise Agreement or the Franchisee Party's current relationship (whether as employee, shareholder, consultant or otherwise) with Franchisee, or earlier if so requested by Culligan, Franchisee Party will immediately surrender and return to Culligan all such items and all other property belonging to Culligan then in the possession of the Franchisee Party, and the Franchisee Party shall not make or retain any copies thereof.

2. Non-Compete Covenant.

(a) During the term of the Franchise Agreement, Franchisee Party will not, without Culligan's prior written agreement, directly or indirectly engage in any other business which sells or provides products or services substantially similar to the products and services Culligan has included as part of the Culligan System, except to the extent permitted under Culligan's Product Policy or the Franchise Agreement (a "Competitive Business").

(b) During the term of the Franchise Agreement, Franchisee Party will not directly or indirectly engage in any Competitive Business as a proprietor, partner, investor, director, member, officer, manager, employee, principal, agent or adviser. In addition, Franchisee Party will not divert any business that should be handled by the Franchisee's Culligan dealership to any other person or entity. Nothing in this Agreement will prevent the Franchisee Party from owning for investment purposes no more than an aggregate of five percent (5%) of the capital stock of any Competitive Business the Franchisee Party does not control and whose stock is listed on the New York Stock Exchange or the National Association of Securities Dealers Automated Quotation System. It is the intention of these provisions that any person or entity with any legal or beneficial interest in or traceable to or through Franchisee Party be bound by the provisions of this covenant.

3. Enforcement of Confidentiality / Non-Compete; Injunctive Relief. Franchisee Party acknowledges that violation of the obligations contained in this Agreement would result in immediate and irreparable injury to Culligan for which no adequate remedy at law will be available. Accordingly, Franchisee Party consents to the entry of both temporary and permanent injunctions without bond or security prohibiting any conduct by Franchisee Party in violation of the obligations set forth in this Agreement. Franchisee Party expressly acknowledges that it may conclusively be presumed that any violation of such obligations was accomplished by and through Franchisee Party's unlawful use of Culligan's Confidential Information, know-how, methods and procedures. Further, Franchisee Party expressly acknowledges that any claims Franchisee Party may have against Culligan, whether or not arising from this Agreement, will not constitute a defense to Culligan's enforcement of the obligations in this Agreement. Franchisee Party shall pay all of Culligan's costs and expenses, including reasonable attorneys' and experts' fees, incurred in connection with the enforcement of this Agreement.

4. Notices. Any notice or other communications relating to this Agreement shall be in writing and delivered personally or mailed by certified mail, return receipt requested, or by overnight courier, to the party concerned at the address set forth below:

If to the Company: Culligan International Company
Attn: General Counsel
9399 West Higgins Road
Suite 1100
Rosemont, IL 60018

If to Franchisee Party: At the Franchisee Party's residence address as set forth on the signature page hereto.

Either party may change the address for the giving of notices at any time by notice given to the other party under the provisions of this Section 4.

5. Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes all prior written and oral and all contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof. This Agreement may not be changed orally, but only by an agreement in writing signed by both parties.

6. Counterparts. This Agreement may be executed in counterparts, each of which shall be an original, but all of which together shall constitute one agreement.

7. Construction. This Agreement shall be governed under and construed in accordance with the laws of the State of Illinois, without regard to the principles of conflicts of laws. The paragraph headings and captions contained herein are for reference purposes and convenience only and shall not in any way affect the meaning or interpretation of this Agreement.

8. Severability. Nothing contained in this Agreement may be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance or regulation required to be made applicable to this Agreement, the latter will prevail, but the affected provision of this Agreement will be curtailed and limited only to the extent necessary to bring it within the requirement of the law. If any article, section, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the entire Agreement will not fail for this reason, and the balance of the Agreement will continue in full force and effect. If any court of competent jurisdiction deems any provision of this Agreement (other than for the payment of money) so unreasonable as to be unenforceable as a matter of law, the court may declare a reasonable modification of this Agreement, and this Agreement will be valid and enforceable, and the parties agree to be bound by and perform this Agreement as so modified.

9. Binding Effect. The rights and obligations of the parties under this Agreement shall be binding upon and inure to the benefit of the permitted successors, assigns, heirs, administrators, executors and personal representatives of the parties.

**IN WITNESS WHEREOF**, the parties have executed this Agreement on the day and in the year first written above.

COMPANY:

Culligan International Company

Dated: _____ By: _____

Its:

FRANCHISEE PARTY:

Dated: _____ _____

Name: _____

Address for notice:

_____

_____

_____

_____

**EXHIBIT J**

**Guarantee**

THIS GUARANTEE effective as of [DATE] ("Guarantee") is given by the undersigned to Culligan International Company and CWC Finance Corp., a subsidiary of Culligan International Company (collectively, "Culligan"). In order to induce Culligan to enter into or amend the agreement(s) identified on Attachment A (collectively, the "Agreement(s)") with [ENTITY NAME], a [STATE] [TYPE OF ORGANIZATION] ("Dealer"), each of the undersigned (if more than one, then jointly and severally) agrees as follows:

1. Each of the undersigned unconditionally and absolutely guarantees to Culligan, the full, prompt and complete payment by Dealer under: (i) the Agreement(s); (ii) any invoices that Culligan has now rendered or may render in the future against Dealer; and (iii) any contracts or other evidences of indebtedness that Dealer may deliver to Culligan for merchandise, materials or equipment furnished. Each of the undersigned also unconditionally and absolutely guarantees to Culligan the full, prompt and complete performance by Dealer and by the guarantors, officers, directors and stockholders of Dealer of each term, covenant, condition and provision of the Agreement(s) required to be performed by Dealer or by the guarantors, officers, directors or stockholders of Dealer (together with the payment obligations stated above, the "Obligations").

2. Each of the undersigned expressly waives: (i) notice of acceptance of this Guarantee and any and all other notices which by law or the terms of the Agreement(s) are required to be given to Dealer; (ii) any demand for or notice of default of the payment or performance of any Obligation; and (iii) any legal obligation, duty or necessity for Culligan to proceed first against Dealer to exhaust any remedy that Culligan may have against Dealer, it being agreed that, in the event of default of any Obligation in any respect by Dealer, Culligan may proceed and have a right of action against any of the undersigned, jointly or severally, and/or Dealer.

3. Each of the undersigned agrees that, even if the undersigned may not have consented thereto or may not have notice or knowledge thereof, the unconditional liability of the upndersigned to Culligan shall not in any way be affected or discharged by: (i) any modification, extension or renewal of any Obligation which Dealer and Culligan may make; (ii) any assignment of the Agreement(s) by Dealer or by Culligan; or (iii) any act or omission or any waiver by either Culligan or Dealer.

4. Each of the undersigned agrees that this Guarantee shall continue during the entire term of the Agreement(s), and any renewals or extensions of, or substitutions for, the Agreement(s), until Dealer has been fully discharged of all of its Obligations. This Guarantee shall not be diminished by any payment or performance by any of the undersigned until each of Dealer's Obligations has been fully discharged.

5. The undersigned shall not be entitled to make any defense that Dealer does not have against any claim asserted by Culligan in any action instituted by Culligan to enforce this Guarantee or be excused from any liability under this Guarantee. Each of the undersigned expressly waives any defense in law or in equity which would not be available to Dealer, it being the intent of this Guarantee that the liability of each of the undersigned under this Guarantee is primary and unconditional.

6. During the term of the Agreement(s), the undersigned will not divulge to, or use for the benefit of, any person or entity other than Dealer, any information concerning the business of Culligan which the undersigned may acquire by virtue of Dealer's operation under the Agreement(s) or do any act or omission which is prejudicial or injurious to the business of Culligan, its affiliates, or any dealers of Culligan or its affiliates.

7. In the event any action is brought in connection with the enforcement of this Guarantee, the undersigned shall pay reasonable attorney's fees and all court costs incurred by Culligan.

8. This Guarantee is personal to the undersigned and may not be assigned by any of the undersigned, but is freely transferable by Culligan. This Guarantee shall be binding upon heirs, legal representatives and permitted successors and assigns of each of the undersigned and inure to the benefit of Culligan, its affiliates, and their respective successors and assigns.

9. This Guarantee shall be deemed made in and governed by the laws of the State of Illinois, without regard to laws regarding conflicts of law. The proper venue for any court action will be in a court having jurisdiction within the county and state where the defendant/respondent either resides or has its primary place of business.

10. If any term or provision of this Guarantee should be declared invalid by a court of competent jurisdiction, the remaining terms and provisions will be unimpaired and the invalid term or provision will be replaced by such valid term or provision as comes closest to the intention underlying the invalid term or provision.

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee.

| | |
|---|---|
| Signature _____ | Signature _____ |
| Social Security # _____ | Social Security # _____ |
| Typed or Printed Name _____ | Typed or Printed Name _____ |
| Address _____ | Address _____ |
| _____ | _____ |
| Date Signed _____ | Date Signed _____ |

GUARANTEE

Attachment A

Agreement(s)

| Agreement | Date |
| --- | --- |
| Franchise Agreement | (Insert Date) |

**EXHIBIT K**

**Proprietary Marks**

Registered trademarks and trademark applications:

| Trademark | Application/Registration Date | Application/Registration No. |
|---|---|---|
| **ACCUSOFT** | 09/19/1995 | 1920775 |
| **AQUA-CLEER** | 05/15/1990 | 1596235 |
| **AQUA-SENSOR** | 02/07/1967 | 823649 |
| **AQUASENTIAL** | 10/08/2019 | 88646644 |
| **BETTER WATER. PURE AND SIMPLE.** | 07/28/2009 | 3660969 |
| **BOTTLE-FREE** | 11/16/2010 | 3878136 |
| **CULLAR** | 04/12/1949 | 442446 |
| **CULLCITE** | 03/24/1959 | 676013 |
| **CULLIGAN** | 01/08/2002 | 2527000 |
| **CULLIGAN** | 08/18/1959 | 683671 |
| **CULLIGAN** | 06/15/1965 | 790857 |
| **CULLIGAN** | 04/08/1975 | 1008612 |
| **CULLIGAN** | 12/27/2005 | 3034239 |
| **CULLIGAN (and design) (script with water drop and wave)** | 03/27/1990 | 1588702 |
| **CULLIGAN (and design) (script with water drop)** | 10/15/1985 | 1365112 |
| **CULLIGAN CARES** | 08/28/2012 | 4198966 |
| **CULLIGAN CARES (design and color)** | 11/08/2011 | 4051579 |
| **CULLIGAN MAN** | 10/31/2000 | 2400008 |
| **CULLIGAN WATER** | 09/17/2019 | 5863680 |
| **CULLIGAN WATER (STACKED)** | 12/31/2019 | 5950322 |
| **CULLSAN** | 03/15/1949 | 442235 |
| **DESIGN – CULLIGAN LADY** | 09/29/1998 | 2191925 |
| **DIAL-A-SOFTNESS** | 04/06/2010 | 3772180 |
| **FILTR-CLEER** | 10/08/1991 | 1659645 |
| **GOOD WATER MACHINE** | 10/13/1998 | 2194692 |
| **HI-FLO** | 04/19/1994 | 1831250 |

| Trademark | Application/Registration Date | Application/Registration No. |
|---|---|---|
| **HYDROCHILL** | 09/05/2018 | 88105185 |
| **IRON-CLEER** | 03/12/2002 | 2548178 |
| **L.P.R.O.** | 11/24/1992 | 1734637 |
| **QUADRA-HULL** | 09/11/2012 | 4205285 |
| **RAINDISC** | 08/04/2009 | 3665158 |
| **SOFT-MINDER** | 12/19/1989 | 1571700 |
| **SULFUR-CLEER** | 03/31/2009 | 3599828 |
| **SURELOCK** | 07/19/2016 | 5004087 |
| **THE WATER EXPERTS** | 05/15/1990 | 1596838 |
| **TRUST THE WATER EXPERTS** | 04/18/1995 | 1890197 |

| | |
|---|---|
| <br>MISCELLANEOUS DESIGN<br>(Cartoon Lady Design) | |
| Culligan<br>CULLIGAN & DESIGN<br>(script with water drop design) | |
| better water. pure and simple.™ | |

| | |
|---|---|
| <br>CULLIGAN & WAVE DESIGN | |

## EXHIBIT L

### Arbitration

Any arbitration brought under the Agreement shall be administered by JAMS pursuant to its Streamlined Arbitration Rules and Procedures ("JAMS Rules") in effect at the time of the arbitration, except as they may be modified herein or by our mutual written agreement. In order to initiate an arbitration proceeding, the Party (as defined in Section 15.11) seeking arbitration shall deliver a written "Notice of Intent to Arbitrate" to the other Party describing the basis of the arbitration. The seat of the arbitration shall be the JAMS office closest to where the defendant/respondent has its primary place of business, however, where the subject of the arbitration is a disputed territory pursuant to Section 2.3 or the fair market value or allocable price of any acquired customer account or other assets required to be offered for transfer pursuant to Section 2.3 or 2.4, the seat of the arbitration shall be the JAMS office closest to the disputed territory or the territory in which such accounts or assets are located.

The arbitration shall be conducted by one arbitrator. We both agree to seek to reach agreement on the identity of the sole arbitrator within thirty (30) days after the initiation of arbitration. If we are unable to reach agreement on the sole arbitrator, then the appointment of the sole arbitrator shall be made in accordance with the process set forth in JAMS Rule 12.

The arbitration award shall be in writing, state the reasons for the award, and be final and binding on both of us. The award may include an award of costs, including reasonable attorneys' fees and disbursements. Unless otherwise provided in the arbitration award, JAMS's fees (including the fees of the arbitrator) will be shared equally by the Parties. Judgment upon the award may be entered by any court having jurisdiction thereof or having jurisdiction over either party or its assets. Notwithstanding Section 15.10 of the Agreement, the arbitration and this Exhibit L shall be governed by Title 9 (Arbitration) of the United States Code.

In addition to the authority conferred on the arbitrator by the rules specified above, the arbitrator shall have the authority to make orders for interim relief, including interim injunctive relief. We both agree that any ruling by the arbitrator on interim measures shall be deemed to be a final award with respect to the subject matter of the ruling and shall be fully enforceable as such provided that a request for interim measures by either of us to a court of competent jurisdiction shall not be deemed incompatible with, or a waiver of, this agreement to arbitrate. The arbitrator's authority to determine its own jurisdiction pursuant to JAMS Rule 8 does not affect the competent court's power to review the arbitration award.

Discovery shall be conducted in accordance with JAMS Rule 13, provided, that in no event shall the arbitrator permit more than two (2) depositions per either of us. The arbitrator shall not have the independent authority to appoint experts, provided that we each may use our own expert witnesses or reports in accordance with JAMS Rule 13.

In order to facilitate the comprehensive resolution of related disputes, and upon both our requests to the arbitration proceeding, the arbitrator may, within sixty (60) days of its constitution, consolidate the arbitration proceeding with any other arbitration proceeding ("Related Proceeding") involving either of us relating to a Culligan franchise agreement, provided that all parties to the Related Proceeding agree to such consolidation. The arbitrator shall not consolidate such arbitrations unless it determines that (i) there are issues of fact or law common to the two proceedings such that a consolidated proceeding would be more efficient than separate proceedings, and (ii) no party would be prejudiced as a result of such consolidation through undue delay or otherwise.

In any arbitration pursuant to Section 2.3 or 2.4, the arbitrator shall give due regard to principles of law, if any apply, that need to be observed by a franchisor and its franchisees in order to protect the legal position of the System as a whole and may, prior to the submission of proposals from parties to the arbitration, consider whether it is necessary to give both parties instructions and guidelines as to principles that must be observed in formulating proposals.

**Exhibit M**

**AGREEMENT AND CONSENT**

THIS AGREEMENT AND CONSENT (the "Consent Agreement") is made and entered into as of this ____ day of _____, 20___ by and between CULLIGAN INTERNATIONAL COMPANY, a Delaware corporation ("Franchisor"), _____ (collectively, "Transferor"), and _____ ("Transferee").

In consideration of the mutual promises set forth below, the parties agree as follows:

## 1. Nature and Scope of Agreement.

1.1 Effective _____, 20___, Franchisor and _____ ("Franchisee") entered into a franchise agreement ("Franchise Agreement") for a Culligan Dealership (as defined in the Franchise Agreement) located at [CITY] [STATE]. The arrangement represented by the Franchise Agreement is referred to herein as the "Franchise".

1.2 Transferor desires to transfer, convey and assign to Transferee _____ percent (___%) of Transferor's interest in and to Franchisee as provided in this Transfer Agreement (the "Transfer") as of _____, 20___ (the "Closing Date").

1.3 Upon the Closing Date, Transferee will own _____percent (___%) of the issued and outstanding capital stock of, or ownership interests in, Franchisee and has agreed to guaranty Franchisee's performance under the Franchise Agreement.

1.4 Transferor and Transferee acknowledge that the aforesaid transaction is subject to and conditioned upon Franchisor's consent and have requested that the Franchisor consent to the same.

1.5 Franchisor is willing to consent to the Transfer subject to the terms, conditions and covenants herein contained.

## 2. Franchise Guaranty.

Transferee hereby assumes, full, unconditional and joint and several liability for, and agrees to perform, all obligations, covenants and agreements under the Franchise and the Franchise Agreements and shall execute the form of Guarantee attached as Exhibit A, effective on the Closing Date.

## 3. Continued Liability of Transferor.

Transferor shall continue to be liable for all of Franchisee's obligations to Franchisor arising under the Franchise Agreement and with respect to the Franchise prior to the Closing Date

## 4. Release.

Transferor shall execute the form of Release attached as Exhibit B, effective on the Closing Date.

## 5. Indemnity.

The parties acknowledge and agree that except for those matters relative to its consent, Franchisor has exercised no influence over and has taken no part in the transfer of the Franchise. Accordingly, Transferor and Transferee agree to and shall, at all times, indemnify and hold Franchisor and the Released Parties harmless, to the fullest extent permitted by law, from all Losses and Expenses (hereinafter defined) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon the transactions contemplated by this Agreement. As used herein, the phase "Losses and Expenses" shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys' fees, investigative fees, court costs, settlement amount, judgments, compensation for damages to Released Parties' reputation and good will, and other such amounts incurred in connection with the matter described.

**6. Consent to Transfer.**

The parties hereby acknowledge and agree that Franchisor's consent applies only to the Transfer, as described above. All future transfers (as defined in the Franchise Agreements) shall remain subject to Franchisor's future consent as provided in the Franchise Agreements.

**7. Counterpart Execution; Facsimile Signatures.**

This Agreement and Consent may be executed in multiple counterparts, each of which when so executed will be an original, and all of which will constitute one and the same instrument. Facsimile signatures shall be considered effective for execution purposes. Each party providing facsimile signatures shall forward to Franchisor an originally executed signature page within five (5) business days following Franchisor's receipt of the facsimile signature.

**8. General.**

All capitalized terms not defined in this Agreement and Consent shall have the meanings assigned in the Franchise Agreement. This Agreement and Consent is binding upon the respective permitted successors in interest, assigns, executors, administrators and heirs of the parties hereto. This Agreement and Consent may not be modified or amended except by a writing signed by all of the parties hereto or their respective successors or assigns, as the case may be. This Agreement and Consent shall be governed by the laws of the State of Illinois, without regard to choice of law or conflicts or law principles that might apply the laws of another state.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Transfer Agreement as of the day and year first above written to be effective as of the Close Date.

Transferor:

_____

By:
Its:

Transferee:

_____

By:
Its:

Consent to the Transfer described above given as of the Closing Date:

Franchisor:

CULLIGAN INTERNATIONAL COMPANY

_____

Thomas P. Vitacco, Vice President, Franchise

Exhibit A

**Guarantee**

THIS GUARANTEE effective as of [DATE] ("Guarantee") is given by the undersigned to Culligan International Company and CWC Finance Corp., a subsidiary of Culligan International Company (collectively, "Culligan"). In order to induce Culligan to enter into or amend the agreement(s) identified on Attachment A (collectively, the "Agreement(s)") with [ENTITY NAME], a [STATE] [TYPE OF ORGANIZATION] ("Dealer"), each of the undersigned (if more than one, then jointly and severally) agrees as follows:

1. Each of the undersigned unconditionally and absolutely guarantees to Culligan, the full, prompt and complete payment by Dealer under: (i) the Agreement(s); (ii) any invoices that Culligan has now rendered or may render in the future against Dealer; and (iii) any contracts or other evidences of indebtedness that Dealer may deliver to Culligan for merchandise, materials or equipment furnished. Each of the undersigned also unconditionally and absolutely guarantees to Culligan the full, prompt and complete performance by Dealer and by the guarantors, officers, directors and stockholders of Dealer of each term, covenant, condition and provision of the Agreement(s) required to be performed by Dealer or by the guarantors, officers, directors or stockholders of Dealer (together with the payment obligations stated above, the "Obligations").

2. Each of the undersigned expressly waives: (i) notice of acceptance of this Guarantee and any and all other notices which by law or the terms of the Agreement(s) are required to be given to Dealer; (ii) any demand for or notice of default of the payment or performance of any Obligation; and (iii) any legal obligation, duty or necessity for Culligan to proceed first against Dealer to exhaust any remedy that Culligan may have against Dealer, it being agreed that, in the event of default of any Obligation in any respect by Dealer, Culligan may proceed and have a right of action against any of the undersigned, jointly or severally, and/or Dealer.

3. Each of the undersigned agrees that, even if the undersigned may not have consented thereto or may not have notice or knowledge thereof, the unconditional liability of the undersigned to Culligan shall not in any way be affected or discharged by: (i) any modification, extension or renewal of any Obligation which Dealer and Culligan may make; (ii) any assignment of the Agreement(s) by Dealer or by Culligan; or (iii) any act or omission or any waiver by either Culligan or Dealer.

4. Each of the undersigned agrees that this Guarantee shall continue during the entire term of the Agreement(s), and any renewals or extensions of, or substitutions for, the Agreement(s), until Dealer has been fully discharged of all of its Obligations. This Guarantee shall not be diminished by any payment or performance by any of the undersigned until each of Dealer's Obligations has been fully discharged.

5. The undersigned shall not be entitled to make any defense that Dealer does not have against any claim asserted by Culligan in any action instituted by Culligan to enforce this Guarantee or be excused from any liability under this Guarantee. Each of the undersigned expressly waives any defense in law or in equity which would not be available to Dealer, it being the intent of this Guarantee that the liability of each of the undersigned under this Guarantee is primary and unconditional.

6. During the term of the Agreement(s), the undersigned will not divulge to, or use for the benefit of, any person or entity other than Dealer, any information concerning the business of Culligan which the undersigned may acquire by virtue of Dealer's operation under the Agreement(s) or do any act or omission which is prejudicial or injurious to the business of Culligan, its affiliates, or any dealers of Culligan or its affiliates.

7. In the event any action is brought in connection with the enforcement of this Guarantee, the undersigned shall pay reasonable attorney's fees and all court costs incurred by Culligan.

8. This Guarantee is personal to the undersigned and may not be assigned by any of the undersigned, but is freely transferable by Culligan. This Guarantee shall be binding upon heirs, legal representatives and permitted successors and assigns of each of the undersigned and inure to the benefit of Culligan, its affiliates, and their respective successors and assigns.

9. This Guarantee shall be deemed made in and governed by the laws of the State of Illinois, without regard to laws regarding conflicts of law. The proper venue for any court action will be in a court having jurisdiction within the county and state where the defendant/respondent either resides or has its primary place of business.

10. If any term or provision of this Guarantee should be declared invalid by a court of competent jurisdiction, the remaining terms and provisions will be unimpaired and the invalid term or provision will be replaced by such valid term or provision as comes closest to the intention underlying the invalid term or provision.

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee.

| | |
|---|---|
| Signature _____ | Signature _____ |
| Social Security # _____ | Social Security # _____ |
| Typed or Printed Name _____ | Typed or Printed Name _____ |
| Address _____ | Address _____ |
| _____ | _____ |
| Date Signed _____ | Date Signed _____ |

GUARANTEE

Attachment A

Agreement(s)

| Agreement | Date |
| --- | --- |
| Franchise Agreement | (Insert Date) |

Exhibit B

**General Release**

This General Release Agreement (this "Agreement") is made this _____ day of _____, 20__, by and between Culligan International Company, a Delaware corporation ("Culligan"), and _____ _____, an _____ ("Transferor").

A. Transferor operates its business pursuant to a Franchise Agreement effective _____ _____ (collectively, the "Franchise Agreement"), between Culligan and _____ ("Franchisee"); and

B. Transferor desires to transfer its shares in Franchisee (the "Transfer") to a Third Party ("Transferee"); and

C. Culligan desires that Transferor release any claims it may have, whether or not known to it, against Culligan and its subsidiaries and affiliates, and their respective shareholders, officers, directors, employees and agents.

NOW, THEREFORE, in consideration for the mutual obligations and covenants contained herein, and for certain other consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Transferor shall pay Culligan an Administrative Transfer Fee in the amount of $_____no later than_____.

The parties agree that Transferor's shares in the Franchisee are transferred as of the date of this Agreement, and Transferor has no further rights as a franchisee thereunder.

Transferor does hereby release and forever discharge Culligan, its subsidiaries and affiliates, and their respective shareholders, officers, directors, employees and agents (the "Released Parties") from any and all losses, claims, damages, liabilities and obligations of any kind and description, including any reasonable attorneys' fees, arising out of any claim Transferor may have against the Released Parties pursuant to the Franchise Agreement, whether or not known to Transferor as of the date of this Agreement.

Transferor expressly intends to release and understands that by this Agreement Transferor is releasing all claims, whether presently known, unknown, suspected, or unsuspected, including, but not limited to, those claims within the scope of Section 1542 of California Civil Code, if applicable; which expressly states:

> "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."

and any other state statute, precedent or common law principle of similar import or effect.

Transferor expressly waives the benefits of Section 1542. Transferor understands and acknowledges that Transferor may hereafter discover facts different from or in addition to those

Transferor now believes to be true with respect to the matters released in this Agreement. Transferor assumes any and all risk of mistake (or discovery of additional facts) in connection with the matters giving rise to this Agreement.

The Transfer in no way relieves Transferor of (a) any payment obligation owed to Culligan as of the date hereof, or accruing after the date of this Agreement, or (b) any obligation under the Franchise Agreement that survives the transfer of the shares in the Franchisee.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

| Franchisee: | Culligan: |
|---|---|
| _____ | Culligan International Company |
| By: _____ | By: Thomas P. Vitacco |
| Its: _____ | Its: Vice President, Franchise |

## Exhibit N

## SBA ADDENDUM
## RELATING TO
## Culligan International
## FRANCHISE AGREEMENT

THIS ADDENDUM (Addendum) is made and entered into on _____ __, 20__, by Culligan International Company, located at 9399 West Higgins Road, Suite 1100, Rosemont, IL 60018 (Franchisor), and _____, located at _____ (Franchisee).

**Recitals.** Franchisor and Franchisee entered into a Franchise (or License) Agreement on _____ __, 20__, (Franchise Agreement). The Franchisee agreed among other things to operate and maintain a franchise located at _____ designated by Franchisor as Unit #__-___ (Unit). Franchisee has obtained from a lender a loan (Loan) in which funding is provided with the assistance of the United States Small Business Administration (SBA). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

- Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.

- Franchisor will not unreasonably withhold, delay or condition its consent to any proposed transfer or assignment by Franchisee which requires Franchisor's consent under Section 12.2 of the Franchise Agreement.

- Notwithstanding anything to the contrary in Section 7.3 of the franchise agreement, the franchisee shall have the discretion to set pricing for its products and services provided that, subject to applicable antitrust laws, such pricing: (1) is at or below any maximum price cap programs established by the franchisor for its franchise system; or (2) is at or above any minimum price threshold programs established by the franchisor for its franchise system; or (3) conforms to any bona fide promotional programs or national or regional accounts programs established from time to time by the franchisor for its franchise system.

- Section 12.8 of the Franchise Agreement provides that the Franchisor (or any Third Party Assignee of the Franchisor) may elect pursuant to its Right of First Refusal to exercise said option when the franchisee decides to sell partial interest(s) in the business. This section is hereby amended to reflect that the Franchisor (nor any Third Party Assignee of the Franchisor) will not exercise the option for any partial sale of the franchisee's business. The Franchisor (Third Party Assignee of the Franchisor) may not become a partial owner of any SBA financed franchises.
- This Addendum automatically terminates on the earliest to occur of the following:

(i) a Termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) SBA no longer has any interest in the Loan.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

| **FRANCHISOR:** | **FRANCHISEE:** |
|---|---|
| **CULLIGAN INTERNATIONAL** | **_____** |
| By: _____ | By:_____ |
| Print Name: Thomas P. Vitacco | Print Name: |
| Title: Vice President, Franchise | Title: President |

## Exhibit O

### BRAND OVERSIGHT BOARD CHARTER

***Name***: Brand Oversight Board ("Board" or "B.O.B.")

***Purpose:*** To establish an oversight body for dealer leadership to work collaboratively with Culligan to oversee efforts to enhance and promote the Culligan brand throughout North America. The Board is composed of a diverse combination of dealer leaders to ensure the interests of all North American dealers are represented, with the aim of returning fair and reasonable benefits to all participating dealers and the Culligan system as a whole.

***Composition***:

a. From Culligan: President or CEO (or designee), SVP NA Franchise, VP/Director of Marketing, one other person of Culligan's choosing that is integral to branding/marketing/advertising decisions and implementation.

b. Dealers: DAC Chair, DAC Vice-Chair, Member of the CDANA Executive Committee, MSC Chair. These individuals will appoint two additional Culligan dealers active in their dealerships and responsible and active in marketing activities and decisions, which will be approved by a ¾ majority of the DAC. The appointments will be for terms not to exceed two years. To the extent not already represented as serving in one of the leadership offices listed above, a "smaller dealer" will be appointed to fill one of these seats, if it all possible. For this purpose, a "smaller dealer" is an owner, officer or director of an entity, owning one or more Culligan dealerships which, in the aggregate, has combined Gross Revenues of $2 million or less per year.

c. Invited Guests/Advisors: The Board may invite additional personnel or retain advisors, as it deems appropriate. These invitees will not have any voting rights. If a Canadian Dealer is not otherwise represented on the Board, then a member of the Culligan Dealers' Association of Canada will be invited to observe and provide advice at B.O.B. meetings.

***Funding/Audit***: Culligan will pay the Board's operating costs (i.e. analysis, travel, meetings, etc.), including reasonable costs for travel, attendance and participation of the Board's dealer members at meetings. In the case of specific initiatives which require retained advisors or other expenditures, those costs will be funded in the same manner as the underlying initiative. Initiatives will consider the possible need for Culligan to advance funds to initiate activities, and will allow for the reasonable reimbursement of advanced funds once dealer revenues and Culligan's match are actually received. Funds need not all be spent in the year in which they are received. For clarity, assessments and additional revenues as described below are not considered part of the Fund or subject to the 20% overhead allocation applicable to the Fund. However, the Board may authorize a separate overhead allocation as part of approving any specific initiative. The dealer members may call for an audit of monies raised and spent through re-allocation of Co-Op funds or special assessment, either based upon a specific time period, or specific program or initiative. At least annually, the Board will cause a report to be generated which summarizes funds spent, and progress towards attaining the established benchmarks for each initiative. The

report will made available to all dealers, and a presentation will be made at the CDANA annual convention, or at Culligan's convention if CDANA does not hold one.

***Authority:*** Subject to DAC approval of actual assessments, the Board will have broad oversight authority to determine strategy, philosophy, funding and allocation for marketing, advertising and promotional activities to promote the Culligan brand. These activities include:

a. Budgeting/Strategy: Unless otherwise agreed by the Board, it will generally be looking to an 18-24 month horizon to identify strategies, needed market research and to develop cohesive and well-considered programs and initiatives to maintain Culligan's brand preeminence in the marketplace. Prior to the start of each advertising year, the Board will establish strategies, priorities and budgets for that given year, including carry-over programs from prior years and give due consideration to programs that may extend past the current year.

b. Authority to retain consultants and advisors, perform market research and approve test markets and initiatives (provided they do not require participation or increase advertising costs to dealers except on a voluntary basis).

c. Ability to levy special assessments ("B.O.B. Special Assessment") to fund specific initiatives, provided:

   i. The initiative is approved by Culligan, and a 75% majority of both: i) the dealer members of the Board; and ii) the full DAC.
   ii. The initiative has a specific sunset date, and may not be renewed or extended except by the same vote required to approve the assessment in the first place. For clarity, initiatives may also be broken up into smaller phases, which would allow for the early termination or modification of initiatives as needed.
   iii. Culligan agrees to at least match the additional revenues received from dealers.
   iv. The special assessment does not exceed 1% of dealer gross revenues (which excludes Gross Revenues derived from Industrial Products and Services and Ancillary Products and Services).
   v. The initiative has a hardship exemption for dealers that can be granted upon application and on a case-by-case basis. Generally, exceptions will be limited to extreme cases where a dealer can show all of the following: 1) significant economic hardship; 2) limited benefits derived from the proposed initiative due to demographics, location and limited impact or availability of the proposed media; and, 3) that the dealer is actively marketing his or her dealership through other means.

***Additional Considerations:***

a. The Board will consider "fair share" assessments based on expected or demonstrated market penetration and effectiveness of initiatives in different market demographics.

b. In general, initiatives and assessments are intended for additional, incremental or supplemental marketing, advertising or PR activities to support the Culligan Brand.

c. Special initiatives, although designed to promote the long-term recognition and image of the Culligan brand, are also expected to help generate current leads and exposure as well. On a case-by-case basis, the Board will make allocations to promote some degree of current promotion and lead generation in each such initiative.

***Voting/Approval:*** All decisions by the Board will require a 2/3 majority, except:

a. Decisions that require Culligan to pay expenses (other than general maintenance expenses provided above), will require approval by Culligan;

b. The following decisions will require approval by Culligan, and a 75% majority of both: i) the dealer members of the B.O.B.; and ii) the full DAC:
   1. To levy a B.O.B. Special Assessment;
   2. Any proposed changes by the DAC to the AD Policy that in any way direct the use of co-ops funds.

***Delegation of Certain Tasks:***

a. The Board may delegate certain tasks deemed administrative in nature to a sub-group of the Board, the DAC, or the MSC, as it deems appropriate.

b. Such activities may include: Determination of hardship exemptions; approval of guidelines or protocol for local advertising expenditures; approval of specific elements of marketing plans or initiatives.

c. Decisions that otherwise require approval by 75% of the dealer members of the B.O.B. may not be delegated.

***Dealers' Election to Terminate Continued B.O.B. Special Assessments:***

***All Dealers who signed the June 2017 Amendment to Culligan Franchise ("Amendment") and have been subject to B.O.B. Special Assessments (Participating Dealers), will have a one time option to elect not to be subject to future assessments going forward. This election must be made within 30 days following the second anniversary of the first B.O.B. Special Assessment. If a dealer does not so elect, in writing delivered to Culligan, within such time, that dealer will continue to be obligated to pay B.O.B. Special Assessments subject to the terms and provisions of the Amendment and this Charter, as it may be amended.***

***In the event that more than 25% of such Participating Dealers, as measured by gross revenues, elect to terminate as provided above, then all B.O.B. Special Assessments will cease, unless the remaining Participating Dealers agree to continue to participate in writing.***

****Example of Election timing: Assuming the first assessment is levied on October 1, 2017, dealers will be able to elect to terminate participation in future assessments by delivering***

***written notice to Culligan between October 1, 2019 and October 31, 2019 (notice must be received by such date).***

***This section relating to election to termination of assessments may not be amended or revoked.***

***Amendment:***

This Charter may not be modified, amended or revoked in whole or part without the prior written approval of Culligan, and a 75% majority of both: i) the dealer members of the Board; and ii) the full DAC. ***The provisions immediately above relating to election to terminate future assessments may not be amended or revoked.***

**EXHIBIT D**

**STATE SPECIFIC AMENDMENTS**
**TO FRANCHISE AGREEMENT**

**AMENDMENT TO CULLIGAN INTERNATIONAL COMPANY**
**FRANCHISE AGREEMENT**
**FOR THE STATE OF ILLINOIS**

This Amendment pertains to franchises sold in the State of Illinois that are subject to the Illinois Franchise Disclosure Act (the "Act") and is for the purpose of complying with Illinois statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The Culligan International Company Franchise Agreement between _____ ("Franchisee" or "You") and Culligan International Company ("Franchisor") dated as of _____ 20___ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

**ILLINOIS LAW MODIFICATIONS**

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/1 et seq. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended to be consistent with the Act:

a. Illinois law governs the Franchise Agreement.

b. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

c. Your rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

e. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

| **FRANCHISEE**: | **FRANCHISOR:** |
| --- | --- |
| _____ | Culligan International Company |
| By: _____ | By: _____ |
| Name: _____ | Name: Thomas P. Vitacco |
| Title: _____ | Title: Vice President, Franchise |

**AMENDMENT TO CULLIGAN INTERNATIONAL COMPANY FRANCHISE AGREEMENT FOR THE STATE OF MARYLAND**

The Culligan International Company Franchise Agreement between _____ _____ ("Franchisee" or "You") and Culligan International Company ("Franchisor") dated _____, 20__ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

**MARYLAND LAW MODIFICATIONS**

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

b. Any requirement that litigation be conducted in a forum other than the State of Maryland shall not be interpreted to limit any rights Franchisee may have under the Maryland Franchise Registration and Disclosure Law to bring suit in the state of Maryland.

c. Any claims that Franchisee may have under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

d. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

| **FRANCHISEE**: | **FRANCHISOR:** |
|---|---|
| _____ | Culligan International Company |
| By: _____ | By: _____ |
| Name: _____ | Name: Thomas P. Vitacco |
| Title: _____ | Title: Vice President, Franchise |

**AMENDMENT TO CULLIGAN INTERNATIONAL COMPANY FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT FOR THE STATE OF MINNESOTA**

This Amendment pertains to franchises sold in the State of Minnesota that are subject to the Minnesota franchise registration and disclosure law (the "Act") and is for the purpose of complying with Minnesota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

The Culligan International Company Franchise Agreement between _____ _____("Franchisee" or "You") and Culligan International Company ("Franchisor") dated as of _____ _____, 20___(the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

**MINNESOTA LAW MODIFICATIONS**

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80C.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Agreement and Franchise Disclosure Document contain provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Minnesota Department of Commerce requires that Franchisor indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee's use of the Proprietary Marks infringes trademark rights of the third party. Franchisor indemnifies Franchisee against claims of infringement arising from Franchisee's proper use of the Proprietary Marks. As a condition to such indemnity Franchisee must promptly notify Franchisor of any such claim and must cooperate with the Franchisor's defense and resolution of the claim. Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim. If the Agreement and/or the Franchise Disclosure Document contains a provision that is inconsistent with the Franchise Act, such provisions shall be superseded by the Act's requirements and shall have no force or effect.

b. Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act's requirements and shall have no force or effect.

c. If the Franchisee is required in the Agreement and/or the Franchise Disclosure Document to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Act.

d. If the Agreement and/or the Franchise Disclosure Document requires that it be governed by a state's law, other than the State of Minnesota or arbitration or mediation, those provisions shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

2. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including your rights to any procedure, forum, or remedies provided for in that law.

3. The Agreement is hereby amended to delete all references to Liquidated Damages (as defined) in violation of Minnesota law; provided, that no such deletion shall excuse the franchisee from liability for actual or other damages and the formula for Liquidated Damages in the Franchise Agreement shall be admissible as evidence of actual damages.

4. The Agreement is amended to delete all references to a waiver of jury trial in violation of Minnesota law.

5. Under the Franchise Act, a franchisor can charge a security deposit only to secure against damage to property, equipment, inventory, etc. Franchisor will not require a franchise deposit to the extent prohibited by the Franchise Act. However, Franchisor has the right, in its discretion, to withhold or limit the amount of credit that it will extend to any dealer who is subject to the prohibition.

6. Each provision of this Agreement and/or Franchise Disclosure Document shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment on _____, 20__.

| **FRANCHISEE:** | **FRANCHISOR:** |
|---|---|
| _____ | Culligan International Company |
| By: _____ | By: _____ |
| Name: _____ | Name: Thomas P. Vitacco |
| Title: _____ | Title: Vice President, Franchise |

**AMENDMENT CULLIGAN INTERNATIONAL COMPANY**
**FRANCHISE AGREEMENT**
**FOR THE STATE OF NEW YORK**

This Amendment pertains to franchises sold in the State of New York that are subject to the New York franchise registration and disclosure law (New York General Business Law, Art. 33, Sec. 680 et seq., the "Act") and is for the purpose of complying with New York statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

The Culligan International Company Franchise Agreement between _____ _____ ("Franchisee" or "You") and Culligan International Company ("Franchisor") dated as of _____ _____, 20__ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

**NEW YORK LAW MODIFICATIONS**

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695 (1989). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

   a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.

   b. If the Agreement requires that it be governed by a state's law, other than the State of New York, the choice of law provision shall not be considered to waive any rights conferred upon the Licensee under the New York General Business Law, Article 33, Sections 680 through 695.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the New York General Business Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its Owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

| **FRANCHISEE:** | **FRANCHISOR:** |
| --- | --- |
| _____ | Culligan International Company |
| By: _____ | |
| Name: _____ | By: _____ |
| Title: _____ | Name: Thomas P. Vitacco |
| | Title: Vice President, Franchise |

**AMENDMENT TO CULLIGAN INTERNATIONAL COMPANY**
**FRANCHISE AGREEMENT**
**FOR THE STATE OF NORTH DAKOTA**

This Amendment pertains to franchises sold in the State of North Dakota that are subject to the North Dakota Franchise Investment Law (the "Act") and is for the purpose of complying with North Dakota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

The Culligan International Company Franchise Agreement between _____ _____ ("Franchisee" or "You") and Culligan International Company ("Franchisor") dated as of _____ _____, 20__ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

**NORTH DAKOTA LAW MODIFICATIONS**

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.

b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

d. If the Agreement requires that it be governed by a state's law, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.

e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its Owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

| **FRANCHISEE:** | **FRANCHISOR:** |
|---|---|
| _____ | Culligan International Company |
| By: _____ | By: _____ |
| Name: _____ | Name: Thomas P. Vitacco |
| Title: _____ | Title: Vice President, Franchise |

**AMENDMENT CULLIGAN INTERNATIONAL COMPANY**
**FRANCHISE AGREEMENT**
**FOR THE STATE OF VIRGINIA**

This Amendment pertains to franchises sold in the State of Virginia that are subject to the Virginia Retail Franchising Act (the "Act") and is for the purpose of complying with Virginia statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

The Culligan International Company Franchise Agreement between _____ _____ ("Franchisee" or "You") and Culligan International Company ("Franchisor") dated as of _____ _____, 20__ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

**VIRGINIA LAW MODIFICATIONS**

1. The Virginia State Corporation Commission requires that certain provisions contained in franchise documents be amended to be consistent with Virginia law, including Section 13.1-564 of the Virginia Retail Franchising Act. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

   a. Section 11 of the Franchise Agreement is amended to provide that §13.1-564 of the Virginia Retail Franchising Act provides that it is unlawful for a franchisor to cancel a franchise without reasonable cause.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Virginia Retail Franchising Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its Owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

| **FRANCHISEE:** | **FRANCHISOR:** |
|---|---|
| _____ | Culligan International Company |
| By: _____ | By: _____ |
| Name: _____ | Name: Thomas P. Vitacco |
| Title: _____ | Title: Vice President, Franchise |

**AMENDMENT TO CULLIGAN INTERNATIONAL COMPANY**
**FRANCHISE AGREEMENT**
**FOR THE STATE OF WASHINGTON**

This Amendment pertains to franchises sold in the State of Washington that are subject to the Washington Franchise Investment Protection Act (the "Act") and is for the purpose of complying with Washington statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

The Culligan International Company Franchise Agreement between _____ ("Franchisee" or "You") and Culligan International Company ("Franchisor") dated _____, 20__ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

**WASHINGTON LAW MODIFICATIONS**

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

6. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

7. In lieu of an impound of franchise fees, the Franchisor's performance has been guaranteed by Culligan Franchise Company. The issuance of the Washington permit is contingent upon maintaining the guarantee, in a form acceptable to the Administrator, until all Washington Franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) are open for business; or the Administrator issues written authorization to the contrary.

8. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Washington law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

| **FRANCHISEE:** | **FRANCHISOR:** |
|---|---|
| _____ | Culligan International Company |
| By: _____ | By: _____ |
| Name: _____ | Name: Thomas P. Vitacco |
| Title: _____ | Title: Vice President, Franchise |

**EXHIBIT E-1**

**TERMINATION AND RELEASE AGREEMENT (NON-VENAC)**

# TERMINATION AND RELEASE AGREEMENT

This Termination and Release Agreement (this "Agreement") is made this _____ day of _____, 20__, by and between Culligan International Company ("Culligan"), and ___the undersigned authorized representative of a current or former Culligan franchise dealer ("Franchisee").

A. Franchisee currently operates or previously operated its business, pursuant to one or more franchise agreements, as set forth on Ex. A hereto, ("Previous Franchise Agreements");

B. Culligan and Franchisee desire to terminate such Previous Franchise Agreements.

C. Culligan desires that Franchisee release any claims it may have, whether or not known to it, against Culligan and its subsidiaries and affiliates, and their respective shareholders, officers, directors, employees and agents.

NOW, THEREFORE, in consideration for the mutual obligations and covenants contained herein, and for certain other consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1) The parties agree that the Previous Franchise Agreements set forth at Ex. A are terminated as of the date of this Agreement, and Franchisee has no further rights as a franchisee thereunder.

2) Franchisee and its respective heirs, administrators, executors, agents, representatives and assigns do hereby release and forever discharge Culligan, its subsidiaries and affiliates, successors and assigns, and their respective shareholders, officers, directors, employees and agents (the "Released Parties") from any and all claims, causes of action, liabilities, damages, costs and expenses (including attorneys' fees), whether known or unknown at this time, of any kind or nature, absolute or contingent, at law or in equity, arising from events occurring through the date of this Agreement with respect to matters arising under the Franchise Agreement, the Franchise, and the UFOC Guarantee, whether under federal state or local laws, regulations, rules or orders. Franchisee understands and acknowledges that it may hereafter discover facts different from or in addition to those that it now believes to be true with respect to the matters released in this Agreement. Franchisee assumes any and all risk of mistake (or discovery of additional facts) in connection with the matters giving rise to this Release.

Franchisee expressly intends to release, and understands that by this Agreement, Franchisee is releasing all claims, whether presently known, unknown, suspected, or unsuspected, including, but not limited to, those claims within the scope of Section 1542 of California Civil Code, if applicable, which expressly states:

> "A general release does not extend to claim 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 affected his settlement with the debtor."

And any other state statute, precedent, or common law principle of similar import or effect.

**Franchisee expressly waives the benefits of Section 1542 and similar state statutes, precedent or common law principles of similar import or effect. Franchisee understands and acknowledges that Franchisee may hereafter discover facts different from or in addition to those facts Franchisee now believes to be true with respect to the matters released in this Agreement. Franchisee assumes any and all risk of mistake (or discovery of additional facts) in connection with the matters giving rise to this Release.**

The termination of the Previous Franchise Agreements in no way relieves the franchisee party or guarantors to the Previous Franchise Agreements of (a) any payment obligation owed to Culligan as of the date hereof, or accruing after the date of this Agreement, or (b) any obligation under the Previous Franchise Agreements that survives the termination of the Previous Franchise Agreements.

The undersigned represents and warrants that it is authorized to execute this Agreement on behalf of the parties to the Previous Franchise Agreements set forth on Ex. A.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**AUTHORIZED REPRESENTATIVE OF FRANCHISEE:**

By: _____
Name: _____
Its: _____

Culligan International Company

By: _____
Name: Thomas P. Vitacco
Title: Vice President, Franchise

**EXHIBIT A**
**TO TERMINATION AND RELEASE AGREEMENT**

PREVIOUS FRANCHISE AGREEMENTS TO BE TERMINATED

**EXHIBIT E-2**

**TERMINATION AND RELEASE AGREEMENT (VENAC)**

# TERMINATION AND RELEASE AGREEMENT

This Termination and Release Agreement (this "Agreement") is made effective this ___ day of _____, 20__, by and between Culligan International Company ("Culligan"), and the undersigned, authorized representative of a current or former Culligan franchise dealer ("Franchisee").

A. Franchisee currently operates or previously operated its business, pursuant to one of more franchise agreements, as set forth on Ex. A hereto ("Previous Franchise Agreements");

B. Culligan and Franchisee desire to terminate such Previous Franchise Agreements.

C. Culligan desires that Franchisee release any claims it may have, whether or not known to it, against Culligan and its subsidiaries and affiliates, including Culligan's former affiliate, Vivendi North America Company ("VENAC"), and their respective shareholders, officers, directors, employees and agents.

NOW, THEREFORE, in consideration for the mutual obligations and covenants contained herein, and for certain other consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1) The parties agree that the Previous Franchise Agreements set forth at Ex. A are terminated as of the date of this Agreement, and Franchisee has no further rights as a franchisee thereunder.

2) Franchisee and its respective heirs, administrators, executors, agents, representatives and assigns do hereby release, acquit and irrevocably discharge Culligan, Veolia Environment Company North America, and their respective subsidiaries and affiliates, successors and assigns, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them (collectively, "Released Parties"), from any and all claims, causes of action, liabilities, damages, costs and expenses (including attorneys' fees), whether known or unknown at this time, of any kind or nature, absolute or contingent, at law or in equity, arising from events occurring through the date of this Agreement with respect to matters arising under the Franchise Agreement, the Franchise and the UFOC Guaranty, whether under federal, state or local laws, regulations, rules or orders. Franchisee understands and acknowledges that VENAC is intended to be a third party beneficiary of this Agreement, with an independent right to enforce this release. Franchisee understands and acknowledges that it may hereafter discover facts different from or in addition to those that it now believes to be true with respect to the matters released in this Agreement. Franchisee assumes any and all risk of mistake (or discovery of additional facts) in connection with the matters giving rise to this Release.

Franchisee expressly intends to release, and understands that by this Agreement, Franchisee is releasing all claims, whether presently known, unknown, suspected, or unsuspected, including, but not limited to, those claims within the scope of Section 1542 of California Civil Code, if applicable, which expressly states:

> "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."

And any other state statute, precedent or common law principle of similar import or effect.

**Franchisee expressly waives the benefits of Section 1542 and similar state statutes, precedent or common law principles of similar import or effect. Franchisee understands and acknowledges**

**that Franchisee may hereafter discover facts different from or in addition to those facts Franchisee now believes to be true with respect to the matters released in this Agreement. Franchisee assumes any and all risk of mistake (or discovery of additional facts) in connection with the matters giving rise to this Release.**

The termination of the Previous Franchise Agreements in no way relieves the franchisee party or guarantors to the Previous Franchise Agreements of (a) any payment obligation owed to Culligan as of the date hereof, or accruing after the date of this Agreement, or (b) any obligations under the Previous Franchise Agreements that survive the termination of the Previous Franchise Agreements.

The undersigned represents and warrants that it is authorized to execute this agreement on behalf of the parties to the Previous Franchise Agreements set forth on Ex. A.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

| **AUTHORIZED REPRESENTATIVE OF FRANCHISEE:** | Culligan International Company |
|---|---|
| By: _____ | By: _____ |
| Name: _____ | Name: Thomas P. Vitacco |
| Title: _____ | Title: Vice President, Franchise |

**EXHIBIT A**
**TO TERMINATION AND RELEASE AGREEMENT**

PREVIOUS FRANCHISE AGREEMENTS TO BE TERMINATED

**EXHIBIT F**

**FRANCHISED DEALER LISTINGS**

## PART I

## CURRENT FRANCHISED DEALERS

The following pages list the names of all franchisees and the addresses and telephone numbers of all their outlets as of December 31, 2021

| ENTITY | ADDRESS | CITY | STATE | ZIP | PHONE NO. |
|---|---|---|---|---|---|
| Preferred Plumbing and Heating, Inc. | 335 Main Street Loop | Kenai | AK | 99611 | 907-283-7909 |
| Trumbull Bottled Water, Inc. | 2002 Ross Clark Circle | Dothan | AL | 36301 | 334-678-8050 |
| Water Conditioning, Inc. | 317 Cahill Drive | Huntsville | AL | 35811 | 256-536-4428 |
| Trumbull Water Solutions, Inc. | 1015 Shelton Beach Road Unit H | Saraland | AL | 36571 | 251-206-5947 |
| Wichita Water Conditioning, Inc. | 305 Commercial Avenue | Lowell | AR | 72745 | 479-363-1900 |
| HES, Inc. | 1223 Highway 5 North | Mountain Home | AR | 72653 | 870-425-6000 |
| Arkansas Soft Water, LLC | 131 West Military Drive | North Little Rock | AR | 72118 | 501-753-5236 |
| Moon Enterprises, Inc. | 111 South 4th Street | Kingman | AZ | 86401-6097 | 928-753-5655 |
| Driessen Water, Inc. | 2161 W. Acoma Boulevard | Lake Havasu City | AZ | 86403-2904 | 928-855-8061 |
| Southwest Water Conditioning Company | 5410 South 28th Street | Phoenix | AZ | 85040-3733 | 602-264-3111 |
| Westwood Water Conditioning and Bottled Water Inc. | 8797 Florentine Road | Prescott Valley | AZ | 86314 | 928-772-2091 |
| Southwest Water Conditioning Company | 2209 East Ginter Road | Tucson | AZ | 85706 | 520-792-9700 |
| Larry Yarlott & Elizabeth Yarlott | 435 Seventh Street | Yuma | AZ | 85364 | 928-783-7032 |
| Laramy Water, Inc. | 116 Baker Street | Bakersfield | CA | 93305 | 661-324-4718 |
| Myron C. Croel, Inc. | 106 N. Fifth Avenue | Barstow | CA | 92311-0171 | 760-256-1056 |
| CRH California Water, Inc. | 9145 Rose Street | Bellflower | CA | 90706 | 714-953-6300 |
| Blythe Soft Water Service, Inc. | 140 North Spring Street | Blythe | CA | 92225 | 760-922-5701 |
| Quality Water Specialists, Inc. | 2377 Ivy Street | Chico | CA | 95928 | 530-343-5100 |
| CRH California Water, Inc. | 507 Gannon Place | Escondido | CA | 92025 | 760-746-0166 |
| Walter C. Voigt, Inc. | 2479 South Orange Avenue | Fresno | CA | 93725 | 559-233-3055 |
| CRH California Water, Inc. | 83-804 Avenue 45 | Indio | CA | 92201 | 760-345-3457 |
| California Water & Filter, Inc. | 1002 West Mariposa | Lindsay | CA | 93247 | 559-562-6361 |
| Earl Ising, Inc. | 2252 Railroad Avenue | Livermore | CA | 94550 | 925-447-3717 |
| CRH California Water, Inc. | 1001 West Apple Avenue | Lompoc | CA | 93436 | 805-736-1236 |
| Lambert Water Conditioning Inc. | 900 Reno Avenue | Modesto | CA | 95351 | 209-521-7241 |
| Culligan Central Coast Water Conditioning Co., Inc. | 355 Quintana Place | Morro Bay | CA | 93442 | 805-772-8164 |
| CRH California Water, Inc. | 1925 Burgandy Place | Ontario | CA | 91761 | 909-390-8455 |
| CRH California Water, Inc. | 1025 S. Rose Ave | Oxnard | CA | 93030 | 805-656-4411 |
| Culligan San Paso Co. | 802 21st Street | Paso Robles | CA | 93446 | 805-238-3815 |

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|---|---|---|---|---|---|
| Nor-Cal Water, Inc. | 1200 Arden Way | Sacramento | CA | 95815 | 916-927-5005 |
| Quality Water Enterprises | 625 West Market Street | Salinas | CA | 93901 | 831-755-0500 |
| CRH California Water, Inc. | 885 Gateway Center Way Suite 101 | San Diego | CA | 92102 | 877-428-5544 |
| Marin H2O, Inc. | 40 Paul Drive | San Rafael | CA | 94903 | 415-479-8411 |
| CRH California Water, Inc. | 502 South Lyon | Santa Ana | CA | 92701 | 714-953-6300 |
| Culligan San Paso Co. | 700 West Cook Street | Santa Maria | CA | 93458-5514 | 805-922-3585 |
| James Fisher & Son, Inc. | 1236 Cleveland Avenue | Santa Rosa | CA | 95401 | 707-545-1330 |
| G. E. Ising, Inc. | 1226 Enterprise Street | Stockton | CA | 95208 | 209-466-2501 |
| CRH California Water, Inc. | 15580 Roxford Street | Sylmar | CA | 91342 | 818-367-1059 |
| Cleanwater Corporation of America | 400 West Bromley Lane | Brighton | CO | 80601 | 303-659-1787 |
| Driessen Water, Inc. | 1107 Hendrick Drive | Carbondale | CO | 81623 | 970-963-2273 |
| Complete Water Services, Inc. | 3465 Astrozon Court | Colorado Springs | CO | 80910 | 719-382-3100 |
| Wichita Water Conditioning, Inc. | 4300 South Windermere Street | Englewood | CO | 80110 | 303-347-1100 |
| Windmill Water, LLC | 300 West Railroad Avenue | Fort Morgan | CO | 80701-2326 | 970-867-9471 |
| Driessen Water, Inc. | 819 Kimball Avenue | Grand Junction | CO | 81501 | 970-243-0628 |
| DeLoach's Water Conditioning, Inc. | 103 South Second Street | Lamar | CO | 81052 | 719-336-5201 |
| Driessen Water, Inc. | 2320 E. Main Street | Montrose | CO | 81401 | 970-497-1102 |
| Alpine Water Treatment, LLC | 420 Oak Street | Salida | CO | 81201 | 719-539-4855 |
| Windmill Water, LLC | 329 Oak Street | Sterling | CO | 80751-0526 | 970-522-0414 |
| The Shannahan Water Co., Inc. | 624 Main Street | Cheswold | DE | 19936 | 302-734-1802 |
| D.T. Water Corporation | 16101 Old U.S. #41 | Fort Myers | FL | 33912 | 239-482-2213 |
| Trumbull Water Solutions, Inc. | 624 Lovejoy NW | Ft. Walton Beach | FL | 32548 | 850-664-7771 |
| Gulf Coast Water Conditioning, Inc. | 13075 66th Street North | Largo | FL | 33773 | 727-531-1481 |
| Florida West Coast, Inc. | 1099 Enterprise Court | Nokomis | FL | 34275 | 941-485-7526 |
| Trumbull Bottled Water, Inc. | 315 East 15th Street | Panama City | FL | 32405 | 850-763-1721 |
| Florida West Coast, Inc. | 2703 Airport Road | Plant City | FL | 335631129 | 888-440-4542 |
| Gulf Coast Water Conditioning, Inc. | 10020 U.S. Highway #19 | Port Richey | FL | 346683741 | 727-862-9445 |
| D.T. Water Corporation | 207 North Orange Street | Sebring | FL | 33870 | 863-382-4414 |
| Gen4Water, LLC | 318 Airport Square | Adel | GA | 31620 | 229-386-4444 |
| Gen4Water, LLC | 414 North Jackson | Americus | GA | 31709 | 229-924-0361 |
| Low Country Water Conditioning Inc. | 3911 Old Louisville Road | Garden City | GA | 31418 | 843-681-3333 |
| Total Water Treatment Systems, Inc. | 5182 Brook Hollow Parkway Suite E | Norcross | GA | 30071 | 770-455-0111 |
| DAKS Enterprises, Ltd. | 120 Nile Kinnick Drive | Adel | IA | 50003 | 515-993-4203 |
| T & B Enterprises, Inc. | 1307 SW 7th Street | Atlantic | IA | 50022 | 712-243-4734 |
| DAKS Enterprises, Ltd. | 927 Kate Shelley Drive | Boone | IA | 50036 | 515-432-6382 |
| K&S H2O Inc. | 3035 Flint Hills Drive | Burlington | IA | 52601 | 319-754-5741 |
| T & B Enterprises, Inc. | 326 North Clark Street | Carroll | IA | 51401 | 712-792-9916 |
| B & D Aqua, Inc. | 504 West Elm | Cherokee | IA | 51012 | 712-225-3818 |

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|---|---|---|---|---|---|
| K&S H2O Inc. | 2700 17th Street | Clinton | IA | 52732 | 563-242-1342 |
| Vetter's, Inc. | 3414 Merchant Street | Coralville | IA | 52241 | 319-545-6655 |
| Kerian Water Store, LLC | 606 2nd Avenue SW | Cresco | IA | 52136 | 563-547-4014 |
| DAKS Enterprises, Ltd. | 910 North Sumner | Creston | IA | 50801 | 641-782-2222 |
| K&S H2O Inc. | 701 West 76th Street | Davenport | IA | 52806 | 563-391-4414 |
| Farmer Properties, Inc. | 800 High Street | Elkader | IA | 52043 | 563-245-1702 |
| DAKS Enterprises, Ltd. | 1120 Broadway | Emmetsburg | IA | 50536 | 712-852-4744 |
| DAKS Enterprises, Ltd. | 2920 North 15th Street | Fort Dodge | IA | 50501 | 515-576-7157 |
| T & B Enterprises, Inc. | 5971 HWY 175 | Ida Grove | IA | 51445 | 712-364-2720 |
| Northern Iowa Water Conditioning Company | 512 South Oak Street | Iowa Falls | IA | 50126-4888 | 641-648-5199 |
| Miller's Water Conditioning, Inc. | 1021 Holton Drive | Le Mars | IA | 51031 | 712-546-4312 |
| Water Pro, Inc. | 4855 Chandler Court | Marion | IA | 52302 | 319-377-6441 |
| Northern Iowa Water Conditioning Company | 4860 4th Street SW | Mason City | IA | 50401-5046 | 641-423-5814 |
| Bill's Water Conditioning, Inc. | 203 East Lincoln Highway | Missouri Valley | IA | 51555 | 712-642-2695 |
| Total Water Treatment Systems, Inc. | 1421 South Main Street | Monticello | IA | 52310 | 608-221-2236 |
| Kerian Water Store, LLC | 915 South Frederick Avenue | Oelwein | IA | 50662 | 319-283-5385 |
| DAKS Enterprises, Ltd. | 312 8th Street SE Box 352 | Orange City | IA | 51041-1955 | 712-737-2923 |
| Pella Water Conditioning, Inc. | 121 Oskaloosa Street | Pella | IA | 50219 | 641-628-1516 |
| T & B Enterprises, Inc. | 2491 211th Avenue | Percival | IA | 51648 | 712-382-1350 |
| McQueen's Soft Water Corporation | 513 Second Street | Pierson | IA | 51048 | 712-375-5011 |
| MICON, Inc. | 702 South Union | Rock Rapids | IA | 51246 | 712-472-3586 |
| Sioux City Soft Water Service, Inc. | 1111 West 21st Street | Sioux City | IA | 51103 | 712-252-4479 |
| DAKS Enterprises, Ltd. | 15 West 17th Street | Spencer | IA | 51301-0765 | 712-262-1696 |
| DAKS Enterprises, Ltd | 1515 West Milwaukee | Storm Lake | IA | 50588 | 712-732-1296 |
| Vetter's, Inc. | 116 East Third | Washington | IA | 52353 | 319-653-6565 |
| DAKS Enterprises, Ltd. | 207 Ansborough Ave. | Waterloo | IA | 50701 | 319-234-4950 |
| The D & H Corporation | 19 East Main | Waukon | IA | 52172 | 563-568-2759 |
| Murtha Water Conditioning, Inc. | 111 7th Street | West Des Moines | IA | 50265 | 515-274-2573 |
| Northwest Water Conditioning Company | 12341 W. Franklin Road | Boise | ID | 83709 | 208-343-1816 |
| Culligan Water Moscow, LLC | 991 East Best Avenue | Coeur D'Alene | ID | 83814 | 208-664-3216 |
| Prince Water Treatment Co. | 433 May Street | Idaho Falls | ID | 83401 | 208-522-2500 |
| Sam H. Jones Furniture & Appliances, Inc. | 370 Webster | Montpelier | ID | 83254 | 208-847-0056 |
| Culligan Water Moscow, LLC | 320 North Jackson | Moscow | ID | 83843 | 208-882-1351 |
| Sam H. Jones Furniture & Appliances, Inc. | 608 North 5th Street | Pocatello | ID | 83201 | 208-232-3855 |
| K. Dean Peterson and Robert V. Peterson | 365 West Main Street | Rexburg | ID | 83440 | 208-356-8911 |
| Northwest Water Conditioning Company | 1230 Cheney Drive | Twin Falls | ID | 83301 | 208-733-2421 |
| Riverside Water Technology, Inc. | 17 Rebel Parkway | Belleville | IL | 62226 | 618-233-3222 |
| Easton Enterprises, LLC | 1217 Logan Ave | Belvidere | IL | 61008 | 815-547-5388 |

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| Richard H. Tarvin, Inc. | #8 Gilmore Drive | Bloomington | IL | 61701 | 309-663-4400 |
| USW Holding Company, LLC | 375 West Frontage Road Suite B | Bolingbrook | IL | 60440 | 630-759-0700 |
| Meredith Water Company, Inc. | 3030 South 25th Avenue | Broadview | IL | 60155 | 708-366-4510 |
| FD Quality Water LLC | 106 S. Country Fair Drive Suite A | Champaign | IL | 61821 | 217-294-6065 |
| Aqua Solutions, LLC | 75 West Chestnut | Coal City | IL | 61350 | 815-634-4411 |
| USW Holding Company, LLC | 380 Memorial Drive | Crystal Lake | IL | 60014 | 815-459-7423 |
| U.S. Water Company, LLC | 2767 North Main Street | Decatur | IL | 62526 | 217-877-3561 |
| Easton Enterprises, LLC | 830 South 4th Street | DeKalb | IL | 60115 | 815-756-9591 |
| U.S. Water Company, LLC | 624 Anchor Road | Dixon | IL | 61021 | 815-284-7161 |
| Culligan Water Conditioning of Freeport, LLC | 1591 S. Sleezer Home Road | Freeport | IL | 61032 | 815-235-7186 |
| U.S. Water Company, LLC | 11540 Technical Drive | Galena | IL | 61036 | 815-777-0521 |
| Culligan Tri-City Soft Water Service, Inc. | 2325 South Street | Geneva | IL | 60134 | 630-232-4700 |
| USW Holding Company, LLC | 1480 North Hobbie Avenue | Kankakeee | IL | 60901 | 815-304-5472 |
| Husemann Water Treatment, Inc | 300 East 2nd Street | Kewanee | IL | 61443 | 309-852-2604 |
| DJ Water Service, Inc. | 318 North Chicago Street | Lincoln | IL | 62656 | 217-735-4450 |
| USW Holding Company, LLC | 6421 Material Ave | Loves Park | IL | 61111 | 815-968-7511 |
| Prairie Country Water Conditioning of Macomb, Inc. | 519 W. Carroll Street | Macomb | IL | 61455 | 309-833-5537 |
| WaterMart, Inc. | 9400 West Enterprise Drive | Mokena | IL | 60448-8321 | 708-478-6695 |
| Trego Johnson Enterprises | 1340 South Main | Monmouth | IL | 61462 | 309-734-7473 |
| Aqua Solutions, LLC | 413 West Jefferson | Ottawa | IL | 61350 | 815-433-0757 |
| Aqua Solutions, LLC | 413 West Jefferson | Ottawa | IL | 61350 | 815-433-0757 |
| Hugh Saxe Enterprises, Inc. | 3701 North Sheridan | Peoria | IL | 616530925 | 309-686-0110 |
| U.S. Water Company, LLC | 4330 Wabash Avenue | Springfield | IL | 62711 | 217-527-1000 |
| Culligan DuPage Soft Water Service, Inc. | 120 Bridge Street | Wheaton | IL | 60187 | 630-668-4100 |
| USW Holding Company, LLC | 270 Palatine Road | Wheeling | IL | 60090 | 847-459-1550 |
| Culligan Tri-County Sales & Service, Inc | 406 E Main Street | Wyanet | IL | 61379 | 815-699-2206 |
| Cleanwater Corporation of America | 935 West Eighth Street | Anderson | IN | 46016 | 765-649-3391 |
| Attica Water Conditioning, Inc. | 110 Ferry Street | Attica | IN | 47918 | 765-764-6043 |
| Pure Water, Inc | 377 Fuquay Road | Chandler | IN | 47610 | 812-853-5000 |
| Kentuckiana Products and Services, Inc. | 490 N Clark Blvd | Clarksville | IN | 47129 | 812-283-7913 |
| Central Clean Water Inc. | 675 East Business 30 | Columbia City | IN | 46725 | 260-244-5850 |
| Driessen Water, Inc. | 1920 Rocky Ford Road | Columbus | IN | 47203 | 812-372-8207 |
| Driessen Water, Inc. | 3425 Centennial Drive | Fort Wayne | IN | 46808 | 260-484-8668 |
| E & H Parks, Inc. | 1601 Washington Avenue | Frankfort | IN | 46041 | 765-659-3722 |
| Petro's Water Conditioning of Johnson County, Inc | 900 Arvin Road Suite E-H | Franklin | IN | 46131 | 317-736-5922 |
| E & H Parks, Inc. | 17 Cedar Drive | Greencastle | IN | 46135 | 765-653-8474 |

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| Driessen Water, Inc. | 9220 Corporation Drive | Indianapolis | IN | 46256 | 317-591-9999 |
| Clean Water, Inc | 403 West North Street | Kendallville | IN | 46755 | 260-347-0758 |
| Driessen Water, Inc. | 3450 Kossuth Street | Lafayette | IN | 47903 | 765-447-9355 |
| E & H Parks, Inc | 1328 West Main Street | Lebanon | IN | 46052-0797 | 765-482-2570 |
| Young's Water Conditioning of Logansport, L.L.C. | 4115 U.S. Highway 24 East | Logansport | IN | 46947 | 574-722-2830 |
| Marion Water Conditioning, Inc. | 310 West First Street | Marion | IN | 46952 | 765-664-1269 |
| Driessen Water, Inc. | 1439 East Morgan Street | Martinsville | IN | 46151 | 765-349-5351 |
| Lake County Water Conditioning Inc. | 2215 West Lincoln Highway | Merrillville | IN | 46410 | 219-769-6666 |
| Midwest Clean Water, Inc. | 56851 Ferrettie Court | Mishawaka | IN | 46545 | 574-252-2602 |
| A Better Water, Incorporated | 1902 Airport Road | Monticello | IN | 47960 | 574-583-4399 |
| Driessen Water, Inc. | 1509 North Wheeling Avenue | Muncie | IN | 47303 | 765-288-1804 |
| Adams Water Conditioning, Inc. | 326 East Jefferson Street | Plymouth | IN | 46563 | 574-936-3556 |
| Downs & Sons Water Conditioning, Inc. | 129 East 5th Street | Rochester | IN | 46975 | 574-223-2420 |
| Rocksey LLC | 1263 West Tipton Street | Seymour | IN | 47274 | 812-522-4810 |
| Water Treatment Services of Shelbyville, Inc. | 110 North Noble Street | Shelbyville | IN | 46176 | 317-392-2641 |
| Jerry W. Fischer | 1903 Main Street | Tell City | IN | 47586 | 812-547-7715 |
| MB Water, Inc. | 723 North Seventh Street | Terre Haute | IN | 47807 | 812-235-8171 |
| Western Clean Water, Inc. | 4600 Airport Drive | Valparaiso | IN | 46383 | 219-462-6131 |
| White's Service, Inc. | 1548 West Center | Warsaw | IN | 46580 | 574-267-7471 |
| Scheopner's Water Conditioning, Inc. | 155 E. 5th Street | Colby | KS | 67701 | 785-462-2822 |
| HQ H2O, Incorporated | 919 Morgan Avenue | Downs | KS | 67437 | 785-454-3335 |
| H20 Investments Inc | 1606 Terminal Avenue | Garden City | KS | 67846 | 620-275-2700 |
| Scheopner's Water Conditioning, Inc. | 904 Main Street | Goodland | KS | 67735 | 785-899-2352 |
| Schuler Water Treatment, Inc. | 1706 Main Street | Great Bend | KS | 67530 | 620-793-6412 |
| Wichita Water Conditioning, Inc. | 2735 Augusta Lane | Hays | KS | 67601 | 785-625-8409 |
| Schuler Water Treatment, Inc. | 101 West Avenue E | Hutchinson | KS | 67501 | 620-669-9375 |
| Wichita Water Conditioning, Inc. | 5490 North US Highway 75 | Independence | KS | 67301 | 620-331-2074 |
| Schuler Water Treatment, Inc. | 211 East Avenue North | Lyons | KS | 67554 | 620-257-3812 |
| Wichita Water Conditioning, Inc. | 401 North Oak Street | McPherson | KS | 67460 | 620-241-4282 |
| Ostmeyer, Inc. | 201 West Hall | Oberlin | KS | 67749 | 785-475-2471 |
| Wheatland Waters, Inc. | 19625 West Old 56 Highway | Olathe | KS | 66061-2170 | 913-782-4141 |
| B & H Investments, Inc. | 658 East North Street | Salina | KS | 67401-0881 | 785-825-4912 |
| Chet D. Look and Annette J. Look | 310 Main Street | Stockton | KS | 67669 | 785-425-6631 |
| Prairiefield Water, Inc. | 4828 SW Topeka Boulevard | Topeka | KS | 66609 | 785-267-0512 |
| Wichita Water Conditioning, Inc. | 10821 East 26th Street North | Wichita | KS | 67226 | 316-267-5287 |

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| Wilderness Trace Environmental Systems, Inc. | 100 Stewarts Lane North | Danville | KY | 40422 | 859-236-4965 |
| Hall's Water KY, LLC | 113 Gaither Station Road | Elizabethtown | KY | 42701 | 270-769-1308 |
| Lexington Water Conditioning, Inc. | 418 Crossfield Drive | Versailles | KY | 40383 | 859-873-8100 |
| Delta American, Incorporated | 7102 Greenwell Springs Road | Baton Rouge | LA | 70805 | 985-893-7698 |
| Camboy, LLC | 3806 Karen Drive | Bossier City | LA | 71112 | 318-746-4200 |
| B&R Water Conditioning LLC | 708 Eraste Landry Road | Lafayette | LA | 70506 | 337-233-1645 |
| Delta American Corp. | 15711 E Airline Hwy | Norco | LA | 70079 | 504-834-1124 |
| Cassidy Water Conditioning, Inc. | 675 Great Road Unit C | Littleton | MA | 1460 | 800-428-8001 |
| Cassidy Water Conditioning, Inc. | 39 Chelmsford Street | Lowell | MA | 1851 | 978-454-8896 |
| Water Filtration of New England, Inc. | 11 Jan Sebastian Way #6 | Sandwich | MA | 02563-1783 | 800-286-8947 |
| USW Holding Company, LLC | 441 Defense Highway Suites H-L | Annapolis | MD | 21401 | 410-379-5319 |
| Stoner Quality Water, Inc. | 12820 Ellerslie Road | Corriganville | MD | 21524 | 301-777-3611 |
| Stoner Enterprises, Inc. | 501 Maryland Avenue | Hagerstown | MD | 21740 | 800-451-7512 |
| Stoner Quality Water, Inc. | 519 East Popular Street | Oakland | MD | 21550 | 301-387-6607 |
| The Shannahan Water Co., Inc. | 129 Columbia Road | Salisbury | MD | 21801 | 410-742-5800 |
| Water Treatment Equipment, Inc. | 915 US Route One | Yarmouth | ME | 04096-6931 | 207-846-5061 |
| Adrian Water Conditioning, Inc. | 767 West Beecher | Adrian | MI | 49221 | 517-263-6787 |
| Rupert Enterprises, Inc. | 26950 West Michigan Avenue | Albion | MI | 49224 | 517-629-3977 |
| Cleanwater Corporation of America | 314 Western Avenue | Allegan | MI | 49010 | 269-673-6504 |
| Total Water Treatment Systems, Inc. | 307 East Superior Street | Alma | MI | 48801 | 989-463-1940 |
| Keith McCardel MC, Inc. | 718 W. Campbell Street | Alpena | MI | 49707 | 989-354-8724 |
| Alpine Water Incorporated | 465 Dickman Road | Battle Creek | MI | 49037 | 269-964-3788 |
| Keith McCardel MC, Inc. | 14130 Northland Drive | Big Rapids | MI | 49307 | 231-796-8466 |
| Gordons Water Conditioning, Inc. | 533 North Marshall Road | Coldwater | MI | 49036 | 517-279-7534 |
| Total Water Treatment Systems, Inc. | 6996 North M-18 | Coleman | MI | 48618 | 989-465-9143 |
| B. A. R. Water Corporation | 7080 Red Arrow Highway | Coloma | MI | 49038 | 269-468-4373 |
| McKernan Water Systems, LLC | 902 Ludington Street | Escanaba | MI | 49829 | 906-774-2700 |
| Cleanwater Corporation of America | 5383 Hill 23 Drive | Flint | MI | 48507 | 810-232-1117 |
| Kaat's Water Conditioning, Inc. | 3227 3 Mile Road, NW | Grand Rapids | MI | 49534 | 616-791-7150 |
| Total Water Treatment Systems, Inc. | 708 North Lafayette Street | Greenville | MI | 48838 | 616-754-3858 |
| Denker Enterprises, Inc. | 141 East Woodlawn | Hastings | MI | 49058 | 269-945-5102 |
| Rupert Enterprises, Inc. | 129 Mechanic Street | Hillsdale | MI | 49242 | 517-437-4391 |
| CRH Ohio, Ltd. | 3259 Lewis Avenue | Ida | MI | 48140 | 734-269-2067 |
| Sueden, Inc. | 27 Beardsley | Ionia | MI | 48846 | 616-527-1770 |
| Ladwig Enterprises, Inc. | 2510 Lansing Avenue | Jackson | MI | 49202 | 517-787-0660 |
| Aquapur Water Systems, LLC | 1348 King Highway | Kalamazoo | MI | 49001 | 269-488-3788 |

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| Carey Water Conditioning, Inc. | 3460 Dunckel Road | Lansing | MI | 48911 | 517-393-1900 |
| Cleanwater Corporation of America | 3099 Main Street | Marlette | MI | 48453 | 989-635-7585 |
| Total Water Treatment Systems, Inc. | 307 West Michigan | Mt Pleasant | MI | 48858 | 989-772-3377 |
| Total Water Treatment Systems, Inc. | 805 West Main Street | Owosso | MI | 48867 | 989-725-5515 |
| Keith McCardel, Inc. | 1419 Standish Avenue | Petoskey | MI | 49770-2119 | 231-347-2153 |
| Cleanwater Corporation of America | 929 24th Street | Port Huron | MI | 48060 | 810-982-7424 |
| D&M Waterworks, Inc. | 1130 West Third Street | Rogers City | MI | 49779 | 800-528-8780 |
| JDM Limited Inc. | 388 South Main Street | Romeo | MI | 48065-0328 | 586-752-6527 |
| Keith McCardel, Inc. | 1795 W. U.S. Highway 10 31 | Scottville | MI | 49454-9606 | 231-757-2099 |
| McKernan Water Systems of Escanaba & Kingsford, LLC | 21 Tri Mountain Avenue | South Range | MI | 49963 | 906-523-7133 |
| J&S Investments of Sturgis, LLC | 1189 - A N. Nottawa Rd. | Sturgis | MI | 49091 | 269-651-2676 |
| Keith McCardel, Inc. | 40 Hughes Drive | Traverse City | MI | 49686 | 231-947-1010 |
| MEW, Limited | 2254 West M-55 | West Branch | MI | 48661 | 989-345-0372 |
| CRH Ohio, Ltd. | 46902 Liberty Drive | Wixom | MI | 48393 | 248-295-7700 |
| Driessen Water, Inc. | 1302 East Main Street | Albert Lea | MN | 56007 | 507-377-8387 |
| Senden Water Conditioning, Inc. | 601 Nokomis | Alexandria | MN | 56308 | 320-763-6586 |
| Driessen Water, Inc. | 1308 8th Street NE | Austin | MN | 55912 | 507-433-3737 |
| Culligan Soft Water Service Company | 8240 Industrial Park Road | Baxter | MN | 56425 | 800-568-8946 |
| North Central Minnesota Water Conditioning Company | 1400 Neilson Avenue SE | Bemidji | MN | 56601 | 218-751-2651 |
| Driessen Water, Inc. | 409 14th Street South | Benson | MN | 56215 | 320-842-5851 |
| Culligan Soft Water Service Company | 7165 Boone Avenue North | Brooklyn Park | MN | 55428 | 763-535-4545 |
| Culligan Soft Water Service Company | 1100 1st Street, NE | Buffalo | MN | 55313 | 763-682-2762 |
| Culligan Soft Water Service Company | 1323 Highway 45 | Cloquet | MN | 55720 | 218-878-1533 |
| Elbow Lake Soft Water, Inc. | 40 Central Avenue South | Elbow Lake | MN | 56531 | 218-685-4040 |
| Richie Water Conditioning, Inc. | 1030 North State Street | Fairmont | MN | 56031 | 507-238-4451 |
| Culligan Soft Water Service Company | 1228 Third Avenue Northwest | Faribault | MN | 55021 | 507-334-1693 |
| Hiivala, Inc. | 1271 Pokegama Ave. S | Grand Rapids | MN | 55744 | 218-263-5715 |
| Milbert Company | 1801 50th Street East | Inver Grove Hts | MN | 55077 | 651-451-2241 |
| Richie Water Conditioning, Inc. | 212 Second Street | Jackson | MN | 56143 | 507-823-8944 |
| Driessen Water, Inc. | 101 First Street Northwest | Kasson | MN | 55944 | 507-634-2171 |
| R & R Water Conditioning & Service Company | 206 West Main Street | Luverne | MN | 56156 | 507-283-9105 |
| Healthy Water Solutions, LLC | 103 West Main Street | Madelia | MN | 56062 | 507-642-3510 |
| Uptown Water, Inc. | 611 2nd Street | Madison | MN | 56256 | 320-598-7511 |
| Healthy Water Solutions, LLC | 723 South Front Street | Mankato | MN | 56001 | 507-388-2971 |
| Prairie Water Solutions, LLC | 301 East College Drive | Marshall | MN | 56258 | 507-532-5922 |

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| Culligan Soft Water Service Company | 6030 Culligan Way | Minnetonka | MN | 55345 | 952-933-7200 |
| Driessen Water, Inc. | 602 Legion Drive | Montevideo | MN | 56265 | 320-269-8838 |
| Driessen Water, Inc. | 1690 South Highway 3 | Northfield | MN | 55057 | 507-645-6621 |
| Jahnke Water, Inc. | 1401 West Lincoln | Olivia | MN | 56277 | 320-523-2500 |
| Driessen Water, Inc. | 125 West Front Street | Owatonna | MN | 55060 | 507-451-1010 |
| St. Croix Valley Water Conditioning Company | 1230 Main Street South | Pine City | MN | 55063-2062 | 320-629-3130 |
| Culligan Soft Water Service Company | 6390 McKinley Street NW Suite 101 | Ramsey | MN | 55303 | 763-421-5512 |
| Bluff Country Water Corporation | 4909 Moundview Drive | Red Wing | MN | 55066 | 651-388-8808 |
| Healthy Water Solutions, LLC | 411 East Tin Street | Redwood Falls | MN | 56283 | 507-637-2450 |
| Driessen Water, Inc. | 108 Woodlake Drive SE | Rochester | MN | 55904 | 507-289-0756 |
| CWT of Roseau, Inc. | 407 Third Street NW | Roseau | MN | 56751 | 218-463-1607 |
| Sterling Water-Minnesota LLC | 625 Lincoln Loop | Sauk Centre | MN | 56378 | 320-352-6587 |
| Prairie Water Solutions, LLC | 2122 Maple Avenue | Slayton | MN | 56172-0195 | 507-836-8277 |
| Brown County Water Conditioning, Inc. | 130 1st Avenue S | Sleepy Eye | MN | 56085 | 507-794-5561 |
| Driessen Water, Inc. | 203 South Front Street | St Peter | MN | 56082-0296 | 507-931-2393 |
| Culligan Soft Water Service Company | 111 East St. Germain | St. Cloud | MN | 56304 | 320-252-2382 |
| St. Croix Valley Water Conditioning Company | 1435 Curve Crest Boulevard | Stillwater | MN | 55082 | 651-439-2636 |
| Prairie Water Solutions, LLC | 624 Emory Street | Tracy | MN | 56175 | 507-629-3470 |
| Hiivala, Inc. | 810 4th Street North | Virginia | MN | 55792 | 218-741-2997 |
| Culligan Soft Water Service Company | 320 Ash Avenue NW | Wadena | MN | 56482 | 218-631-1579 |
| Driessen Water, Inc. | 1104 South State Street | Waseca | MN | 56093 | 507-835-1234 |
| Culligan Soft Water Service | 501 Fifth Street North | Wheaton | MN | 56296 | 320-563-4520 |
| Countryside Management, Inc. | 1825 Mobile Drive | Winona | MN | 55987 | 507-452-3600 |
| N & D Water, Inc. | 1300 Second Avenue | Worthington | MN | 56187 | 507-376-4441 |
| Wichita Water Conditioning, Inc. | 939 Victor Church Road | Branson | MO | 65616 | 417-221-3020 |
| Riverside Water Technology, Inc. | 2021 Themis Street | Cape Girardeau | MO | 63701 | 573-334-2672 |
| Riverside Water Technology, Inc. | 630 Spirit of St. Louis Blvd. | Chesterfield | MO | 63005 | 636-343-9998 |
| Clean R Water LLC | 116 South Washington Street | Chillicothe | MO | 64601 | 660-646-3939 |
| C & S Enterprises Inc. | 1801 Commerce Court | Columbia | MO | 65202 | 573-874-6147 |
| Zeiger Bros., Inc. | 9675 S. Highway 168 | Hannibal | MO | 63401 | 573-221-1426 |
| Wichita Water Conditioning, Inc. | 2527 E. McCarty Street | Jefferson City | MO | 65101 | 573-634-2900 |
| Wichita Water Conditioning, Inc. | 3735 East 20th Street | Joplin | MO | 64801 | 417-782-8585 |
| Riverside Water Technology, Inc. | 110 East Woodlawn | Leadington | MO | 63601 | 573-431-3016 |
| Wichita Water Conditioning, Inc. | 277 Lower Business Park Road | Linn Creek | MO | 65052 | 573-346-5221 |
| K&S H2O, Inc. | 8911 Veterans Memorial Parkway | O'Fallon | MO | 63366 | 636-272-2224 |
| Riverside Water Technology, Inc. | 313 South Kingshighway | Perryville | MO | 63775 | 573-547-5523 |

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| MOAQUA, Ltd. | 1220 West Main | Sedalia | MO | 65301 | 660-827-2770 |
| Edney Enterprises, Inc. | 2111 East Central Court | Springfield | MO | 65802 | 417-832-9900 |
| Northwest Missouri Water Conditioning, Inc. | 5914 North Belt | St Joseph | MO | 64506 | 816-279-2826 |
| Water Conditioning of Mississippi, LLC | 1205 Nelle Street | Tupelo | MS | 38801 | 662-842-1072 |
| Houser's Water Treatment, Inc. | 15 Shawnee Way | Bozeman | MT | 59715 | 406-586-2453 |
| Houser's Water Treatment, Inc. | 1006 South Montana Street | Butte | MT | 59701 | 406-782-2400 |
| Malsam Water Conditioning, Inc. | 401 Huffman Avenue | Great Falls | MT | 59404 | 406-761-5050 |
| LeRoy Malsam | 2608 Billings Avenue | Helena | MT | 59601 | 406-443-9248 |
| Quality Water Works Inc. | 2243 US Highway 93 South | Kalispell | MT | 59901 | 406-257-6936 |
| Northwest Water Conditioning Company | 603 West Main Street | Laurel | MT | 59044 | 406-628-6059 |
| Dam-Bra Corporation | 2020 Ernest Ave. | Missoula | MT | 59801 | 406-721-1991 |
| LeRoy Malsam | 824 Oilfield Avenue | Shelby | MT | 59474-1641 | 406-434-5412 |
| Global Water Systems, Inc. | 655-R Pressley Road | Charlotte | NC | 28217 | 704-525-1526 |
| Triangle Water Services, Inc. | 816 Hardee Street | Durham | NC | 27703 | 919-598-7873 |
| Eastern Water Systems, Inc. | 1350 US Highway 17 South | Elizabeth City | NC | 27909 | 252-264-3630 |
| Carolina Water Consultants, L.L.C. | 4 Vaughn Circle | Fletcher | NC | 28732 | 828-251-2420 |
| North Carolina Bottled Water Co. Inc. | 1207 U.S. Highway 117 ByPass South | Goldsboro | NC | 27530 | 919-580-9600 |
| Pure Water Pros, Inc. | 205 Atwell Avenue | Greensboro | NC | 27406 | 336-288-5356 |
| Pure Water Pros, Inc. | 562-A Valley Road, Suite A | Mocksville | NC | 27028 | 833-285-5446 |
| Dicktel, Incorporated | 2480 US Highway 70 East | New Bern | NC | 28560 | 252-637-3510 |
| Wilmington Service Corporation | 2017 Carolina Beach Road | Wilmington | NC | 28401 | 910-762-0617 |
| Craig T. Birch and Cary T. Birch | 1120 N P Avenue | Fargo | ND | 58107 | 701-232-7878 |
| CWC of Minot, Inc. | 24 Second Street NE | Minot | ND | 58703 | 701-852-3305 |
| Plooster Water, Inc. | 216 West 3rd Street | Alliance | NE | 69301 | 308-762-4866 |
| Dell Done Wright Water, Inc. | 214 South 5th Avenue | Broken Bow | NE | 68822 | 308-872-2978 |
| Plooster Water, Inc. | 610 East 3rd Street | Chadron | NE | 69337 | 308-432-3118 |
| Wichita Water Conditioning, Inc. | 1221 East 23rd Street | Columbus | NE | 68601 | 402-563-1200 |
| Nebraska Water Experts, LLC | 304 East 5th Street | Cozad | NE | 69130 | 308-324-8888 |
| Corbett's Water Conditioning, Inc. | 2220 West 11th Street | Crete | NE | 68333-0242 | 402-826-3372 |
| Central Nebraska Water Conditioning, Inc. | 3112 West Old Potash Highway | Grand Island | NE | 68803 | 308-382-7220 |
| Next Generation Water, Inc. | 1618 North Lincoln | Hastings | NE | 68901 | 402-463-3747 |
| B & H Investments, Inc. | 211 West 19th Street | Kearney | NE | 68845 | 308-237-3137 |
| Wichita Water Conditioning, Inc. | 11615 Centennial Road | LaVista | NE | 68128 | 402-397-4234 |
| Wichita Water Conditioning, Inc. | 4801 Superior Street | Lincoln | NE | 68504 | 402-476-3351 |
| Messersmith Water Treatment, LLC | 223 East B Street | McCook | NE | 69001 | 308-345-1671 |
| Wichita Water Conditioning, Inc. | 1018 Monroe Avenue | Norfolk | NE | 68701 | 402-371-5950 |
| Nebraska Water Experts, LLC | 1809 East 4th Street | North Platte | NE | 69101 | 308-532-7991 |

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| Orth Water Solutions, Inc. | 120 East J Street | Ogallala | NE | 69153 | 308-284-3942 |
| B & H Investments, Inc. | 1005 South Beltline Highway West | Scottsbluff | NE | 69361 | 308-632-4014 |
| Sidney Soft Water, Inc. | 1844 Tenth Avenue | Sidney | NE | 69162 | 308-254-3051 |
| B & H Investments, Inc. | 207 East Fourth Street | York | NE | 68467 | 402-362-5927 |
| Everett M. Windover, Inc. | 247 Sullivan | Claremont | NH | 3743 | 802-865-0000 |
| ADS Water Treatment Services, LLC | 97 New Salem Street | Laconia | NH | 3246 | 603-524-6737 |
| Water 101, LLC | 8030 South Willow Street Unit 5 | Manchester | NH | 3103 | 603-472-4098 |
| Tri-County Water Conditioning Company, Inc. | 8 Station Road | Sparta | NJ | 7871 | 973-729-3131 |
| The Shannahan Water Co., Inc. | 780 South Route 73 | West Berlin | NJ | 8091 | 609-567-2307 |
| Zane Filippone Co., Inc. | 18 Northfield Avenue | West Orange | NJ | 7052 | 973-731-7110 |
| Matthew Shaw and Mary Ann Shaw | 143 South New York | Alamogordo | NM | 88310 | 575-437-6500 |
| Southwest Water Conditioning, Inc. | 7801 Menaul Blvd NE | Albuquerque | NM | 87110-4657 | 505-299-9581 |
| Dawson Ice and Water Company, Inc. | 1111 San Mateo Boulevard NE | Albuquerque | NM | 87110 | 505-260-9999 |
| Westwood Water Conditioning and Bottled Water, Inc. | 1710 W. Aztec Blvd | Aztec | NM | 87410 | 505-327-5145 |
| NewTex Water Conditioning, LLC | 204 South Dal Paso | Hobbs | NM | 88240-2249 | 575-397-3201 |
| Dawson Ice and Water Company, Inc. | 1051 Elkins Road | Milan | NM | 87021-2904 | 505-287-2208 |
| Water Quality Services, Inc. | 1303 North Garden | Roswell | NM | 88201 | 575-625-2446 |
| USW Holding Company, LLC | 4513 N. Lamb Boulevard | Las Vegas | NV | 89115 | 702-643-6000 |
| MSW, NV LLC. | 2999 Waltham Way | McCarran | NV | 89434 | 775-331-7310 |
| Keppler Water Treatment, Inc. | 31 Lewis Road | Akron | NY | 14001 | 716-542-4500 |
| Allan C. Windover, Inc. | 4773 State Highway 28 Unit 4 | Cooperstown | NY | 13326 | 800-448-4420 |
| Northeastern Water Services, Inc. | 7406 Taft Park Drive | East Syracuse | NY | 13057 | 315-458-4000 |
| Susquehanna Valley Water Conditioning Company | 465 East Water Street | Elmira | NY | 14901 | 607-737-2748 |
| Northeastern Water Services, Inc. | 429 Airport Road | Endicott | NY | 13760-0090 | 607-786-9420 |
| Dunkirk Service Corp. | 161 East Main Street | Fredonia | NY | 14063 | 716-679-7880 |
| Allan C. Windover, Inc. | 74 Union Street | Fultonville | NY | 12072 | 518-853-3532 |
| Fred Smith Valley Stream/Long Island Corp. | 1 Lincoln Avenue Unit 1330 | Holbrook | NY | 11741 | 800-339-4426 |
| Allan C. Windover, Inc. | 1 Industrial Tract Suite 2 | Hudson | NY | 12534 | 518-828-5050 |
| Water Treatment, Inc. | 1240 Rochester Street | Lima | NY | 14485 | 585-624-4000 |
| Northeastern Water Services, Inc. | 21 First Street | New City | NY | 10956-5090 | 845-634-3336 |
| The Fred Smith Company, Inc. | 1674 1st Avenue | New York | NY | 10128-4853 | 212-472-9700 |
| Rochester Water Technology Concepts, Inc. | 750 St. Paul Street | Rochester | NY | 14605 | 585-266-2876 |
| CRH Ohio, Ltd. | 4722 Spring Road | Brooklyn Heights | OH | 44131 | 440-234-2212 |
| Culligan Sales and Service of Northwest Ohio, Inc. | 425 Winzler Drive | Bryan | OH | 43506 | 419-782-9756 |

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| CRH Ohio, Ltd. | 8260 Howe Industrial Parkway Suite H | Canal Winchester | OH | 43110 | 614-861-5440 |
| CRH Ohio, Ltd. | 4810 Southway Street SW | Canton | OH | 44706 | 330-499-1333 |
| C.R.H. Ohio, Ltd. | 4040 Fondorf Dr. | Columbus | OH | 43228 | 614-345-2510 |
| Culligan Sales and Service of Northwest Ohio, Inc. | 22183 State Route 18 | Defiance | OH | 43512 | 419-782-9756 |
| C.R.H. Ohio, Ltd. | 809 Boulevard Street | Dover | OH | 44622 | 330-364-4441 |
| C.R. H. Ohio, Ltd. | 507 Tiffin Street | Fremont | OH | 43420 | 419-332-7329 |
| Karger Ventures Limited | 350 South Main Street | Mansfield | OH | 44902 | 419-522-0442 |
| CRH Ohio, Ltd. | 400 North Main Street | Marysville | OH | 43040 | 937-644-8579 |
| Maumee Valley Bottlers, Inc. | 550 Independence Drive | Napoleon | OH | 43545 | 419-592-7881 |
| Raymar Water Treatment, Inc. | 500 Independence Drive | Napoleon | OH | 43545 | 419-592-7936 |
| Easton Service, Inc. | 1427 Route 322 East | Orwell | OH | 44076 | 440-422-3200 |
| Mountain State Water LLC | 1137 13th Street | Portsmouth | OH | 45662 | 304-916-3934 |
| CRH Ohio, Ltd. | 7176 State Route 88 Suite D | Ravenna | OH | 44266 | 330-296-7800 |
| C.R. H. Ohio, Ltd. | 400 Wentz Street | Tiffin | OH | 44883 | 419-447-3902 |
| Karger Services Corporation | 220 East North Street | Wooster | OH | 44691 | 330-264-9283 |
| Cooksey, Inc. | 2423 Hubbard Road | Youngstown | OH | 44505 | 330-744-4403 |
| C.R.H. Ohio, Ltd. | 1115 Newark Road | Zanesville | OH | 43701 | 740-453-0604 |
| Aquarius Enterprises, Inc. | 217 South Johnston Street | Ada | OK | 74820 | 580-332-5806 |
| Wright Water Corporation | 17 West Broadway | Ardmore | OK | 73401 | 405-224-1839 |
| Wright Water Corporation | 1001 South 3rd Street | Chickasha | OK | 73018 | 405-224-1839 |
| R & R Water Conditioning, L.L.C. | I40 & Custer City Road | Clinton | OK | 73601 | 580-323-2041 |
| Canadian Valley Water, Inc. | 301 West Elm | El Reno | OK | 73036 | 405-262-0278 |
| Rother's Water Conditioning, Inc. | 301 West Elm | El Reno | OK | 73036 | 405-262-0278 |
| Central Oklahoma Water Services, Inc. | 1022 East Owen K. Garriott | Enid | OK | 73701 | 580-234-3443 |
| R & R Water Conditioning, L.L.C. | 2715 West Lee Boulevard | Lawton | OK | 73502 | 580-355-3708 |
| Mollman Water Conditioning, Inc. | 2521 South Interstate 35 Service Road | Oklahoma City | OK | 73129 | 405-672-7821 |
| Wichita Water Conditioning, Inc. | 115 E. Highland Ave | Ponca City | OK | 74601 | 580-762-7555 |
| Aquarius Enterprises, Inc. | 1800 West Skelly Drive | Tulsa | OK | 74107 | 918-665-1823 |
| Reynolds H20 Plus, Inc. | 1222 West Greenleaf Street | Allentown | PA | 18102 | 610-435-3509 |
| Altoona Water Conditioning, Inc. | 1801 Valley View Boulevard | Altoona | PA | 16602 | 814-944-2091 |
| Susquehanna Valley Water Conditioning Company | 565 Rolling Ridge Drive | Bellefonte | PA | 16823 | 814-357-8410 |
| Stewart Water Conditioning, Inc. | 393 Congress Street | Bradford | PA | 16701 | 814-368-6123 |
| Reynolds H2O Plus, Inc. | 522 Jenna Street | Brodheadsville | PA | 18322 | 570-992-2800 |
| Susquehanna Valley Water Conditioning Company | 992 Route 28 | Brookville | PA | 15825-9755 | 814-849-3041 |
| Schry Water Conditioning, Inc. | 200 Portersville Road | Ellwood City | PA | 16117 | 724-758-8306 |
| Kinzua Water Treatment, Inc. | 1502 Industrial Drive | Erie | PA | 16505-4330 | 814-835-3500 |

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| Stoner Quality Water, Inc. | 273 Culligan Road | Friedens | PA | 15541 | 814-445-7694 |
| Schry Water Treatment, Inc | 145 Tollgate Hill Road | Greensburg | PA | 15601 | 724-834-5080 |
| Schry Water Treatment, Inc. | 1749 Wilson Avenue | Indiana | PA | 15701 | 724-465-5611 |
| Beyer & Fortner, Inc. | 136 North Eighth Street | Lewisburg | PA | 17837 | 570-523-3001 |
| Kinzua Water Treatment, Inc. | 16039 Conneaut Lake Road Suite 104 | Meadville | PA | 16335 | 814-337-0733 |
| Cumberland Water Conditioning Company | 12 Waterford Drive | Mechanicsburg | PA | 17050 | 717-697-0657 |
| Webb Waterworks, LLC | 8290 Miller Park Dr | New Freedom | PA | 17349 | 717-479-5331 |
| The Shannahan Water Co., Inc. | 915 Madison Avenue | Norristown | PA | 19403 | 610-539-6221 |
| Susquehanna Valley Water Conditioning Company | 425 Seneca Street | Oil City | PA | 16301 | 814-676-5696 |
| Northeastern Water Services, Inc. | 115 Brown Street | Pittson | PA | 18640 | 570-562-9771 |
| Altoona Water Conditioning, Inc. | 114 Horatio Street | Punxsutawney | PA | 15767 | 814-938-2240 |
| Susquehanna Valley Water Conditioning Company | 211 Overlook Drive Suites 1-4 | Sewickley | PA | 15143 | 412-324-1065 |
| Trilli Holdings, Inc. | 228 Church Street | Star Junction | PA | 15482 | 724-736-8000 |
| Kinzua Water Treatment, Inc. | 207 E. 5th Avenue | Warren | PA | 16365 | 814-723-9131 |
| Reynolds H2O Plus, Inc. | 119 Franklin Street | West Reading | PA | 19611 | 610-373-4194 |
| Carolina Water Specialties, L.L.C. | 212 Cooper Lane | Easley | SC | 29642 | 864-295-9500 |
| Low Country Water Conditioning, Inc. | 20B Cardinal Road | Hilton Head Island | SC | 29926 | 843-681-3333 |
| Sanders Services, Inc. | 609 Oak Drive | Lexington | SC | 29073 | 803-356-4014 |
| Hanson Water Conditioning, Inc. | 1417 6th Street | Brookings | SD | 57006 | 605-692-4911 |
| Water Conditioning of Hot Springs, Inc. | 715 Jensen Highway | Hot Springs | SD | 57747 | 605-745-3196 |
| J.A.R.S Enterprises Inc. | 211 South Burr Street | Mitchell | SD | 57301 | 605-996-7871 |
| Capital Five, Inc. | 2445 Dyess Avenue | Rapid City | SD | 57701 | 605-644-0966 |
| Connelly Water Conditioning of Sioux Falls, Inc. | 1510 West 51st Street | Sioux Falls | SD | 57105 | 605-336-2165 |
| Capital Five, Inc. | 3339 East Colorado Blvd. | Spearfish | SD | 57783 | 605-644-0966 |
| Hanson Enterprises, Inc. | 425 East Kemp | Watertown | SD | 57201 | 605-886-4830 |
| J.A.R.S. Enterprises, Inc. | 401 East 4th Street | Yankton | SD | 57078 | 605-665-7871 |
| McCollum Bottled Water, L.L.C. | 2004 Highway 75 | Blountville | TN | 37617 | 423-323-4195 |
| McCollum Water Conditioning, Inc. | 2004 Highway 75 | Blountville | TN | 37617 | 423-323-4195 |
| Water Treatment Resources Inc. of Chattanooga | 2022 Polymer Drive | Chattanooga | TN | 37421 | 423-499-5700 |
| Wendell Hall | 2199 Summerfield Road | Cookeville | TN | 38506 | 931-528-4262 |
| KCW Incorporated | 11150 Outlet Drive | Knoxville | TN | 37932 | 865-675-3079 |
| Culligan of Memphis, LLC | 2039 Nonconnah Boulevard | Memphis | TN | 38132 | 423-499-5700 |
| Southern Clean Water, Inc. | 2004 Pittway Drive | Nashville | TN | 37207 | 615-256-0123 |
| Angelo Water Service Co. | 758 South Treadaway | Abilene | TX | 79602 | 325-698-1600 |
| Canatxx, Inc. | 2010 NW First Avenue | Amarillo | TX | 79106 | 806-371-9126 |
| Driessen Water, Inc. | 505 W. Yager Lane | Austin | TX | 78753 | 512-339-2378 |
| Southeast Texas Water Conditioning, Inc. | 850 McFaddin Avenue | Beaumont | TX | 77701 | 409-838-6261 |

| | | | | | |
|---|---|---|---|---|---|
| Clean Water Texas, LLC | 1509 E. FM 700 | Big Spring | TX | 79720 | 432-263-8781 |
| Ratcliff Water Treatment, LLC | 1575 Highway 290 West | Brenham | TX | 77833 | 979-836-2180 |
| Culligan of Brownwood, Inc. | 3001 Stephen F. Austin Drive | Brownwood | TX | 76801 | 325-646-7442 |
| RS Water Holdings LLC | 111 South Brazosport Boulevard Highway 288B | Clute | TX | 77531 | 979-265-0050 |
| Ambrosia Water, LLC | 3900 State Highway 6 South Ste 102 | College Station | TX | 77845 | 979-696-2660 |
| Driessen Water, Inc. | 110 North Staples Street | Corpus Christi | TX | 78401 | 361-884-2483 |
| Shar Sher I, Inc. | 4431 West Crawford Street Suite 101 | Denison | TX | 75020 | 903-465-6644 |
| JMK, Inc. | 108 Oakhaven Lane | Fredericksburg | TX | 78624 | 830-997-5539 |
| RS Water Holdings, LLC | 5450 Guhn Road | Houston | TX | 77040 | 713-293-6400 |
| RS Water Holdings, LLC | 3201 Premier Drive Suite 300 | Irving | TX | 75063 | 972-241-3828 |
| ZYX Corporation | 1612 Water Street | Kerrville | TX | 78028 | 830-896-3544 |
| Sample Enterprises, Inc. | 3020 East Locust Street | Laredo | TX | 78043 | 956-727-1207 |
| Clean Water Texas, LLC | 6024 43rd Street | Lubbock | TX | 79407 | 806-792-3341 |
| Culligan Water Conditioning of West Texas, Inc. | 10018 West Highway 80 | Midland | TX | 79711 | 432-563-2690 |
| Stimco, Inc. | 314 South Starkweather | Pampa | TX | 79065 | 806-665-5729 |
| Driessen Water, Inc. | 3408 Olton Road | Plainview | TX | 79073 | 806-293-9283 |
| Gregory S. Gayler | 1007 North Chadbourne | San Angelo | TX | 76903 | 325-655-7554 |
| Culligan Water Conditioning of San Antonio, Inc. | 1034 Austin Street | San Antonio | TX | 78208 | 210-226-5344 |
| H2O Conditioning of Cameron County, Inc. | 1300 West-Business Highway 77 | San Benito | TX | 78586 | 956-399-1780 |
| San Marcos Water Conditioning, Inc. | 310 West San Antonio Street | San Marcos | TX | 78666 | 512-353-0505 |
| Culligan Water Conditioning of Seguin, Inc. | 918 North Camp Street | Seguin | TX | 78155 | 830-303-6426 |
| Water Specialists, Inc. | 3820 Lucius McCelvey Street | Temple | TX | 76504 | 254-773-5822 |
| John Knezek Enterprises, LLC | 1615 Wilbarger Street | Vernon | TX | 76384 | 940-552-6851 |
| Driessen Water, Inc. | 1904 Sam Houston Drive | Victoria | TX | 77901 | 361-575-5762 |
| RS Water Holdings LLC | 410 South Main Street | Weatherford | TX | 76083 | 682-262-1589 |
| Pace's Water Conditioning, Inc. | 950 West Industrial Road | Cedar City | UT | 84721 | 435-586-2450 |
| Dunnell Enterprises, Inc. | 950 W. Industrial Road | Cedar City | UT | 84721 | 435-586-2450 |
| Sam H Jones Furniture & Appliances Inc. | 595 West 600 North | Logan | UT | 84321 | 435-752-2454 |
| Firmage Water Conditioning of Ogden, Utah, Inc. | 1595 West 2550 South | Ogden | UT | 84401 | 801-627-2440 |
| Firmage Water Conditioning Company of Utah Valley, Inc. | 1388 West Center | Orem | UT | 84057 | 801-426-5586 |

| | | | | | |
|---|---|---|---|---|---|
| Firmage Bottled Water Corporation | 2770 South 600 West | Salt Lake City | UT | 84165-0748 | 801-908-7000 |
| Firmage Water Conditioning Company of Salt Lake City, Utah, Inc. | 2812 South 600 West | Salt Lake City | UT | 84165 | 801-954-9283 |
| Stoner Quality Water, Inc. | 3631 Radford Road | Christianburg | VA | 24073 | 540-674-2466 |
| USW Holding Company, LLC | 45095 Old Ox Road Suite 100 | Dulles | VA | 20166 | 703-834-6001 |
| USW Holding Company, LLC | 20 McCarty Rd. | Fredericksburg | VA | 22405 | 540-834-0406 |
| Adam's Ale, LLC | 467 Remount Road | Front Royal | VA | 22630 | 540-635-4915 |
| Stoner Enterprises, Inc. | 1820 Erickson Avenue | Harrisonburg | VA | 22801 | 800-678-6203 |
| Stoner Quality Water, Inc. | 15241 Wards Road | Lynchburg | VA | 24502 | 800-438-5595 |
| KF Water of Virginia, LLC | 3645 Victory Blvd. | Portsmouth | VA | 23701 | 757-487-4847 |
| Stoner Quality Water, Inc. | 5201 Williamson Road | Roanoke | VA | 24012 | 540-366-9078 |
| Stoner Enterprises, Inc. | 8875 Seminole Trail | Ruckersville | VA | 22968 | 434-985-4070 |
| Stoner Enterprises, Inc. | 240 North Central Avenue Unit #2 - Holiday Court | Staunton | VA | 24401 | 540-886-9422 |
| USW Holding Company, LLC | 107 Featherbed Lane | Winchester | VA | 22601 | 540-662-8161 |
| Everett M. Windover, Inc. | 154 Brentwood Drive Suite 1 | Colchester | VT | 5446 | 802-865-0000 |
| Water Pro, Inc. | 1229 Basin SW | Ephrata | WA | 98823 | 509-754-4200 |
| Water Conditioning of the Tri-Cities, Inc. | 1001 West Columbia Drive | Kennewick | WA | 99336 | 509-586-1174 |
| 1 Quick '69, L.L.C. | 2920 Cameron Lake Road | Okanogan | WA | 98841 | 509-826-0610 |
| Oconto County Water Conditioning & Bottled Water Service, Inc. | 5675 O'Malley Lane | Abrams | WI | 54101 | 920-826-2350 |
| Total Water of Baraboo LLC | 1501 Lake Street | Baraboo | WI | 53913 | 608-356-7560 |
| Eastern Wisconsin Water Conditioning Company | 701 Blackhawk Drive Suites J & I | Burlington | WI | 53105 | 262-763-7817 |
| C-Water, Inc. | 668 East Geneva Street | Delavan | WI | 53115 | 262-728-2731 |
| Total Water Treatment Systems, Inc. | 309 East Brown Street | Dodgeville | WI | 53533 | 608-935-2433 |
| Sterling Water, Inc. | 1928 Truax Boulevard | Eau Claire | WI | 54703-9659 | 715-834-9431 |
| Metzner's Culligan Quality Water, Inc. | 310 South Oneida St. | Green Bay | WI | 54303 | 920-494-7401 |
| Culligan Water Conditioning - Horricon LLP | 231 Valley Street | Horicon | WI | 53032 | 920-485-2591 |
| Complete Water Services, Inc. | 2306 Kennedy Road | Janesville | WI | 53545-0827 | 608-752-9211 |
| Cleanwater Corporation of America | 2956 Airport Road | La Crosse | WI | 54603 | 608-781-2500 |
| Total Water Treatment Systems, Inc. | 203 South C P Avenue | Lake Mills | WI | 53551 | 920-648-5311 |
| Kraemer's Water Store, Inc. | 1416 Highway 61 North | Lancaster | WI | 53813 | 608-723-4088 |
| Total Water Treatment Systems, Inc. | 5002 World Dairy Drive | Madison | WI | 53718 | 608-221-2236 |
| Complete Water Services, Inc. | 1102 17th Street | Monroe | WI | 53566 | 608-328-4251 |
| McKernan Water Systems, LLC | N21996 Highway 141 | Niagara | WI | 54151 | 906-774-2700 |
| Water Quality Improvement, Inc. | 405 Prospect Avenue | North Fond du Lac | WI | 54937 | 920-922-4654 |

| | | | | | |
|---|---|---|---|---|---|
| Anderson Water Conditioning, Inc. | 860 Frontage Road | Peshtigo | WI | 54157 | 715-582-0566 |
| Kaat's Water Conditioning, Inc. | 3109 County Road PP | Plymouth | WI | 53073 | 920-893-5967 |
| Conditioned Water by Schoppe, Inc. | 320 W. Phillip Street | Rhinelander | WI | 54501 | 715-362-4047 |
| The Water Meister, Inc. | 2200 Pioneer Avenue | Rice Lake | WI | 54868 | 715-234-8819 |
| Kraemer's Water Store, Inc. | 241 West Haseltine | Richland Center | WI | 53581 | 608-647-3444 |
| Sterling Water, Inc. | 2465 Trailwood Lane | Rothschild | WI | 54474 | 715-355-7060 |
| Culligan of Shawano, Inc. | 430 South Main Street | Shawano | WI | 54166 | 715-526-2220 |
| Gordon K. Weber Company, Inc. | 63 East Oak Street | Sturgeon Bay | WI | 54235 | 920-743-6242 |
| Countryside Management, Inc. | 105 Sime Avenue | Tomah | WI | 54660 | 608-372-6124 |
| Water Conditioning Co., of Union Grove, Inc. | 1531 13th Avenue | Union Grove | WI | 53182 | 262-878-1161 |
| Culligan Water Conditioning - Horicon LLP | 1401 Clark Street | Watertown | WI | 53094 | 920-261-4225 |
| Eastern Wisconsin Water Conditioning Company | 1801 Pewaukee Road | Waukesha | WI | 53188 | 262-547-1862 |
| Sterling Water-Chain of Lakes, LLC | 956 Furman Drive | Waupaca | WI | 54981-0071 | 715-258-2242 |
| Eastern Wisconsin Water Conditioning Company | 251 Stockhausen Lane | West Bend | WI | 53095 | 262-377-2100 |
| Mountain State Water, LLC | 915 Mount Clare Road | Clarksburg | WV | 26302 | 304-624-0022 |
| Mountain State Water, LLC | 316 16th Street | Vienna | WV | 26105 | 304-295-0127 |
| H2O Investments Inc. | 1480 East C Street | Casper | WY | 82601 | 307-577-7638 |
| Wichita Water Conditioning, Inc. | 1000 East 15th Street | Cheyenne | WY | 82001 | 307-632-2996 |
| H20 Investments, Inc. | 2901 Elder Street | Gillette | WY | 82718 | 307-670-0044 |
| JMAKE, LLC | 503 East Cedar | Rawlins | WY | 82301 | 307-328-1090 |
| Mark Edward Jolovich | 1725 West B | Torrington | WY | 82240 | 307-532-2088 |

**DEALERS THAT SIGNED FRANCHISE AGREEMENTS BUT WERE NOT OPEN AS OF DECEMBER 31, 2021**

**NONE**

## PART II

## DEALERS WHO HAVE LEFT THE SYSTEM

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

The following is a list of dealerships who have ceased to operate as a Culligan-authorized facility under a franchise agreement during the fiscal year ending December 31, 2021. The list includes those Dealers who have had an outlet terminated, cancelled, not renewed, otherwise voluntarily or involuntarily ceased to do business under the franchise agreement as a result of transfers to other Dealers, to us or our subsidiaries, or otherwise. This list does not include Dealers with franchise agreements the stated terms of which have expired where the dealership has continued to be operated pending execution of a Franchise Agreement (which are included in Part I of this **Exhibit F)**.

| Name | City | State | Current Phone No. |
|---|---|---|---|
| Richard L. Hileman, Inc. | Lake Havasu City | Arizona | (928) 855-8061 |
| Culligan Soft Water Service of Imperial County, Inc. | Imperial | California | (760) 352-3737 |
| Pinnacle Water Group, Inc. | Carbondale | Colorado | (970) 963-2273 |
| Pinnacle Water, Inc. | Grand Junction | Colorado | (970) 243-0628 |
| Pinnacle Water, Inc. | Montrose | Colorado | (970) 497-1102 |
| Windover Water, Inc. | Kingsland | Georgia | (912) 729-4925 |
| Rock Valley Water, Inc. | Loves Park | Illinois | (815) 968-7511 |
| Ben-Gor, Inc. | Chandler | Indiana | (812) 853-5000 |
| Mihalovich, Inc. | Centerville | Iowa | (641)856-2324 |
| Tri-State Water Conditioning, Inc. | Sturgis | Michigan | (269) 651-2676 |
| D.E.S. Water Conditioning of Murray County, Inc. | Marshall | Minnesota | (507) 532-5922 |
| D.E.S. Water Conditioning of Murray County, Inc. | Slayton | Minnesota | (507) 836-8277 |
| D.E.S. Water Conditioning of Murray County, Inc. | Tracy | Minnesota | (507) 629-3470 |
| MIKGEE Water Conditioning, Inc. | O'Fallon | Missouri | (636) 272-2224 |
| CRT Holdings, Inc. | Greensburg | Pennsylvania | (724) 834-5080 |
| Consolidated Water Group, LLC (The franchisor acquired 9 locations in Florida and 2 in South Carolina from this franchisee). | Multiple locations in Florida and South Carolina | Florida, South Carolina | (352) 237-4118 |
| Consolidated Water Group, LLC | Elloree | South Carolina | (843) 767-3333 |

Names of franchises who have not communicated with us within 10 weeks of the issuance date of the Franchise Disclosure Document:

NONE

**EXHIBIT G**

**FINANCIAL STATEMENTS**
**AND CULLIGAN FRANCHISE COMPANY GUARANTEE OF PERFORMANCE**

# FINANCIAL STATEMENTS

Culligan Franchise Company
Years Ended December 31, 2021, 2020, and 2019
With Report of Independent Auditors

Culligan Franchise Company

Financial Statements

Years Ended December 31, 2021, 2020 and 2019

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Ernst & Young LLP
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Building a better working world

# Report of Independent Auditors

The Board of Directors of Osmosis Holdings, LP
Culligan Franchise Company

We have audited the financial statements of Culligan Franchise Company, a wholly-owned subsidiary of Osmosis Holdings, LP, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in stockholder's equity and cash flows for the three years ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years ended December 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered

material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst & Young LLP

May 3, 2022

# Culligan Franchise Company

## Balance Sheets

| | December 31, | |
|---|---|---|
| **Assets** | **2021** | **2020** |
| Current assets: | | |
| Cash | $ 1,134,262 | $ 1,133,687 |
| Interest Receivable | 49 | 49 |
| **Total assets** | **$ 1,134,311** | **$ 1,133,736** |
| **Liabilities and stockholder's equity** | | |
| Long-term liabilities: | | |
| Intercompany payable | $ 107,759 | $ 107,152 |
| Total liabilities | **$ 107,759** | **$ 107,152** |
| Stockholder's equity: | | |
| Common stock, $0.01 par value; Authorized, issued, and outstanding, 1,000 shares | 10 | 10 |
| Paid-in capital | 999,990 | 999,990 |
| Retained earnings | 26,552 | 26,584 |
| Total stockholder's equity | 1,026,552 | 1,026,584 |
| **Total liabilities and stockholder's equity** | **$ 1,134,311** | **$ 1,133,736** |

*See accompanying notes to financial statements.*

# Culligan Franchise Company

## Statements of Operations

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2021** | **2020** | **2019** |
| Interest income | $ 575 | $ 2,868 | $ 8,829 |
| Bank and professional fees | 607 | 506 | 707 |
| Income/(loss) before taxes | (32) | 2,362 | 8,122 |
| Income tax benefit | - | - | - |
| **Net Income/(loss)** | **$ (32)** | **$ 2,362** | **$ 8,122** |

*See accompanying notes to financial statements.*

# Culligan Franchise Company

## Statements of Changes in Stockholder's Equity

| | Common Stock | Paid-In capital | Retained Earnings | Total Stockholder's Equity |
|---|---|---|---|---|
| Balance, December 31, 2019 | $ 10 | $ 999,990 | $ 24,222 | $ 1,024,222 |
| Net income | - | - | 2,362 | 2,362 |
| Balance, December 31, 2020 | $ 10 | $ 999,990 | $ 26,584 | $ 1,026,584 |
| Net loss | - | - | (32) | (32) |
| Balance, December 31, 2021 | **$ 10** | **$ 999,990** | **$ 26,552** | **$ 1,026,552** |

*See accompanying notes to financial statements.*

# Culligan Franchise Company

## Statements of Cash Flows

| | Year Ended December 31 | | |
|---|---|---|---|
| | **2021** | **2020** | **2019** |
| **Operating activities** | | | |
| Net income/(loss) | $ (32) | $ 2,362 | $ 8,122 |
| Changes in operating assets and liabilities: | | | |
| Interest Receivable | - | 924 | (306) |
| Intercompany payable | 607 | 506 | 707 |
| Net cash provided by operating activities | 575 | 3,792 | 8,523 |
| Net increase in cash and cash equivalents | 575 | 3,792 | 8,523 |
| Cash and cash equivalents at beginning of year | 1,133,687 | 1,129,895 | 1,121,372 |
| Cash and cash equivalents at end of year | $ 1,134,262 | $ 1,133,687 | $ 1,129,895 |

*See accompanying notes to financial statements.*

Culligan Franchise Company

Notes to Financial Statements

Years Ended December 31, 2021, 2020, and 2019

## 1. Background

Culligan Franchise Company (the Company) is a wholly owned subsidiary of Osmosis Holdings LP, which is a limited partnership between BDT Osmosis Holdings, LP, AI Aqua (Luxembourg) Bidco S.àr.l, and certain members of Company management (collectively "Limited Partners"), Osmosis Holdings LP, is a global water treatment company doing business under the Culligan tradename. In July 2021, affiliates of BDT & Co., LLC acquired the Company and Culligan. Through a series of legal mergers, direct ownership of the Company was transferred to BDT Capital Partners, LLC, a US wholly owned subsidiary of BDT & Co., LLC. The Company was formed to absolutely and unconditionally guarantee the performance by Culligan International Company (Culligan), also a wholly owned subsidiary of Osmosis Holdings LP, of all of the obligations of Culligan under its franchise registration in each state where the franchise is registered and under its franchise agreement and other agreements identified in its Franchise Disclosure Document, which may be amended from time to time. The Company has not had to perform under the guarantee. Culligan is in the water treatment business and sells franchises in connection therewith.

Osmosis Holdings LP has elected not to push down its basis of purchase accounting to the Company following the transactions.

## 2. Summary of Significant Accounting Policies

### Basis of Presentation

The Company presents its financial statements in accordance with U.S. generally accepted accounting principles. All amounts are in U.S. dollars.

### Fiscal Year

The fiscal year-end of the Company is December 31.

### Cash

Cash consists of cash on deposit in an interest-bearing U.S. bank account.

**2. Summary of Significant Accounting Policies (continued)**

**Income Taxes**

The Company's taxable income or loss is included in the consolidated income tax return of Osmosis Holdings LP. (the ultimate U.S. income tax reporting entity of the U.S. operations). For purposes of the financial statements presented herein, the accounting treatment for recording tax benefits for the Company is to consider the Company as a separate taxpayer, which means that tax benefits would only be recognized if they could be used on a separate return basis. The Company recognized $0 tax expense in 2021 on pre-tax income of $(32), resulting in an effective tax rate of 0%. The Company had no deferred tax assets or liabilities as of December 31, 2021 and December 31, 2020**.**

**3. Expenses/Related Parties**

Costs related to administrative services (accounting, legal, etc.) provided by Culligan are not material and have not been reflected in the financial statements starting in 2018 as they are absorbed by Culligan. The allocations and charges have not been made on terms equivalent to those that prevail in arm's length transactions and they are not necessarily indicative of the level of expenses which might have been incurred had the Company been operating as a separate stand-alone entity.

**4. Subsequent Events**

The Company has evaluated subsequent events and transactions from the balance sheet date through May 3, 2022, the date at which financial statements were issued. There have been no subsequent events that occurred during such period that would require disclosure, or be required to be recognized in the financial statements, as of or for the year ended December 31, 2021.

**PART I**

**CULLIGAN FRANCHISE COMPANY**
**AUDITED FINANCIAL STATEMENTS**

# FINANCIAL STATEMENTS

Culligan Franchise Company
Years Ended December 31, 2021, 2020, and 2019
With Report of Independent Auditors

Culligan Franchise Company

Financial Statements

Years Ended December 31, 2021, 2020 and 2019

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Building a better working world

# Report of Independent Auditors

The Board of Directors of Osmosis Holdings, LP
Culligan Franchise Company

We have audited the financial statements of Culligan Franchise Company, a wholly-owned subsidiary of Osmosis Holdings, LP, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in stockholder's equity and cash flows for the three years ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years ended December 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

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material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst & Young LLP

May 3, 2022

# Culligan Franchise Company

## Balance Sheets

| | December 31, | |
|---|---|---|
| **Assets** | **2021** | **2020** |
| Current assets: | | |
| Cash | $ 1,134,262 | $ 1,133,687 |
| Interest Receivable | 49 | 49 |
| **Total assets** | **$ 1,134,311** | **$ 1,133,736** |
| **Liabilities and stockholder's equity** | | |
| Long-term liabilities: | | |
| Intercompany payable | $ 107,759 | $ 107,152 |
| Total liabilities | **$ 107,759** | **$ 107,152** |
| Stockholder's equity: | | |
| Common stock, $0.01 par value; Authorized, issued, and outstanding, 1,000 shares | 10 | 10 |
| Paid-in capital | 999,990 | 999,990 |
| Retained earnings | 26,552 | 26,584 |
| Total stockholder's equity | 1,026,552 | 1,026,584 |
| **Total liabilities and stockholder's equity** | **$ 1,134,311** | **$ 1,133,736** |

*See accompanying notes to financial statements.*

# Culligan Franchise Company

## Statements of Operations

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2021** | **2020** | **2019** |
| Interest income | $ 575 | $ 2,868 | $ 8,829 |
| Bank and professional fees | 607 | 506 | 707 |
| Income/(loss) before taxes | (32) | 2,362 | 8,122 |
| Income tax benefit | - | - | - |
| **Net Income/(loss)** | **$ (32)** | **$ 2,362** | **$ 8,122** |

*See accompanying notes to financial statements.*

# Culligan Franchise Company

## Statements of Changes in Stockholder's Equity

| | Common Stock | Paid-In capital | Retained Earnings | Total Stockholder's Equity |
|---|---|---|---|---|
| Balance, December 31, 2019 | $ 10 | $ 999,990 | $ 24,222 | $ 1,024,222 |
| Net income | - | - | 2,362 | 2,362 |
| Balance, December 31, 2020 | $ 10 | $ 999,990 | $ 26,584 | $ 1,026,584 |
| Net loss | - | - | (32) | (32) |
| Balance, December 31, 2021 | **$ 10** | **$ 999,990** | **$ 26,552** | **$ 1,026,552** |

*See accompanying notes to financial statements.*

# Culligan Franchise Company

## Statements of Cash Flows

| | Year Ended December 31 | | |
|---|---|---|---|
| | **2021** | **2020** | **2019** |
| **Operating activities** | | | |
| Net income/(loss) | $ (32) | $ 2,362 | $ 8,122 |
| Changes in operating assets and liabilities: | | | |
| Interest Receivable | - | 924 | (306) |
| Intercompany payable | 607 | 506 | 707 |
| Net cash provided by operating activities | 575 | 3,792 | 8,523 |
| Net increase in cash and cash equivalents | 575 | 3,792 | 8,523 |
| Cash and cash equivalents at beginning of year | 1,133,687 | 1,129,895 | 1,121,372 |
| Cash and cash equivalents at end of year | $ 1,134,262 | $ 1,133,687 | $ 1,129,895 |

*See accompanying notes to financial statements.*

Culligan Franchise Company

Notes to Financial Statements

Years Ended December 31, 2021, 2020, and 2019

## 1. Background

Culligan Franchise Company (the Company) is a wholly owned subsidiary of Osmosis Holdings LP, which is a limited partnership between BDT Osmosis Holdings, LP, AI Aqua (Luxembourg) Bidco S.àr.l, and certain members of Company management (collectively "Limited Partners"), Osmosis Holdings LP, is a global water treatment company doing business under the Culligan tradename. In July 2021, affiliates of BDT & Co., LLC acquired the Company and Culligan. Through a series of legal mergers, direct ownership of the Company was transferred to BDT Capital Partners, LLC, a US wholly owned subsidiary of BDT & Co., LLC. The Company was formed to absolutely and unconditionally guarantee the performance by Culligan International Company (Culligan), also a wholly owned subsidiary of Osmosis Holdings LP, of all of the obligations of Culligan under its franchise registration in each state where the franchise is registered and under its franchise agreement and other agreements identified in its Franchise Disclosure Document, which may be amended from time to time. The Company has not had to perform under the guarantee. Culligan is in the water treatment business and sells franchises in connection therewith.

Osmosis Holdings LP has elected not to push down its basis of purchase accounting to the Company following the transactions.

## 2. Summary of Significant Accounting Policies

### Basis of Presentation

The Company presents its financial statements in accordance with U.S. generally accepted accounting principles. All amounts are in U.S. dollars.

### Fiscal Year

The fiscal year-end of the Company is December 31.

### Cash

Cash consists of cash on deposit in an interest-bearing U.S. bank account.

**2. Summary of Significant Accounting Policies (continued)**

**Income Taxes**

The Company's taxable income or loss is included in the consolidated income tax return of Osmosis Holdings LP. (the ultimate U.S. income tax reporting entity of the U.S. operations). For purposes of the financial statements presented herein, the accounting treatment for recording tax benefits for the Company is to consider the Company as a separate taxpayer, which means that tax benefits would only be recognized if they could be used on a separate return basis. The Company recognized $0 tax expense in 2021 on pre-tax income of $(32), resulting in an effective tax rate of 0%. The Company had no deferred tax assets or liabilities as of December 31, 2021 and December 31, 2020**.**

**3. Expenses/Related Parties**

Costs related to administrative services (accounting, legal, etc.) provided by Culligan are not material and have not been reflected in the financial statements starting in 2018 as they are absorbed by Culligan. The allocations and charges have not been made on terms equivalent to those that prevail in arm's length transactions and they are not necessarily indicative of the level of expenses which might have been incurred had the Company been operating as a separate stand-alone entity.

**4. Subsequent Events**

The Company has evaluated subsequent events and transactions from the balance sheet date through May 3, 2022, the date at which financial statements were issued. There have been no subsequent events that occurred during such period that would require disclosure, or be required to be recognized in the financial statements, as of or for the year ended December 31, 2021.

**PART II**

**CULLIGAN FRANCHISE COMPANY**
**GUARANTEE OF PERFORMANCE**

**GUARANTEE OF PERFORMANCE**

**For value received, Culligan Franchise Company, a Delaware corporation (the "Guarantor"), located at 9399 West Higgins Road, Suite 1100, Rosemont, IL 60018, absolutely and unconditionally guarantees to assume the duties and obligations of Culligan International Company, located at 9399 West Higgins Road, Suite 1100, Rosemont, IL 60018 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2022 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.**

**The Guarantor signs this guarantee at Rosemont, Illinois on the May 5, 2022.**

**Guarantor:**

**CULLIGAN FRANCHISE COMPANY,**
**a Delaware corporation**

**By:** Frank John Griffith
**Name: Frank John Griffith**
**Title: Secretary**

## PART III

## CULLIGAN FRANCHISE COMPANY
## UNAUDITED FINANCIAL STATEMENTS

**As of March 31, 2022**

These Financial Statements have been prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no independent Certified Public Accountant has audited these figures or expressed an opinion with regard to their content or form.

# FINANCIAL STATEMENTS

Culligan Franchise Company
As of and for Quarter Ended March 31, 2022
(Unaudited)

Culligan Franchise Company

Balance Sheet

| **Assets** | | **March 31, 2022** |
|---|---|---|
| Current assets: | | |
| Cash | $ | 1,134,426 |
| Interest Receivable | | - |
| **Total assets** | **$** | **1,134,426** |
| | | |
| **Liabilities and stockholder's equity** | | |
| | | |
| Long-term liabilities: | | |
| Intercompany payable | $ | 107,759 |
| Total liabilities | **$** | **107,759** |
| | | |
| Stockholder's equity: | | |
| Common stock, $0.01 par value; Authorized, issued, and outstanding, 1,000 shares | | 10 |
| Paid-in capital | | 999,990 |
| Retained earnings | | 26,667 |
| Total stockholder's equity | | 1,026,667 |
| **Total liabilities and stockholder's equity** | **$** | **1,134,426** |

Culligan Franchise Company

Statements of Operations

**Month Ended March 31,**

| | **2022** |
|---|---|
| Interest income | $ 115 |
| Bank and professional fees | - |
| Income/(loss) before taxes | 115 |
| Income tax benefit | - |
| **Net Income/(loss)** | **$ 115** |

**EXHIBIT H**

**CONFIDENTIALITY AGREEMENT**

## EXHIBIT H

## CONFIDENTIALITY AGREEMENT

**THIS CONFIDENTIALITY AGREEMENT** (the "Agreement") is made and entered into as of the day of _____, 20_ by and between _____ ("Prospective Franchisee"), and Culligan International Company ("Culligan").

W I T N E S S E T H:

**WHEREAS**, Prospective Franchisee desires to review the draft operating manual for the Culligan franchise system (the "Operating Manual") that contains confidential and proprietary information regarding Culligan and the Culligan franchise system (the "Proprietary Information"), for the purpose of evaluating whether to directly or indirectly enter into a franchise agreement with Culligan; and

**WHEREAS**, Culligan desires to disclose the Operating Manual and the Proprietary Information to Prospective Franchisee, but only pursuant to the terms of this Agreement.

**NOW, THEREFORE**, in consideration of the covenants and premises herein contained, and for other good and valuable consideration received, it is hereby agreed as follows:

**Paragraph 1**. Prospective Franchisee acknowledges and agrees that the Operating Manual and all Proprietary Information is confidential and proprietary information in which Culligan has a proprietary interest. Prospective Franchisee agrees that any information received from Culligan, its subsidiaries, affiliates, or franchisees (a) shall only be used for purposes of evaluating whether Prospective Franchisee desires to directly or indirectly enter into a franchise agreement with Culligan, and (b) shall not be disclosed to any third party without the prior written consent of Culligan. Prospective Franchisee agrees to use reasonable care to prevent the disclosure of the Proprietary Information to any third party, and further agrees to limit the dissemination of the Operating Manual and any of the Proprietary Information within its own organization to individuals whose duties justify the need to know such information, and then only provided that there is a clear understanding by such individuals of their obligation to maintain the confidential status of the Operating Manual and the Proprietary Information and to restrict its use solely to the purposes specified herein.

**Paragraph 2.** Prospective Franchisee acknowledges that no other right or license to use the Operating Manual or the Proprietary Information is granted by this Agreement. Upon completion of its review of the Proprietary Information (or sooner upon request), Prospective Franchisee agrees to return the Operating Manual to Culligan.

**Paragraph 3.** Prospective Franchisee shall be under no obligation under this Agreement with respect to any information (a) which is, at the time of the disclosure, available to the general public; (b) which becomes at a later date available to the general public through no fault of the Prospective Franchisee and then only after said date; or (c) which Prospective Franchisee can demonstrate was in its possession before receipt.

**Paragraph 4.** This Agreement constitutes the entire agreement and understanding among the parties hereto, and shall not be amended except pursuant to a written agreement executed by each of the parties hereto. This agreement shall be binding upon the parties hereto and their respective heirs, administrators, successors, and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

| "Prospective Franchisee" | "Culligan" |
|---|---|
| _____ | **CULLIGAN INTERNATIONAL COMPANY** |
| _____ | _____ |
| By: _____ | By: _____ |
| Its: _____ | Its: _____ |

**EXHIBIT I**

**STATE SPECIFIC ADDENDA**

**ADDENDUM TO CULLIGAN INTERNATIONAL COMPANY**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF CALIFORNIA**

1. California Corporation Code, Section 31125 requires your Franchisor to give you a disclosure document, in the form and containing such information as the Commissioner of Corporations may require, before a solicitation of a proposed material modification of an existing franchise.

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

3. OUR WEBSITE IS WWW.CULLIGAN.COM. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

4. The California Department of Financial Protection and Innovation requires that the provisions below be disclosed. To the extent that the franchise agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

A. Item 3 of the Franchise Disclosure Document is supplemented by the following language:

a. Neither Culligan nor any person in Item 2 of the 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.78a *et seq*., suspending or expelling such persons from membership in such association or exchange.

B. Item 17 of the Franchise Disclosure Document is supplemented by the following language:

a. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

b. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

c. The Franchise Agreement requires binding arbitration, except for certain disputes and an action seeking purely injunctive relief. The arbitration will occur at the JAMS office closest to both parties, or, if the subject of a dispute is a territory, the JAMS office nearest the territory, with costs being borne equally by both parties unless otherwise provided in the arbitration award. Prospective franchisees are encouraged to consult private legal counsel to

determine the applicability of California and federal laws (such as Business and Profession Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

d. The franchise agreement requires application of the laws of Illinois. This provision may not be enforceable under California law.

5. You must sign a termination and release agreement if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). 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).

**ADDENDUM TO CULLIGAN INTERNATIONAL COMPANY**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF HAWAII**

**THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

No release language set forth in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

**ADDENDUM TO CULLIGAN INTERNATIONAL COMPANY**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF ILLINOIS**

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 815 ILCS 705/1 et seq. To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended to be consistent with the following:

a. Illinois law governs the Franchise Agreement.

b. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

c. Your rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

e. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

2. In fiscal year 2021, 86% of the Franchisor’s total revenue was from the sale of products and services to its U.S. franchisees.

**ADDENDUM TO CULLIGAN INTERNATIONAL COMPANY**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF MARYLAND**

1. The general release required as a condition of sale shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17. of the Franchise Disclosure Document, "Renewal, Termination, Transfer and Dispute Resolution," is amended by:

(i) The last paragraph of "v. Choice of Forum" is deleted and the following substituted:

"Litigation under a personal Guarantee must be in the federal or state court of general jurisdiction located in Chicago, Illinois, except for claims arising under the Maryland Franchise Registration and Disclosure Act."

(ii) The addition of the following as the last sentence in Note 3 following the chart in Item 17:

"You may sue in Maryland for claims under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

(iii) the addition of the following as the last paragraph of Item 17:

"A provision in the Franchise Agreement which terminates the Agreement upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101."

3. Item 17.m of the Franchise Disclosure Document, "Culligan's conditions for approving your proposed transfer", is amended by adding the following:

"The requirement that you provide a general release in order to transfer your franchise shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

4. Item 17.c of the Franchise Disclosure Document, "Requirements for you to renew", is amended by adding the following:

"The requirement that you provide a general release in order to renew your franchise shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

**ADDENDUM TO CULLIGAN INTERNATIONAL COMPANY**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF MINNESOTA**

1. The Minnesota cover page is amended to add the following statements:

"**THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE LICENSE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE."**

2. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80C.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Agreement and Franchise Disclosure Document contain provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Minnesota Department of Commerce requires that Franchisor indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee's use of the Proprietary Marks infringes trademark rights of the third party. Franchisor indemnifies Franchisee against claims of infringement arising from Franchisee's proper use of the Proprietary Marks. As a condition to such indemnity Franchisee must promptly notify Franchisor of any such claim and must cooperate with the Franchisor's defense and resolution of the claim. Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim. If the Agreement and/or the Franchise Disclosure Document contain a provision that is inconsistent with the Franchise Act, such provisions shall be superseded by the Act's requirements and shall have no force or effect.

b. Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement. If the

Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act's requirements and shall have no force or effect.

c. If the Franchisee is required in the Agreement and/or the Franchise Disclosure Document to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Act.

d. If the Agreement and/or the Franchise Disclosure Document requires that it be governed by a state's law, other than the State of Minnesota or arbitration or mediation, those provisions shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

2. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including your rights to any procedure, forum, or remedies provided for in that law.

3. Under the Franchise Act, a franchisor can charge a security deposit only to secure against damage to property, equipment, inventory, etc. Franchisor will not require a franchise deposit to the extent prohibited by the Franchise Act. However, Franchisor has the right, in its discretion, to withhold or limit the amount of credit that it will extend to any dealer who is subject to the prohibition.

4. Each provision of this Agreement and/or Franchise Disclosure Document shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

5. No release language in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Minnesota.

6. These states have statutes which limit the franchisor’s ability to restrict your activity after the Franchise Agreement has ended: California Business and Professions Code Section 16,600, Florida Statutes Section 542.33, Michigan Compiled Laws Section 445.771 et seq., Montana Codes Section 30-14-201, North Dakota Century Code Section 9-08-06, Oklahoma Statutes Section 15-217-19, Washington Code Section 19.86.030. Other states have court decisions limiting the franchisor’s ability to restrict your activity after the Franchise Agreement has ended.

**ADDENDUM TO CULLIGAN INTERNATIONAL COMPANY**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF NEW YORK**

1. The cover page of the Franchise Disclosure Document is amended to add the following statement:

> **INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT**

2. Item 3 of the Franchise Disclosure Document is amended by deleting the last paragraph and substituting the following:

> "Neither we, our predecessor, nor a person identified in Item 2, or an affiliate offering franchises under our principal trademark:
>
> A. Has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion; misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations. Moreover, there are no pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
>
> B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.
>
> C. Is subject to a currently effective injunction or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a

concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunction or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent."

3. Item 4 of the Franchise Disclosure Document is amended by deleting the last paragraph and substituting the following:

> "Neither we, our affiliate, our predecessor nor our officers during the 10 year period immediately before the date of the Franchise disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership."

4. Item 5 of the Franchise Disclosure Document is amended by adding the following to the subsection entitled "Initial Franchise Fee":

> "We will use the Initial Fee to cover our costs associated with fulfilling its obligations under the Franchise Agreement and to cover other overhead costs and expenses."

5. Item 17 of the Franchise Disclosure Document is amended by deleting the first paragraph and substituting the following:

> "THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AGREEMENT AND RELATED AGREEMENTS. YOU SHOULD READ THESE PROVISIONS IN THESE AGREEMENTS ATTACHED TO THIS FRANCHISE DISCLOSURE DOCUMENT."

6. Item 17 of the Franchise Disclosure Document is amended by adding the following to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

> "However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied."

7. Item 17 of the Franchise Disclosure Document is further amended by adding the following statement to the summary column (d) entitled "Termination by You":

"You can terminate upon any grounds available by law."

This Franchise Disclosure Document is amended by the addition of the following sentence:

**FRANCHISOR REPRESENTATION**

**FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.**

**ADDENDUM TO CULLIGAN INTERNATIONAL COMPANY**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF NORTH DAKOTA**

The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.

b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

d. If the Agreement requires that it be governed by a state's law, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.

e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

**ADDENDUM TO CULLIGAN INTERNATIONAL COMPANY**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF RHODE ISLAND**

The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law, tit. 19 chap. 28.1 §§ 19-28.1-1 -19-28.1-34. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If this Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement is void with respect to any claims brought under Rhode Island Franchise Investment Act Sec. 19-28.1-14.

b. If this Agreement requires that it be governed by a state's law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Section 19-28.1-14.

c. If the Franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgments shall be void with respect to claims under the Act.

**ADDENDUM TO CULLIGAN INTERNATIONAL COMPANY**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF VIRGINIA**

1. The Virginia State Corporation Commission requires that certain provisions contained in the franchise documents be amended to be consistent with Virginia Law, including Section 13.1-564 of the Virginia Retail Franchising Act. To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

**ADDENDUM TO CULLIGAN INTERNATIONAL COMPANY**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF WASHINGTON**

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

6. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

7. In lieu of an impound of franchise fees, the Franchisor's performance has been guaranteed by Culligan Franchise Company. The issuance of the Washington permit is contingent upon maintaining the guarantee, in a form acceptable to the Administrator, until all Washington Franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) are open for business; or the Administrator issues written authorization to the contrary.

## STATE EFFECTIVE DATES

The following states have franchise laws that 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 document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

| | |
|---|---|
| California | _____, 2022 |
| Hawaii | _____, 2022 |
| Illinois | _____, 2022 |
| Indiana | _____, 2022 |
| Maryland | _____, 2022 |
| Michigan | _____, 2022 |
| Minnesota | July 15, 2003, as amended _____, 2022 |
| New York | May 11, 2005, as amended _____, 2022 |
| North Dakota | _____, 2022 |
| Rhode Island | _____, 2022 |
| South Dakota | _____, 2022 |
| Virginia | _____, 2022 |
| Washington | _____, 2022 |
| Wisconsin | _____, 2022 |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## RECEIPT

**This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.**

**If Culligan International Company ("Culligan") 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, the franchisor or an affiliate in connection with the proposed franchise sale.**

**New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.**

**Michigan requires that we 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 Culligan 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.**

**The franchisor is Culligan International Company, located at 9399 W. Higgins Road, Suite 1100, Rosemont, IL 60018. Its telephone number is (847-430-2800).**

**Check the franchise seller on the next page. If not listed: the franchise seller is _____ _____, located at _____. His/her telephone number is _____.**

**The issuance date is May 5, 2022. The state effective dates are on an exhibit following the State Cover Page.**

**Culligan authorizes the respective state agencies identified on Exhibit B to receive service of process for it in the particular state.**

**I have received a disclosure document dated May 5, 2022 that included the following Exhibits:**

| | | | |
|---|---|---|---|
| **Ex. A:** | **State Agencies** | **Ex. E-2:** | **Termination and Release Agreement (VENAC)** |
| **Ex. B:** | **Agents for Service of Process** | **Ex. F:** | **Franchised Dealer Listings** |
| **Ex. C:** | **Franchise Agreement (including Guarantee) and Exhibits** | **Ex. G:** | **Financial Statements and Culligan Franchise Company Guarantee of Performance** |
| **Ex. D:** | **State Specific Amendments to Franchise Agreement** | **Ex. H:** | **Confidentiality Agreement** |
| **Ex. E-1:** | **Termination and Release Agreement (Non-VENAC)** | **Ex. I:** | **State Specific Addenda** |

**Date:** _____

_____
**Prospective Franchisee Signature**
**Print Name:** _____
**Address:** _____

_____
**Individually and as** _____
**of** _____

**Please insert the name, address and telephone number of the franchise seller in the space above.**

**(Sign, Date and Return to Us)**

**Franchise Sellers:**

**Please check the box by each franchise seller listed below with whom you have had significant contacts in connection with the offer or sale of a Culligan franchise to you:**

□ Jim Cantlin, 5081 Tesoro Way, El Dorado Hills, CA 95762, (612) 223-4385

□ Scott Hobbs, 1502 210th St., Sergeant Bluff, IA 51054, (712) 204-2401

□ Michael G. Troyanowski, 251 W. 96th Street, Grant, MI 49327, (616) 430-2300

□Thomas P. Vitacco, 9399 W. Higgins Rd., Rosemont, IL 60018, (847) 430-1302

□ Francis J. Mochak III, 15 Willow Brook Lane, Westfield, MA 01085, (413) 348-3673

□ John Gallo, 2019 Purcell Lane, Daniel Island, SC 29492, (843) 860-6673

□ Mitchell Stone, 133 Satinwood, Grapevine, TX 76051, (817) 470-2646

□ Tim Sewell, 2310 Dewes Street, Glenview, IL 60025, (847) 962-6884

□ Mark Robinson, 211 Booth Drive, Alvaton, KY 42122 (480) 688-7109

□ Paula Jastper, 9399 W. Higgins Rd., Rosemont, IL 60062, (847) 430-2800

□ Kevin Medaris, 5528 Rathkeale Lane, Franklin, TN 37067, (765) 215-4785

□ Jim Burrill, 178 Drakeside Rd., Apt. 301, Hampton, NH 03842, (443) 534-2024

□ Patrice Smith, 9399 W. Higgins Rd., Rosemont, IL 60018, (847) 430-1264

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**Prospective Franchisee Signature**
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of _____

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