FRANCHISE DISCLOSURE DOCUMENT

CRUISESHIPCENTERS USA INC.
d/b/a Expedia® CruiseShipCenters®
A Nevada corporation
333 108th Avenue NE
Bellevue, Washington 98004
(through Oct. 31, 2019)
1111 Expedia Group Way West
Seattle, Washington 98119
(after Nov. 1, 2019)
(425) 679-7200
www.cruiseshipcenters.com

The franchise offered is for the operation of a travel agency business that offers reservations for cruise ships, airlines, car rentals and hotels, as well as other related travel services and products.

The total estimated investment required to begin operation of an Expedia® CruiseShipCenters® franchised travel business ranges from $155,850 to $275,945 including $39,000 that must be paid to us as a non-refundable initial fee.

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 government agency has verified the information contained in this document.**

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 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.
Registration of this franchise with the state does not mean that the state recommends it or has verified the information in this disclosure document. If you learn that anything in this Disclosure Document is untrue, contact the Federal Trade Commission and the applicable state authority listed in **Exhibit F**.

Issuance Date: March 28, 2019, as amended October 1, 2019

STATE EFFECTIVE DATES

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

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

STATE	EFFECTIVE DATE
California	April 2, 2019, as amended
Indiana	April 29, 2019, as amended
Michigan	April 28, 2018, as amended
New York	June 27, 2019, as amended
Virginia	May 16, 2019, as amended
Washington	May 16, 2019, as amended
Wisconsin	March 30, 2019, as amended
States not requiring Registration or Filing	March 28, 2019, as amended October 1, 2019

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

To simplify the language in this Disclosure Document, "Expedia® CruiseShipCenters®", "we", "us" or "our" means CruiseShipCenters USA Inc., d/b/a Expedia® CruiseShipCenters®, the franchisor. "You" means the person who is awarded a travel agency business franchise, and includes your equity owners if you are a corporation or other business entity. "CII" means CruiseShipCenters International, Inc., a British Columbia, Canada, corporation, trading as Expedia® CruiseShipCenters®. "CSC Holdings" means CSC Holdings, Inc., a British Columbia, Canada, corporation. "Expedia" means Expedia, Inc., a Washington corporation.

EXPEDIA® CRUISESHIPCENTERS®, ITS PARENT, PREDECESSORS AND AFFILIATES

We are a Nevada corporation formed on March 1, 2007. Our agents for service of process are listed in **Exhibit F**. Our business address is 333 108th Avenue NE, Bellevue, Washington 98004 through October 31, 2019 and beginning November 1, 2019 it is 1111 Expedia Group Way West, Seattle, Washington 98119. We have been offering franchises since April 2008. We do not engage in any business activities other than operating and franchising the travel business described in this Disclosure Document. We have not offered franchises in other lines of business, however, in addition to the franchise format discussed in this Disclosure Document, we have in the past also offered travel business franchises in a non-commercial storefront sales center format through a different Disclosure Document and separate franchise agreement.

We have no predecessors. We have the following affiliates: Expedia is our sole owner and parent. Expedia's and CSC Holdings' address is 333 108th Avenue NE, Bellevue, Washington 98004 through October 31, 2019 and beginning November 1, 2019 it is 1111 Expedia Group Way West, Seattle, Washington 98119. CII owns and licenses to us certain marks and software that we, in turn, license to you in connection with the travel business franchise. CII also provides training services to our franchisees. Expedia also owns and licenses to us certain marks that we, in turn, license to you in connection with the travel business franchise. CII is owned by CSC Holdings, a wholly-owned subsidiary of Expedia. CII's address is Suite 900, 1066 West Hastings Street, Vancouver, BC V6E 3X1.

CII operates a travel agency and franchises travel agencies specializing in cruise vacations and has done so since January 1988. As of the date of this Disclosure Document, we have franchised one-hundred and eleven (111) travel businesses of the type discussed in this Disclosure Document in the United States. There are an additional 166 franchises located in Canada and operating under the name Expedia® CruiseShipCenters®. We also have franchised one (1) non-commercial home-based format travel business.

Expedia is a subsidiary of Expedia Group, Inc. (Delaware) (NASDAQ: EXPE), which is an online travel company, empowering business and leisure travelers with the tools and information they need to efficiently research, plan, book and experience travel. Expedia Group has created a global travel marketplace used by a broad range of leisure and corporate travelers and offline retail travel agents as well as travel service providers. Expedia Group makes available, on a stand-alone and package basis, travel products and services provided by numerous airlines, lodging properties, car rental companies, destination service providers, cruise lines and other travel product and service companies. Expedia Group's portfolio of brands includes: Expedia.com®, Hotels.com®, Hotwire®, HomeAway® which includes VRBO®, Orbitz®, Travelocity®, trivago®, Wotif.com®, Expedia Local Expert®, Classic Vacations®, Egencia®, and CarRentals.com™. In addition, many of these brands have related international points of sale. Expedia does not operate the type of travel agency business of the type you will operate.

Neither our parent nor any of our affiliates have engaged in franchising travel businesses or any other businesses.

THE FRANCHISE OFFERED

We award franchises for the operation of an Expedia® CruiseShipCenters® travel agency business ("Travel Business") that will operate from a retail storefront location ("Center"). The Travel Business will offer reservations services for cruises and certain other leisure products and related travel services (collectively, the "Travel Products and Services") using our "System" and "Marks" described below. Each Travel Business generates revenues on sales of Travel Products and Services, with those revenues (usually a percentage of sales) generally paid by the suppliers of those Travel Products and Services. We refer to those revenues paid by suppliers and any other revenues generated through your Travel Business as "Gross Revenues". You will pay us a Service Fee as a percentage of your Gross Revenues.

We will enter into franchise agreements ("Franchise Agreements") with persons who want to establish and operate a Travel Business. Under our Franchise Agreement, we will grant you the right and you will accept the obligation to operate a Travel Business. Our current form of Franchise Agreement is attached as **Exhibit B**. If you are a business entity (corporation, limited liability company or general partnership), your owners must sign a "Franchisee Owners Statement" identifying each owner and their interest in you and a "Franchisee Owner's Guaranty" requiring your owners and their spouses to guaranty your obligations under the Franchise Agreement. Our current forms of Franchisee Owners Statement and Franchisee Owner's Guaranty are attached to the Franchise Agreement as Schedules E and F, respectively.

SYSTEM AND MARKS

All Franchises operate under our distinctive "System", which includes proprietary methods, procedures, techniques, designs, standards and specifications, and a business format utilizing the "CruiseDesk®" system, a proprietary online software application and marketing system developed specifically for the cruise specialist travel agency or agent by our affiliate, CII. CII licenses CruiseDesk® directly to its franchisees in Canada and licenses the right to use and to sublicense the use of CruiseDesk® in the U.S. to us. CruiseDesk® provides a fully-integrated means of researching, communicating, booking, invoicing and conducting travel agency business on the Internet and includes a secure business portal application for travel agents. CruiseDesk® also provides permission-based personalized Internet marketing programs, product research, on-line booking, sales administration and business management tools, including invoicing capabilities, cash flow analysis and commission reporting, and allows authorized users to work from any location where secure, broadband access to the Internet is available. You must operate your Center from a retail storefront location acceptable to us, however, our agreement as to a particular Center site is not a guaranty or warranty of the success of the site.

You must use certain computer software in conjunction with CruiseDesk® (which includes our proprietary software and additional third-party software), all of which we may improve, further develop, or otherwise modify from time to time. In addition, in conjunction with the operation of your Travel Business, you will use certain trademarks, service marks, trade names, slogans and other commercial symbols, including the trademarks "EXPEDIA® CRUISESHIPCENTERS®", ~~and~~ "EXPEDIA® CENTRODECRUCEROS®", "EXPEDIA CRUISES™" and "EXPEDIA CRUCEROS™" (collectively, the "Marks"), which we have the right to use, promote and sublicense to you and other franchisees in conjunction with the operation of Travel Businesses. As noted above, CII owns and licenses to us certain Marks, with the right to sublicense those Marks in the U.S., which we, in turn, license to you for use in connection with the Travel Business. Expedia owns and licenses to us the trademark "EXPEDIA®", with the right to sublicense that mark in the U.S. as part of the "EXPEDIA® CRUISESHIPCENTERS®", ~~and~~ "EXPEDIA® CENTRODECRUCEROS®", "EXPEDIA CRUISES™" and "EXPEDIA CRUCEROS™" combined marks, which we, in turn, license to you for use in connection with the Travel Business. We may in the future develop, enhance or modify various aspects of the System and/or the Marks, as well as add new trademarks, trade

names, service marks, trade dress, slogans, logotypes and other commercial symbols we specify for use in each Travel Business.

You may recruit individuals as independent contractors (we refer to these individuals as "Consultants") to sell Approved Travel Products and Services through your Travel Business and under our System. Any Consultant you recruit must enter into an Independent Contractor Agreement with you. The form of Independent Contractor Agreement you must use is available through CruiseDesk®. You must provide us with a fully-executed digital copy of each Independent Contractor Agreement you enter into so that we may provide your Consultant with access to CruiseDesk®. You may not change the terms of the Independent Contractor Agreement.

Each Franchise Agreement authorizes you to use CruiseDesk® at only one Center.

MARKET AND COMPETITION

The general market for your Travel Business will be leisure travelers seeking vacation cruises and related travel products and services. As a Travel Business franchisee, you will compete with: (1) other Expedia® CruiseShipCenters® franchisees including those operating non-commercial storefront franchise formats; (2) other retail and non-retail or home-based travel businesses; (3) specialized and full-service travel agencies; (4) travel suppliers; and (5) web-based travel reservation businesses, including Expedia Group, us, and CII. Some of these travel businesses are large organizations; others are smaller, independent operations. Some travel businesses are franchised.

REGULATORY MATTERS

Some states require travel agents to obtain a "seller of travel" license or permit. You also may be required to file an application and post a bond. In addition to state-specific laws and regulations applicable to sellers of travel, you must comply with all federal, state and local laws and regulations applicable to business operations generally. The classification of Consultants as independent contractors is subject to rules and regulations imposed by certain federal and state government agencies. Consultants that do not satisfy the criteria of these rules and regulations to be classified as independent contractors will be classified as employees and may be subject to certain terms of employment including taxation, benefits, and withholdings. You are encouraged to speak to an attorney and a tax professional regarding any labor and other laws and regulations that may apply to you in connection with the establishment and operation of a Travel Business in your locale.

ITEM 2. BUSINESS EXPERIENCE

PRESIDENT AND DIRECTOR: MATTHEW EICHHORST

Mr. Eichhorst has served as our President since November 2008 and as a Director since our inception on March 1, 2007. He was our Chief Operating Officer since our inception on March 1, 2007 to October 1, 2013. He also serves as President of CruiseShipCenters International Inc., located in Vancouver, B.C. and has done since November 2008, and was the Chief Operating Officer of CruiseShipCenters International Inc. from May 2002 to October 1, 2013. Additionally, Mr. Eichhorst serves as Vice President, Global Cruise at Expedia Group and has done so since March 2016.

SECRETARY AND DIRECTOR: ROBERT J. DZIELAK

Mr. Dzielak has served as Secretary and Director since October 1, 2013. He also serves as Chief Legal Officer and Secretary of Expedia Group located in Bellevue, Washington (Seattle, Washington after October 31,

2019) and has done since March 2018, having previously served as Executive Vice President, General Counsel and Secretary since April 2012. Previously, Mr. Dzielak served as Senior Vice President and acting General Counsel of Expedia Group from October 2011 until April 2012 and as Vice President and Associate General Counsel of Expedia Group from February 2007 until October 2011.

DIRECTOR: FRANCES J. ERSKINE

Ms. Erskine has served as Director since October 1, 2013. She also serves as Senior Vice President, Global Tax at Expedia Group located in Bellevue, Washington (Seattle, Washington after October 31, 2019) and has done so since March 2017. Previously, Ms. Erskine served as Vice President, Tax of Expedia Group from February 2009 until March 2017 and as Senior Director, Tax of Expedia Group from May 2005 until February 2009.

DIRECTOR: LANCE A. SOLIDAY

Mr. Soliday has served as Director since October 1, 2013. He also serves as Senior Vice President, Chief Accounting Officer and Controller of Expedia Group located in Bellevue, Washington (Seattle, Washington after October 31, 2019) and has done since March 2017. Previously, Mr. Soliday served as Vice President, Chief Accounting Officer and Controller of Expedia Group from September 2011 until March 2017, as Senior Director, Financial Reporting of Expedia Group from February 2009 to September 2011 and as Director, Financial Reporting of Expedia Group from December 2006 to February 2009.

DIRECTOR: ROBERT JACOBY, CPA, CA

Mr. Jacoby has served as Director since October 1, 2013. He also serves as Vice President, Finance of CruiseShipCenters International Inc. located in Vancouver, B.C. and has done so since May 2003. Additionally, Mr. Jacoby serves as Senior Director, Finance and Strategy of Global Cruise at Expedia Group and has done so since July 2017.

VICE PRESIDENT, FRANCHISING: ROBERT TIPPLE

Mr. Tipple has served as Vice President, Franchising at CruiseShipCenters International Inc. located in Vancouver, B.C. since October 2014. Previously, he served as Director and General Manager, Baskin-Robbins, Canada for Dunkin' Brands Inc. from May 2011 until September 2014 based in Vancouver, B.C.

SENIOR DIRECTOR, FRANCHISE OPERATIONS: MIKE BARRON

Mr. Barron has served as Senior Director, Franchise Operations at CruiseShipCenters International Inc. located in Vancouver, B.C. since January 2019, having previously served as Director, Franchise Performance Coaching since October 2015. Previously, he served as an Operating Partner for Taywood Ventures, a securities trading firm, from April 2014 to October 2015.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

REQUIRED PURCHASES

We provide you with a prototype design plan for the layout of a Center, showing furniture placement and facilities with color coordination scheme and advise you as to the particulars and specifications of office furniture, equipment and supplies to be used in the operation of the Center. We do not require you to purchase or lease any inventory, supplies, fixtures, equipment or services from us or our affiliates. However, we do require you to purchase some of these items from certain approved vendors which we will identify in our Center Design Specifications Resource which we will make available to you or through CruiseDesk® from time to time and we may require you to purchase furniture, décor and merchandising materials through us at our suppliers' price.

You must record all sales activity of all Travel Products and Services in CruiseDesk®. All bookings must be accomplished under our brand and any contracts we have in place with suppliers and vendors, and you must use our identification numbers as the agent code for all bookings. Although you may only offer for sale to your customers those Approved Travel Products and Services, you will not actually *purchase* any Travel Products and Services. The purchases will be made by your customers (See "Approved Travel Suppliers" below).

You are required to license certain software from us and you must have access to CruiseDesk® for which you must pay the monthly MIS Fee. During our last fiscal year, the total amount of MIS Fees we collected from franchisees was $255,000, which represents 0.002% of the $11.223 billion total revenue for Expedia Group, Inc. as reported in Consolidated Statement of Operations included in Item 21. You also must make a monthly Marketing Fee contribution to the Marketing Fund for advertising, marketing and public relations programs and materials we develop. During our last fiscal year, the total amount of Marketing Fees we collected from franchisees was $516,000, which represents 0.005% of the $11.223 billion total revenue for Expedia Group, Inc. as reported in Consolidated Statement of Operations included in Item 21. (See Item 6 and Item 11 for more information regarding the software you are required to license from us and the Marketing Fund.).

APPROVED TRAVEL SUPPLIERS

You are required to use suppliers approved by us and identified in the Manual or CruiseDesk® ("Approved Travel Suppliers") for the sale of all Approved Travel Products and Services. We also may identify suppliers or Travel Products and Services that are expressly not approved. While you do not "purchase" Travel Products and Services from such Approved Travel Suppliers, the Gross Revenues generated by your Travel Business may vary based on which Approved Travel Suppliers you use. We may change Approved Travel Suppliers from time to time. We will update the list of Approved Travel Suppliers, including any suppliers or Travel Products and Services that are expressly not approved, through the Manual, CruiseDesk®, or other forms of communication. You must register with certain Approved Travel Suppliers as a member agency of CII or as directed by us. We and/or our affiliates may be Approved Travel Suppliers for certain products and services. To the extent that we and/or our affiliates are currently the only Approved Travel Supplier for certain products and services, required purchases of such products and services are included in the estimates for "Required Purchases" in the first paragraph above. Our affiliates, CII and Expedia Group, are Approved Travel Suppliers of Travel Services.

COMPENSATION WE RECEIVE FROM TRAVEL PURCHASES

If you meet an Approved Travel Supplier's eligibility requirements for bonuses or tour conductor status, on

Obligation	Section in Franchise Agreement	Items in Disclosure Document
r. Records and reports	15	Item 17
s. Inspections and audits	16	Item 6
t. Transfer	17	Items 6 and 17
u. Renewal	3	Items 6 and 17
v. Post-termination obligations	19	Item 17
w. Non-competition covenants	11; 19.05	Item 17
x. Dispute resolution	23	Item 17
y. CruiseDesk® and Email Terms of Use	14.06	Item 11; TOU

ITEM 10. FINANCING

We do not offer direct or indirect financing for your initial investment or any capital expenditures. We do not guaranty your notes, leases or obligations.

We provide optional financing to franchisees that qualify for our Commission Advance Program ("CAP"). CAP financing allows franchisees to borrow against future commissions to fund working capital. The CAP loan functions as a revolving credit line and participating franchisees may take monthly advances for up to four years after your Center opens.

CAP Eligibility

To qualify for CAP financing, by the end of the eighth calendar month following the opening of your Center and the commencement of Travel Business operations you must have generated at least $18,000 of future Gross Revenues (revenues payable by travel suppliers (commissions) on bookings that depart in the future). If you qualify and elect to participate you must sign the CAP Loan Agreement, a Promissory Note and a Security Agreement by which you grant us a security interest in your accounts receivable. You or the owners of your Travel Business (if the franchisee is an entity) must personally guaranty the CAP loan.

To remain eligible, you must satisfy the following requirements:

i. Total Bookings during the first year after opening total of at least $600,000
ii. Total Bookings during the second year after opening total of at least $925,000
iii. Total Bookings during the third year after opening total of at least $1,250,000

After failing to qualify for an applicable eligibility requirement, you may requalify if and when your annual Total Bookings meet or exceed the applicable threshold above. "Total Bookings" is the commissionable fare from travel booked with Approved Travel Suppliers, net of cancellations during the period, and excludes taxes and other non-commissionable items.

Monthly Credit Available / Monthly Advances

The CAP advance is intended to supplement your commission revenues to provide you a monthly amount of up to $8,500 to fund your working capital requirements. The amount of the initial advance will be based on your future Gross Revenues at the end of the ninth month after opening the Center and will be made in the following month. You may take subsequent monthly draws of up to seventy-five percent (75%) of your future Gross Revenues as of the end of the month prior, minus cumulative prior advances, plus cumulative amounts repaid (the "Monthly Limit").

We will advance funds automatically by electronic funds transfer to your designated bank account each month. Each monthly advance will be an amount equal to $8,500 less the Borrower's Net Revenue provided that amount advanced must be less than or equal to the Monthly Limit (the "Advance"). Net Revenue is calculated as the commissions you receive from suppliers (Gross Revenues) in the month less 9% Service Fee less consultant commissions. We will fund Advances by the 15th of the following month. Borrower may decline to accept any Advance at any time with reasonable advance notice to Lender.

Monthly Repayment

You will make regular monthly payments on the 15th day of each month following the first advance. The monthly payment will be an amount equal to six percent (6%) of your actual Gross Revenues generated in the prior month. We will draft monthly payments electronically from your designated account. Any outstanding amounts of principal and interest are due and payable on the tenth anniversary of the date of the note. There is no prepayment penalty.

Other CAP Financing Terms

- Borrowing Fees/Points: N/A
- Maximum draw: $80,000
- Term/Final Payment Due: Ten Years/10th Anniversary (no prepayment penalty)
- Final Draw Date: 48 months from the opening of your Center (payment funded in month 49)
- Interest Rate: Variable based on an index which is the Long Term Applicable Federal Rate ("AFR") published monthly by the United States Internal Revenue Service. We will advise you of the interest rate for each advance prior to funding it. The interest rate will not change more than once a month.
- Interest Rate Calculation: 365/360 basis; that is, applying the ratio of the interest rate over a year of 360 days, multiplied by the actual number of days the principal balance is outstanding.
- We will assess a late charge of five percent (5%) of any installment you do not pay within 5 business days after it is due.
- Acceleration upon default: If you default, all amounts outstanding will be due immediately.
- Cross default: An event of default on the promissory note or any of the other CAP documents also is a default under your Franchise Agreement and may result in the termination of your Franchise Agreement.

There is no past or present practice, and we do not have a present intent to sell, assign or discount, to any third party your promissory note, contracts or your other obligations, in whole or in part, but we reserve the right to do so at any time. If we sell, assign or discount your obligations to a third party, the third party may be immune under the law to any defenses to payment you may have against us.

Franchisees of the Expedia® CruiseShipCenters® System may be eligible for Small Business Administration (SBA) loan guarantees through your lender. If you are eligible for an SBA loan guaranty, we and you will be required to sign a mandatory, non-negotiable two-page "Addendum to Franchise Agreement." (SBA Form

2462).

~~We do not offer direct or indirect financing. We do not guaranty your notes, leases or obligations.~~

~~Franchisees of the Expedia® CruiseShipCenters® System may be eligible for Small Business Administration (SBA) loan guarantees through your lender. If you are eligible for an SBA loan guaranty, we and you will be required to sign a mandatory, non-negotiable two-page "Addendum to Franchise Agreement." (SBA Form 2462).~~

ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEM AND TRAINING

Except as listed below, we need not provide any assistance to you.

PRE-OPENING OBLIGATIONS

Before you open your Travel Business, we will:

(a) advise you on obtaining a license or registration to sell Approved Travel Products and Services with any applicable regulatory authority if you do not already have the necessary license or registration, although we do not guaranty that you will be able to obtain any required licenses or registrations (Franchise Agreement, Section 5.05(a));

(b) assign a designated Market Area within which your Center will be located and in which you will operate your Franchise based on demographic criteria and advise you on selecting a suitable location for your Center in the Market Area based on visibility, traffic count, demographics and local competition (Section 2.04 of the Franchise Agreement);

(c) provide you with graphic standards, including prototypical design plans for the layout of a Center, showing furniture placement and facilities with required color coordination scheme and advise as to the particulars and specifications of office furniture, equipment and supplies to be used in the operation of the Center. We will provide such further guidance as we determine to be necessary to assist you in working with your contractors and their suppliers to complete the development and build out of the Center. (Section 5.03(b) of the Franchise Agreement);

(d) provide assistance in securing a lease for your Center. (Franchise Agreement Section 5.03).

(e) provide you with certain Center design elements, marketing items and signage, including two portable Merchandising Roll-up displays, one to display as a recruitment message and the other to display generic advertising messaging and imagery; up to two Specials Boards windows displays to attract walk-by clients and promote the most current core promotions and pricing strategies; a signature "porthole," which is a custom-made design element required as part of the décor in every Center; and an Expedia® CruiseShipCenters® polished aluminum logo interior sign that is displayed above the signature porthole; four interior brushed aluminum poster (snap) frames to display and promote current promotions and brand messaging; and a logoed table cloth and skirt to be used at recruitment and tradeshow events. (Section 5.05(b) of the Franchise Agreement);

(f) provide you with an initial supply of promotional materials as part of the New Center Marketing Kit (Franchise Agreement, Section 5.05(c));

Trademark, Service Mark or Design	U.S. Application or Registration No.	Principal/ Supplemental Register	Date of Application or Registration	Comment
SHIP AND COMPASS Design (Rose of Winds)	3,394,242	Principal	March 11, 2008	Registered
CRUISEDESK	3,347,912	Principal	December 4, 2007	Registered
CENTRODECRUCEROS	4,523,534	Principal	April 29, 2014	Registered
CENTRODECRUCEROS (and Design)	4,518,512	Principal	April 22, 2014	Registered
EXPEDIA	2,612,384	Principal	August 27, 2002	Registered 10-year renewal granted
EXPEDIA CRUISES	88410110	Principal	April 30, 2019	Application filed and under review

The Marks licensed to you also include the combined marks "Expedia® CruiseShipCenters®", ~~and~~ "Expedia® Centrodecruceros®" (the "ECSC Combination Marks"); and ~~,~~ "Expedia Cruises™" and "Expedia Cruceros™" (the "Expedia Combination Marks"), which are also our brand.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court in the United States related to the Marks. There are no pending infringements, opposition or cancellation proceedings, or material litigation involving the Marks in the United States. We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Marks in the United States. All requisite affidavits of use related to the Marks have been filed with the USPTO.

Your right to use the Marks (including any additional Marks we authorize you to use) is derived solely from the Franchise Agreement and is limited to your use in connection with the operation of your Travel Business. You may not use any Mark as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we license to you), or in any modified form, including whereby any characters or symbols within the Marks are reversed, replaced, removed or inserted, nor may you use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. You may use the ECSC Combination Mark as a fictitious (d/b/a/) name as prescribed in the Manual. You may use the Expedia Combination Mark only on exterior signage of a Center. No Mark may be used in any advertising concerning the transfer, sale or other disposition of your Travel Business or an ownership interest in you, without our prior written consent.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any superior rights in any Mark. We have the exclusive right to take any action (including taking no action) as we determine appropriate and to control any litigation, USPTO proceeding or any other proceeding relating to the Marks. We will indemnify you against all claims, liabilities, obligations and damages directly arising out of any infringement, or alleged infringement of a third party's rights by virtue of the programs, software, systems, trade names and other intellectual property we provide or license to you.

PROVISION	SECTION IN THE FRANCHISE AGREEMENT	SUMMARY
(m) Conditions for franchisor's approval of transfer	17.04	Transferee qualifies; you or transferee pays Transfer Fee or Document Administration Fee, as applicable; you pay us all amounts due; all defaults and non-compliance cured; new owners and/or managerial employees agree to be trained; transferee and its owners agree to be bound by terms and conditions of the Franchise Agreement and sign owner's guaranty (and to sign our then-current form of Franchise Agreement if the transfer results in a change of control or shared control in you or the Travel Business and the transferee is not a current Owner); we approve material terms of the purchase and sale agreement; you subordinate amounts due to you; and you sign other documents we require – including general releases (see (r) below)
(n) Franchisor's right of first refusal to acquire franchisee's business	None	Not Applicable
(o) Franchisor's option to purchase franchisee's business	19.13	We have an option to purchase at fair market value all or some of the assets of your Travel Business on termination of the Franchise Agreement. This option is subordinate to the rights of your creditors (if any). We also have the right to assume your Lease on termination.
(p) Franchisee's death or disability	17.07; 17.08	Travel Business must be properly assigned within 6 months and must be run by a trained manager. We may appoint qualified manager.
(q) Non-competition covenants during the term of the franchise	11	No interest in a competitive business, no direct or indirect controlling ownership interest in, or performance of services for, any business promoting, offering or selling cruise packages or any cruise-related services or products anywhere~~, no recruiting or hiring of any person who is our employee or an employee of any Travel Business without permission of employer~~.

PROVISION	SECTION IN THE FRANCHISE AGREEMENT	SUMMARY
(r) Non-competition covenants after the franchise is terminated or expires	19.05; 19.08	For 2 years after termination or expiration, no interest in a competitive business, no direct or indirect controlling ownership interest in, or performance of services for, any business promoting, offering or selling cruise packages or any cruise-related services or products that is located within 10 miles of any of our franchised locations~~, no recruiting or hiring of any person who is our employee or an employee of any Travel Business without permission of employer~~. Regardless of location, you may not use any data pertaining to customers or Authorized Independent Contractors, either actual or prospective, acquired during the operation of the Travel Business as such data is and remains our property.
(s) Modification of the agreement	24.13	No modifications except by written agreement, but Manual and System Standards are subject to change.
(t) Integration/merger clause	24.13	Only the terms of this franchise disclosure document and the Franchise Agreement (including System standards in the Manual) are binding (subject to state law). Any other promises outside of this franchise disclosure document and the Franchise Agreement may not be enforceable.
(u) Dispute resolution by arbitration or mediation	23	Except for certain claims, all disputes first must be mediated (non-binding) at our offices in ~~Bellevue~~Seattle, WA. Arbitration proceedings also will be held at our headquarters. Any dispute and any arbitration proceeding will be conducted on an individual and not a class-wide, multi-plaintiff or similar basis. No arbitration will be consolidated with any other arbitration involving another person, except for affiliates of the parties in the arbitration. Further restrictions are stated in Article 24.
(v) Choice of forum	24.08	King County, Washington (subject to state law).
(w) Choice of law	24.07	Washington law (subject to state law).

See any state specific riders or addenda attached as **Exhibit A**.

individual franchise that is higher than 25% of the other franchises. "Medium" results are based on the average performance of franchises. "High" results are projected based upon the 75th percentile, being the performance of the individual franchise that is higher than 75% of the other franchises. "Upper" results are projected based upon the 90th percentile while for the USA Mature Stores, where there are six franchises in this group, results are projected based on the average of the highest two franchises.

(4) Total Bookings is the commissionable fare from travel booked with Approved Travel Suppliers during the period, and excludes taxes and other non-commissionable items. "Low" results are projected based upon the 25th percentile, being the performance of the individual franchise that is higher than 25% of the other franchises. "Medium" results are based on the average performance of franchises. "High" results are projected based upon the 75th percentile, being the performance of the individual franchise that is higher than 75% of the other franchises. "Upper" results are projected based upon the 90th percentile while for the USA Mature Stores, where there are six franchises in this group, results are projected based on the average of the highest two franchises. The 2018 average Total Bookings of all North America "Mature Store" franchises (excluding Travel Businesses owned by the Franchisor) was $3,442,222 ($4,280,197 including taxes and other non-commissionable items) with 46 of the 136 mature franchises attaining this volume. The median of these Total Bookings was $2,726,272 ($3,387,519 including taxes and other non-commissionable items) with the highest being $20,542,173 ($33,775,539 including taxes and other non-commissionable items) and the lowest being $291,327 ($354,361 including taxes and other non-commissionable items).

Bookings Supplemental Information:

	USA	USA high performer
Average Booking Value [(i)]	$ 2,627	$ 2,807

(i) Average Booking Value is the commissionable fare per booking from travel booked with Approved Travel Suppliers, excluding taxes and other non-commissionable items. Average Booking Value is based upon the 2018 historical performance of franchises. Franchises that were operated as a Competing Travel Business prior to becoming an Expedia® CruiseShipCenters® franchise, Franchises not operated from a commercial storefront and Travel Businesses owned by the Franchisor and CII are excluded as their results are not typical of the type of Travel Business that you will operate. "USA high performer" results are based upon the 75th percentile, being the average booking value of the individual franchise that is higher than 75% of the franchises.

(5) Total Departed Revenue is the commissionable fare from travel bookings with Approved Travel Suppliers that departed during the period, and excludes taxes and other non-commissionable items. "Low" results are projected based upon the 25th percentile, being the performance of the individual franchise that is higher than 25% of the other franchises. "Medium" results are based on the average performance of franchises. "High" results are projected based upon the 75th percentile, being the performance of the individual franchise that is higher than 75% of the other franchises. "Upper" results for North America are projected based upon the 90th percentile while for the USA Mature Stores, where there are six franchises in this group, results are projected based on the average of the highest two franchises.

(2) Rent is based on premises that are typically 1,000 square feet and will vary depending on your local economic and real estate conditions, site selected and size of premises. Amounts presented do not include any rent that may be payable prior to opening. Premises costs include telephone, internet and utilities. Rent and premises costs will typically range between $30,000 and $48,000.

(3) Projected based upon our recommended participation in Marketing Fund core programs and local marketing and promotional activities. Marketing and promotion costs will typically range between $15,000 and $40,000.

(4) This amount is based on our current requirement that you contribute $600 per month to the Marketing Fund, subject to annual adjustment for CPI. This fee may be adjusted for CPI, and would be $7,560 based on a 5% CPI adjustment.

(5) This amount is based on our current Management Information Systems (MIS) fee of $300 per month, subject to annual adjustment for CPI. This fee may be adjusted for CPI, and would be $3,780 based on a 5% CPI adjustment.

(6) Office and courier includes office supplies, repairs and maintenance and courier costs.

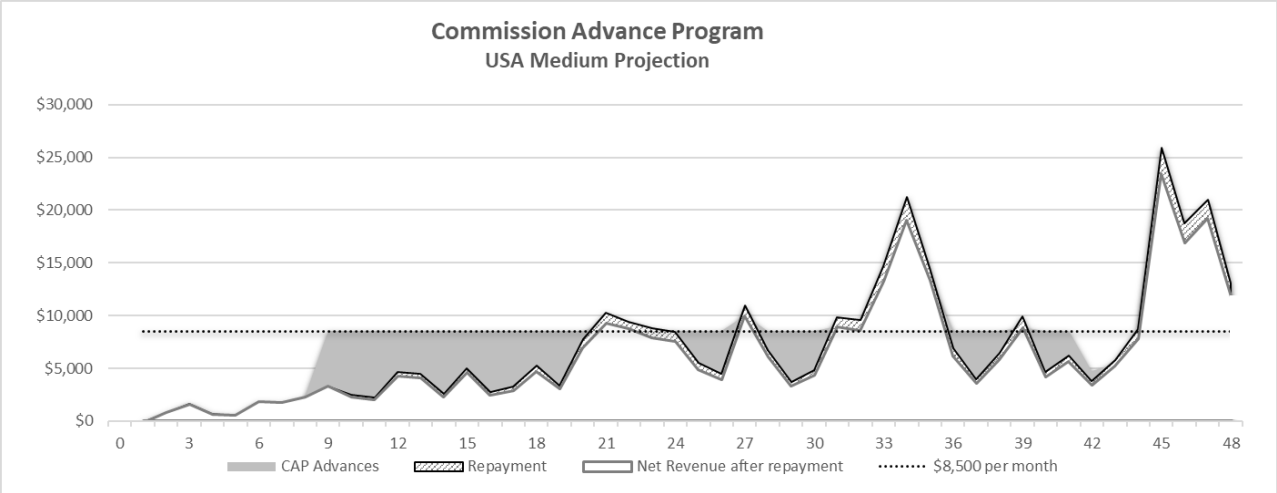
(7) Administration includes professional fees (accounting and legal), business licenses, and bank charges.

(8) Education and Travel includes costs to attend the annual National Conference and one regional Franchisee meeting, with low range being for one attendee and high range two attendees. In your first year of operations, these costs will be reduced by the travel credit of up to $1,500 that we provide you towards your cabin for your first National Conference and the travel credit of up to $600 that we provide you towards your accommodations for your first Regional Franchisee (Anchor) Meeting. The value of these credits has not been applied to reduce the costs presented.

Commission Advance Program

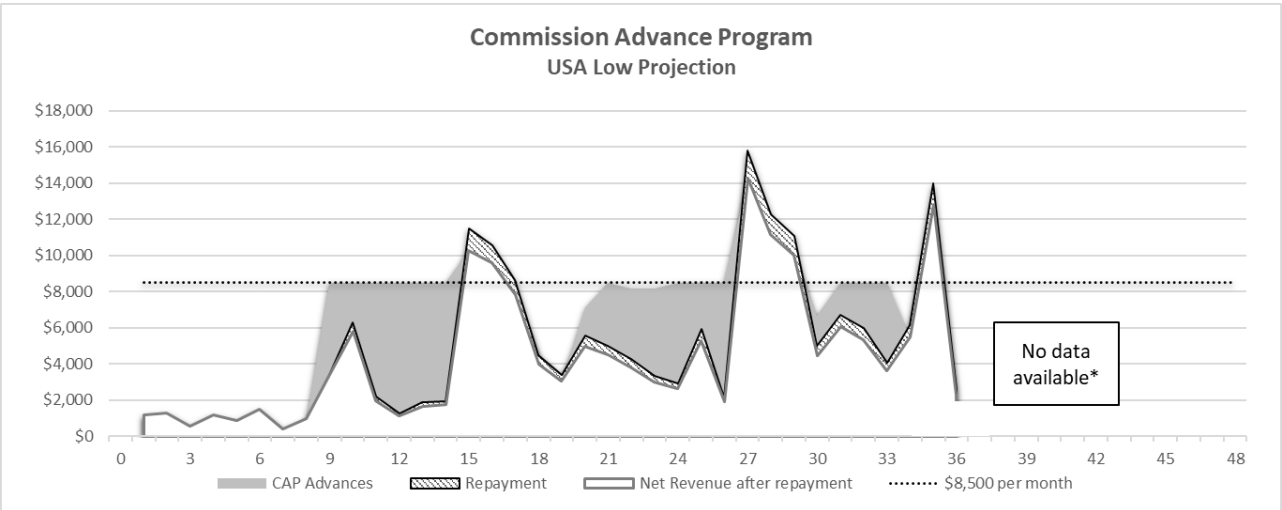
We provide optional financing to franchisees that qualify for our Commission Advance Program ("CAP"). CAP financing allows franchisees to borrow against future commissions to fund working capital. The CAP loan functions as a revolving credit line and participating franchisees may take monthly advances for up to four years after your Center opens. The CAP advance is intended to supplement your commission revenues to provide you a monthly amount of up to $8,500 to fund your working capital requirements. The following illustrations project the CAP Advances and Repayments based on actual results for individual franchisees that approximate each of the USA Medium, Low and Upper store performance as set out in the tables at the beginning of this Item 19 above.

Commission Advance Program – USA Medium Projection



CAP - USA Medium Projection	Year 1	Year 2	Year 3	Year 4
Total Bookings[4]	751,649	1,353,127	1,442,065	2,135,068
Total Departed Revenue[5]	335,415	962,412	1,455,844	1,491,214
Net Revenue[11]	21,996	71,387	112,961	128,172
Total Advances, during the year	22,127	37,894	22,277	16,329
Interest, projected at 2.5%	71	1,086	1,595	1,875
Total Repayments, during the year	891	6,823	11,136	12,319
Balance due, end of year	21,307	53,463	66,200	72,086

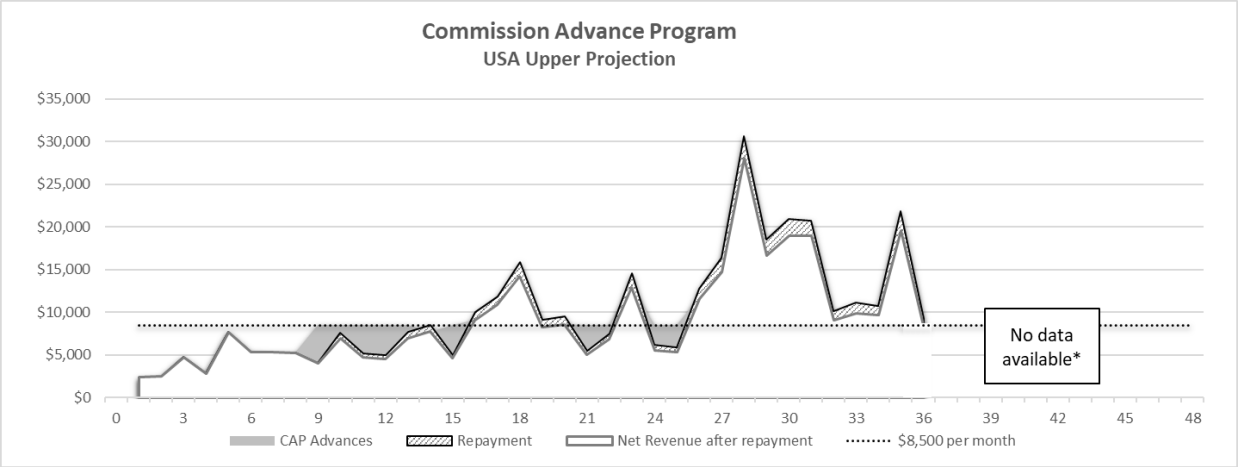
Commission Advance Program – USA Low Projection



*Franchisee has not completed their 4th year

CAP - USA Low Projection	Year 1	Year 2	Year 3
Total Bookings[4]	712,498	1,011,069	1,323,554
Total Departed Revenue[5]	294,808	805,412	1,209,055
Net Revenue[11]	21,088	63,460	91,699
Total Advances, during the year	21,689	35,724	22,455
Interest, projected at 2.5%	54	827	1,503
Total Repayments, during the year	865	6,357	9,012
Balance due, end of year	20,878	51,072	66,019

Commission Advance Program – USA Upper Projection



*Franchisee has not completed their 4th year

CAP - USA Upper Projection	Year 1	Year 2	Year 3
Total Bookings[4]	1,028,913	1,965,841	2,666,629
Total Departed Revenue[5]	582,136	1,333,575	2,200,341
Net Revenue[11]	58,006	111,463	189,185
Total Advances, during the year	13,666	13,556	3,191
Interest, projected at 2.5%	39	329	250
Total Repayments, during the year	1,479	10,749	18,278
Balance due, end of year	12,226	15,362	525

ADDITIONAL ASSUMPTIONS

A. These projections assume you act as manager of your center and do not receive a separate salary. They assume you only use commissioned sales agents (consultants) who are independent contractors and you do not hire any other employees to help you. If you need other individuals to staff your Center at certain times, your expenses may increase significantly because you may have to pay salaries and benefits to employees.

B. We did not include any corporate or personal income tax expense.

C. Operating costs are not illustrated to include any expenses for the lease/purchase of your equipment,

ADDENDUM TO EXPEDIA® CRUISESHIPCENTERS®
DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

1. Item 3 is amended to reflect that:

Neither the Franchisor nor any person identified in Item 2 of the disclosure document is subject to any current effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, U.S.C.A. 78a et seq., suspending or expelling such persons from membership is such association or exchange.

2. Item 17 is amended by the addition of the following language:

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

The franchise agreement requires binding arbitration. The arbitration will occur at our headquarters in ~~Bellevue~~Seattle, Washington, with the costs being borne equally by the Parties, although the arbitrator may award reimbursement of attorneys' fees and related costs to the prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires the application of the laws of Washington. This provision may be unenforceable under California Law.

You must sign a general release if you renew or transfer your franchise. California Corporations Code Sec. 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). California Business and Professions Code Sec. 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

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.).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Section 31125 of the California Corporations Code requires us to give you a document approved by the Commissioner of Corporations before we ask you to consider a material modification of your existing business.

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

4. As to any state law described in this Addendum that declares void or unenforceable any provision contained in the Franchise Agreement, we reserve the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

EXPEDIA® CRUISESHIPCENTERS®
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "**Agreement**") is entered into as of this _____ day of _____, 20__ (the "**Effective Date**"), by and between **CruiseShipCenters USA Inc.,** a Nevada corporation, with its principal business address at 333 108th Avenue NE, Bellevue, Washington 98004 *(through Oct. 31, 2019)*] [1111 Expedia Group Way West, Seattle, Washington 98119 *(after Nov. 1, 2019)*] (referred to as "**we**," "**us**", "**our**" or in some cases as the "**Franchisor**"), and **[Name of Franchisee]**, whose principal business address is _____ (referred to as "**you**", "**your**" or in some cases as the "**Franchisee**"). We and you are collectively referred to hereinafter as the "**Parties**" or, individually, as a "**Party**").

INTRODUCTION

A. As the result of significant expenditures of time, skill, effort and money, our affiliate, CruiseShipCenters International, Inc., a British Columbia corporation ("**CII**"), has developed a business format for operating a travel agency business (a "**Travel Business**") that offers reservations services for cruise ships, airlines, car rentals and hotels, as well as other leisure products and related travel services (collectively, the "**Travel Products and Services**") using the "System" and the "Marks" (each as defined below).

B. Pursuant to license agreements by and between CII and us and Expedia, Inc., a Washington corporation ("**Expedia**") and us, respectively, we have the right to use the System and the Marks in the United States in connection with the right to franchise Travel Businesses to third parties, pursuant to and in accordance with this Agreement. Specifically, we have the right to use and promote the trademarks "**Expedia Cruises™" and Expedia Cruceros™ (exterior signage only),** "**Expedia® CruiseShipCenters® (word mark)**~~")~~", "**Expedia® CentrodeCruceros®" (word mark)**, "**Expedia® CentrodeCruceros®" (design mark)** and "**Expedia® CruiseShipCenters® (design mark)**" (together, the "**Combination Marks**") and other trademarks, service marks, trade names, slogans and other commercial symbols owned by CII, including but not limited to the trademarks set forth on Schedule B to this Agreement (collectively, including the Combination Marks, the "**Marks**"), in the operation of Travel Businesses.

C. All Travel Businesses operate under and in accordance with the "**System**", as modified from time to time. The System includes distinctive proprietary business formats, methods, procedures, techniques, designs, layouts, standards, specifications and the CruiseDesk® system **("CruiseDesk®")**, a proprietary internet-based software application, which includes an 'agents-only' application and a consumer-oriented website customized for your Travel Business ("**Center Website**").

D. We grant to certain Persons who, in our determination, meet our qualifications and are willing to undertake the investment and effort, the right to operate a Travel Business using the System and Marks (a "**Franchise**"), pursuant to the terms, conditions and provisions of this Agreement. A person to whom we grant a Franchise is referred to as a "**Franchisee**." The Travel Business you own and operate using the System and Marks as a Franchisee under this Agreement is referred to as "**your Travel Business**" or "**the Travel Business**".

Center Website Introduction Paragraph C.	An internet website provided and customized for your Travel Business by CII on the cruiseshipcenters.com domain for the purpose of attracting Consultants and customers to your Travel Business.
Certification of Operational Readiness Section 5.01(f)	Written certification that we provide to you once you have completed all requirements to open your Center to the public and begin operating your Travel Business.
Claims Section 20.04	All obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution, travel and living expenses.
Combination Marks Introduction Paragraph B.	The trademarks "Expedia Cruises™", Expedia Cruceros™, "Expedia® CruiseShipCenters® (word mark)" "Expedia® CentrodeCruceros®" (word mark), "Expedia® CentrodeCruceros®" (design mark) and "Expedia® CruiseShipCenters® (design mark)".
Competing Business Section 11.02	Any business (other than a Travel Business operated under a franchise agreement with us or one of our Affiliates) providing cruise-focused services or offering cruise-related products.
Conditional Approval Section 3.04(b)	Our grant of approval for an Additional Franchise Term on a temporary month-to-month basis, subject to certain conditions you must meet.
Confidential Information Section 10.01	Certain confidential information we possess (and will continue to develop and acquire) relating to: (i) the development and operation of Travel Businesses; (ii) Approved Travel Suppliers; (iii) Approved Travel Products and Services; and those suppliers and Travel Products and Services that are not approved.
Consultant Website(s) Section 14.06	An internet website provided and customized by CII for each of our Authorized Independent Contractors for the purposes of attracting customers and enabling them to purchase Approved Travel Products and Services.
Control Section 24.17	The power (by contract or through voting rights) to direct or cause the direction of management and policies (and, for purposes of this Agreement, Control includes shared control, such that if all owners have an equal ownership interest, then each of them holds a controlling interest).
CPI Section 7.04	The U.S. Consumer Price Index maintained by Bureau of Labor Statistics, a division of the U.S. Department of Labor.
CPI Adjustment Section 7.07	The increase in any fixed fee we charge you which is tied to an increase, if any, in the CPI during the prior calendar year.
CruiseDesk® Introduction Paragraph C.	Our Internet-based application you must use in the operation of your Travel Business, and any improvements we make thereto from time to time.
Disability Section 17.07	A mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an Owner of a controlling interest in you from managing and operating your Travel Business.

Gross Revenues Section 7.02	All pre-tax gross revenues paid by suppliers as a result of sales by or through your Travel Business of such suppliers' Travel Products and Services, and/or any booking fees you may charge your customers over and above these amounts.
Improvements Section 10.02	Ideas, concepts, methods, techniques or improvements that you or your employees may develop in the course of the operation of your Travel Business, relating to your Travel Business.
Indemnified Parties Section 20.04	Us, including all our partners, directors, officers, employees, agents, successors and assigns or You, including all your partners, directors, officers, employees, agents, successors and assigns
Initial Franchise Fee Section 7.01; Schedule A	The non-recurring and non-refundable initial franchise fee in the amount stated in Section 7.01.
In-person Training Section 8.01	The in-person training at one of our training facilities (also referred to as Cruise Management Academy or "CMA").
Insufficient Funds Fee Section 7.09	A $50 fee due upon failure of your bank to honor an EFT debit request.
Location Section 2.04	The location of the Center approved by us within the Market Area.
Manual Section 12.01	Our operations manual, comprising information and materials available to Franchisees in the online Resource Center in CruiseDesk® in various formats, including, audio and video recordings, magnetic or digital media, computer software and written materials, which sets out standard operating procedures, best practices, mandatory specifications and organizational protocols.
Market Area Section 2.04	The geographic area defined in Schedule A under Market Area in which you are permitted to locate your Travel Business.
Marketing Fee Section 7.05; Schedule A	Your monthly payment to the Marketing Fund.
Marketing Fund Section 14.01	The system-wide marketing fund for advertising, marketing and public relations programs and materials we deem necessary or appropriate.
Marks Introduction Paragraph B.	The trademarks, service marks, trade names, slogans, trade dress and other commercial symbols including the trademarks "Expedia Cruises™" , "Expedia Cruceros™", "Expedia® CentrodeCruceros®" and "Expedia® CruiseShipCenters®" that we or our Affiliates own, use, promote and license in the operation of Travel Businesses or the System.
MIS Fee Section 7.04; Schedule A	Your monthly payment to us for use of CruiseDesk® and related management information services and support.
Online Training Section 8.01(a)	An initial training program offered to Trainees through an online correspondence course (also referred to as "International Cruise Academy" training).

(m) operate the Center only under the name "Expedia® CruiseShipCenters®" (except you may use the name "Expedia Cruises™" or "Expedia Cruceros™" on exterior signage of a Center as set forth in Section 9.03) without any accompanying words or symbols of any nature unless written notice is delivered to you of an alternate operating name and, on receiving notice of such alternate name, you will cause all necessary changes in identification we have requested to be implemented within the time specified in the notice and at your expense;

(n) not permit any vending machines, entertainment devices and products not included in the System or consistent with the System Standards to be sold, displayed or used in the Center unless we have first consented in writing;

(o) make prompt payment in accordance with the terms of invoices rendered to you for the purchase of all furniture, fixtures, equipment, leasehold improvement and supplies;

(p) secure and maintain in force all required licenses, permits and certificates relating to the operation of the Center and operate the Center in full compliance with all applicable laws and regulations, including, without limitation, all governmental regulations relating to occupational hazards and health, safety, workers' compensation insurance, health and welfare plans, employment insurance, withholding and payment of federal state and local income taxes, goods and services taxes and sales taxes, and applicable consumer protection and travel industry regulations;

(q) not commence construction or build out of the Center until we have first reviewed and approved in writing the design for the Center;

(r) not negotiate directly with Approved Travel Suppliers of any Approved Travel Products and Services, unless we otherwise first consent to such negotiation in writing;

(s) purchase goods and services that are of a standard and of a quality consistent with the System Standards;

(t) advise Approved Travel Suppliers, contractors and all others with whom you deal that you are an independent contractor, that all debts you incur are for your own account only, and not on our account, and, if applicable, that your officers and directors are not our officers or directors;

(u) faithfully observe and perform in a timely fashion, all covenants required under the Lease for the Center premises;

(v) not, without the prior consent of the relevant contractor or employer, knowingly contract or employ or seek to contract or employ any person who is at the time employed by or under contract with us or one of our subsidiaries or Affiliates, or by any person who is at the time operating a Center or a Travel Business under our Marks, or otherwise directly or indirectly induce any person described above to leave his or her employment or not renew his or her contract;

(w) maintain an inventory of advertising materials and supplies sufficient to satisfy customer demand;

(x) pay the salary of any agent or employee of ours or our Affiliates or subsidiaries who works at the Center and performs services which would otherwise have to be performed by a regular employee or Authorized Independent Contractor of yours and, in addition, pay the out-of-pocket expenses including transportation, lodging and food of such agent or employee; and

any goodwill or other interests in the Marks upon you (other than the right to operate your Travel Business in compliance with this Agreement and the System Standards). We may in the future develop, enhance or modify various aspects of the Marks as well as add new trademarks, trade names, service marks, trade dress, and other commercial symbols. All provisions of this Agreement applicable to the Marks will also apply to any additional proprietary trademarks, service marks, logos and commercial symbols we authorize you to use in your Travel Business. Any uses of the Marks (including the Combination Marks) as permitted herein must be in compliance with the Brand Standards, as may be amended from time to time, included as part of our Manual.

9.03 Limitations on Your Use of Marks

You will use the Marks as the sole identification of your Travel Business, except that you will identify yourself as an independent operator of the Travel Business in the manner we prescribe in the Manual or otherwise. You may not use any Mark: (i) as part of any corporate or legal business name (although you may use the Combination Mark as a fictitious (d/b/a) name in the manner we prescribe in the Manual or otherwise); or (ii) as part of any social media profiles or pages, e-mail addresses, URLs or website addresses; or (iii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we license to you); or (iv) in any modified form, including whereby any characters or symbols within the Marks are reversed, replaced, removed or inserted, nor may you use any Mark in connection with the performance or sale of any unauthorized services or products; or (v) in any other manner we have not expressly authorized in writing. No Mark may be used in any advertising concerning the transfer, sale or other disposition of your Travel Business or an ownership interest in you.

When using the Combination Mark, the EXPEDIA® mark must be of a prominence that is equal to or lesser than that of the CRUISESHIPCENTERS® mark or the word CRUISES (or CRUCEROS), within the Combination Mark. You are not permitted to use the EXPEDIA® mark on its own or in combination with any other word except "CRUISESHIPCENTERS®" at any time in relation to your Travel Business, or the word "CRUISES" (or "CRUCEROS"), which you may use only on exterior signage of a Center.

You will not manufacture, or cause to have manufactured, any promotional items having the Marks affixed or otherwise associated with in any way whatsoever, without our prior written approval. You will display the Marks prominently in the manner we require in connection with forms and marketing materials. You will give such notices of trade and service mark registrations as we specify and you will obtain any fictitious or assumed name registrations required under applicable law. Your unauthorized use of the Marks is a breach of this Agreement and an infringing use of the Marks.

9.04 Notification of Infringements and Claims

You will notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any Person of any rights in any Mark, and you will not communicate with any Person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You will sign any and all instruments and documents, render such assistance and do such acts and things as, in our opinion, are deemed necessary or advisable to protect and maintain our interests in any litigation, regulatory action or other administrative proceeding or otherwise to protect and maintain our interests in the Marks.

9.05 Discontinuance of Use of Marks

to the post termination provisions contained herein, and except as we otherwise approve in writing, neither you nor any of your Owners (nor any of your or your Owners' spouses or children), either directly or indirectly, for yourself or through, on behalf of or in conjunction with any person, persons, partners or entity, will:

(a) have any direct or indirect interest as a disclosed or beneficial owner in a Competing Business (except that you may own up to 1% of the common stock of a Competing Business that is publicly traded on a national stock exchange); or

~~(b)~~ perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competing Business, wherever located~~; or~~.

~~(c)~~(b) ~~recruit or hire any person who is our employee or the employee of any other Travel Business or an Authorized Independent Contractor engaged by another Travel Business, without obtaining the prior written permission of that person's employer or the contracting Travel Business. If you violate this Section 11.01(c), you must pay that person's employer or contracting Travel Business compensation for training, recruitment and replacement in an amount equal to twice the annual compensation you have agreed to pay such employee (as reflected by your payroll records) or Authorized Independent Contractor.~~

11.02 Definition of a Competing Business

The term "**Competing Business**" as used in this Agreement means any business (other than a Travel Business operated under a franchise agreement with us or one of our Affiliates) providing cruise-focused services or offering cruise-related products.

12. OPERATION AND SYSTEM STANDARDS

12.01 Franchise Operations Manual; System Standards

During the term of this Agreement, we will provide you access to our franchise operations manual (the "**Manual**"). The content of the Manual is accessed on CruiseDesk®, in an electronic format. The Manual contains mandatory and suggested specifications, standards, operating procedures and rules ("**System Standards**") that we require from time to time for the operation of a Travel Business and information relating to your obligations as a Franchisee. The content of the Manual belongs to us and you have no ownership interest in the Manual or any content therein. The Manual may be modified, updated and revised from time to time to reflect changes in System Standards. In the event of a dispute relating to its contents, the current electronic version of the Manual we maintain, in CruiseDesk, will be controlling. You are not permitted to download, transmit, reproduce, or save a local copy on your computer. Except as described above, you may not copy, duplicate, record or otherwise reproduce any part of the Manual without our permission. Upon our request, and immediately upon termination of this Agreement, you must destroy or surrender all copies of the Manual, regardless of form, in the manner specified by us. We may require you to provide evidence to our satisfaction of such destruction or otherwise certify your compliance with these requirements. If any portion of the Manual is in conflict with the terms and conditions of this Agreement, this Agreement prevails but the remaining provisions of the Manual will remain in full force and effect.

12.02 Compliance with System Standards

You acknowledge and agree that the operation and maintenance of your Travel Business in accordance with System Standards is essential to preserve the goodwill of the Marks and all Travel Businesses. Therefore, at all times during the Term, you will operate and maintain your Travel Business in accordance with all System Standards, as we periodically modify and supplement them during the term of

24.18 Time is of the Essence

It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement. In computing time periods from one date to a later date, the words "from" and "commencing on" (and the like) mean "from and including"; and the words "to," "until" and "ending on" (and the like) mean "to but excluding". Indications of time of day mean the time of day where our headquarters are then located.

24.19 Notices and Payments

All written notices and reports permitted or required under this Agreement or by the Manual will be deemed delivered:

(a) (i) one (1) business day after being directed by electronic mail to the address specified in this Agreement or upon acknowledgment of receipt by the recipient, whichever occurs first;

(ii) two (2) business days after being placed in the hands of a commercial airborne courier service for next business day delivery; or

(iii) three (3) business days after placement in the United States mail by certified mail, return receipt requested, postage prepaid.

(b) All such notices must be addressed to the Parties as follows:

If to Us:	CruiseShipCenters USA Inc. 333 108th Avenue NE Bellevue, Washington 98004 *(through Oct. 31, 2019)* 1111 Expedia Group Way West Seattle, Washington 98119 *(after Nov. 1, 2019)* franchising@cruiseshipcenters.com
If to You:	[Name of Franchisee] [Address of Franchisee] [Address of Franchisee] Attention: [Name of Owner] [Email Address]

Either Party may change the address for delivery by providing written notice to the other party. Such notice must be delivered within 10 business days of the change in address. Any required payment or report not actually received by us during regular business hours on the date due will be delinquent unless the deemed delivery date is on or before the due date.

Trademark	**U.S. Application or Registration No.**
CentrodeCruceros	4,523,534
Seas Today	4,232,164
Expedia Cruises™	88410110

*****When using the Combination Marks, the Expedia® mark must be of a prominence that is equal to or lesser than that of the CruiseShipCenters® mark or the word "Cruises" (or "Cruceros"), within the Combination Mark.

SCHEDULE C

LEASE ADDENDUM

THIS ADDENDUM TO LEASE ("Addendum") made and entered into this ____ day of _____, _____, by and among _____ (hereinafter referred to as the "Landlord"), with its principal offices at_____; and _____ (hereinafter referred to as the "Tenant"), with its principal offices at _____.

W I T N E S S E T H:

WHEREAS, the Landlord and the Tenant have executed a lease agreement dated _____ (the "Lease") for the premises described in Section _____of the Lease (the "Leased Premises") for use by the Tenant as an Expedia® CruiseShipCenters® travel agency to be operated pursuant to certain proprietary marks and in connection with a written Franchise Agreement by and among the Tenant and CruiseShipCenters USA, Inc. (the "Franchisor") dated_____ (the "Franchise Agreement");

WHEREAS, the Franchisor has a right to approve the Lease and a condition to such approval by the Franchisor is that the Lease for the Leased Premises designated for the operation of an Expedia® CruiseShipCenters® travel agency (hereinafter the "Franchised Business") contain the agreements set forth herein;

WHEREAS, the Landlord acknowledges that the Franchisor requires the modifications to the Lease set forth herein as a condition to its approving the Lease for the Franchised Business, and that the Landlord agrees to modify and amend the Lease in accordance with the terms and conditions contained herein;

WHEREAS, under the Franchise Agreement, all right, title and interest in and to the Lease may be assigned to the Franchisor upon the termination of the Franchise Agreement; and

WHEREAS, it is the intent of the parties hereto to provide the Franchisor with the opportunity to preserve the Leased Premises as a Franchised Business in the event of any default or termination of said Lease or Franchise Agreement by the Tenant and to assure the Landlord that in the event the Franchisor exercises its rights herein contained, any defaults of the Tenant under the Lease will be cured by the Franchisor before it takes possession of the Leased Premises.

1. Use Clause. The Leased Premises shall be used for the operation of an Expedia® CruiseShipCenters® travel agency ("Franchised Business") offering travel products and services and identified by the mark Expedia® CruiseShipCenters® (Stylized) or any other name designated by Franchisor. The Landlord acknowledges that such use shall not violate any then-existing exclusives granted to any existing tenant of the Landlord.

2. Copy of Notice of Default of Tenant to Franchisor; Franchisor's Right to Cure Default and Assume Lease. The Landlord will provide a copy to Franchisor of any notice of default or termination it issues to the Tenant concurrently with issuing such notice to the Tenant, specifying all default(s) of Tenant under the Lease. If the Tenant fails to cure any default within the period provided in the Lease (if any), the Landlord will give the Franchisor immediate written notice of such failure to cure. The Franchisor then will be

ITEM 23
RECEIPT

This disclosure document summarizes provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully. If CruiseShipCenters USA Inc. offers you a franchise, CruiseShipCenters USA Inc. must provide this disclosure document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the signing of the franchise or other agreement or before making a payment to CruiseShipCenters USA Inc.

Michigan requires that we give you this disclosure document at least 10 business days before the signing of the franchise or other agreement or before making a payment to CruiseShipCenters USA Inc., whichever occurs first.

If CruiseShipCenters USA Inc. 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 your State Administrator as set forth in Exhibit F. See Exhibit F for CruiseShipCenters USA Inc.'s agent for service of process.

Issuance Date: March 28, 2019, as amended October 1, 2019

The franchise sellers for this offering are Daniel Meyer and Jeff Warkentin, CruiseShipCenters USA Inc., 333 108th Avenue NE, Bellevue, Washington 98004 through October 31, 2019 and then 1111 Expedia Group Way West, Seattle, Washington 98119 (425) 679-7200.

I have received the CruiseShipCenters USA Inc. disclosure document dated March 28, 2019, as amended October 1, 2019 (see Exhibit A for state specific effective dates), which includes the following Exhibits:

State Specific Addendum (Exhibit A)
Franchise Agreement (Exhibit B)
Franchise Operations Manual Table of Contents (Exhibit C)
CruiseDesk® and Email Terms of Use (Exhibit D)
Franchisee Roster (Exhibit E)
State Agencies and Agents For Service Of Process (Exhibit F)
Financial Statements (Exhibit G)
Franchise Compliance Certificate (Exhibit H)
Receipt (Exhibit I)

_____ _____

Date Prospective Franchisee Signature

_____

Franchisee's Copy Printed Name of Prospective Franchisee

ITEM 23
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Franchise Compliance Certificate (Exhibit H)
Receipt (Exhibit I)

_____ _____
Date Prospective Franchisee Signature

_____
Printed Name of Prospective Franchisee

This copy should be completed and forwarded to:
Expedia® CruiseShipCenters®, Attn: _____