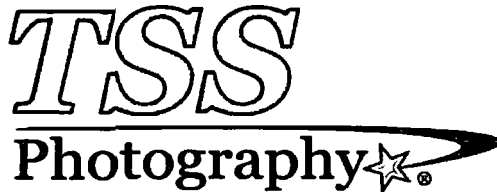


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FRANCHISE DISCLOSURE DOCUMENT



TSS PHOTOGRAPHY, LLC
An Oklahoma limited liability company
1300 Metropolitan Avenue
Oklahoma City, Oklahoma 73108
(405) 947-8747
www.tssphotography.com

The franchisee will operate a business that promotes, markets, and sells specialty photographic products to individuals and groups that participate in youth sports and social and school events

The total investment necessary to begin operation of a TSS Photography franchise ranges from \$20,400 to ~~\$74,275~~ 20,415 – \$74,725. This includes \$18,150 to \$59,125 that must be paid to TSS Photography or its affiliates

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 our corporate office at 1300 Metropolitan Avenue, Oklahoma City, Oklahoma 73108, or via telephone at (405) 947-8747

The terms of your Franchise Agreement will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contracts. Read all of your contracts carefully. Show your contracts and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

The Issuance Date of this Franchise Disclosure Document ("FDD") is April 24, ~~2018~~ 26, 2019.

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit J to this Franchise Disclosure Document for information about the franchisor, about other franchisors, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION OR ARBITRATION ONLY IN OKLAHOMA CITY, OKLAHOMA. OUT OF STATE MEDIATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE OR ARBITRATE WITH US IN OKLAHOMA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT IT IS GOVERNED BY OKLAHOMA LAW. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source is our agent and represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Dates for this Franchise Disclosure Document in the Registration States are Listed on the following page.

ATTACHMENT 1

The effective date of registration and the issuance dates of this Disclosure Document or exemption in the registration or non-registration states listed below are

State	Effective Date
California	Pending
Florida	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Kentucky	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
Nebraska	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Texas	Pending
Utah	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

In all other states, the effective date of this Franchise Disclosure Document is April ~~24, 2018~~ 26, 2019.

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E	List of Franchisees
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Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor is TSS Photography, LLC. For ease of reference, this Disclosure Document will refer to TSS Photography, LLC as “we,” “us,” or “our.” We will refer to the person who buys a franchise from us, as well as the buyer’s owners if the buyer is a corporation, partnership, limited liability company, or other entity, as “you.” If you are a corporation, partnership, limited liability company, or other entity, references to “you” include your owners and principals.

The Company

We are an Oklahoma limited liability company, and our principal business address is 1300 Metropolitan Avenue, Oklahoma City, Oklahoma 73108. We were incorporated as a Georgia corporation on December 19, 1984. We converted to a Georgia limited liability company on May 28, 2014 and then converted to an Oklahoma limited liability company on April 20, 2015.

We do business under our limited liability company name and the name “TSS Photography.” We do not do business under any other name. Our corporate name until September 25, 2006 was The Sports Section, Inc. At that time, we changed our name to TSS Photography, Inc. We first began offering and selling franchises in February 1985 under the trademark “The Sports Section.” We ceased offering franchises under this mark around September 25, 2006, at which time we began offering and selling franchises under the mark TSS Photography. Our agents for service of process are disclosed in Exhibit J.

Predecessor, Parent and Affiliates

We have not had any predecessors within the 10-year period preceding the Issuance Date of this Disclosure Document. We do not have a parent company.

On June 6, 2014, Candid Color Systems, Inc. (“CCS”) purchased all of our membership interests. Then, also on June 6, 2014, CCS sold, conveyed, and assigned its membership interests in us to Jack Counts and Beverly Counts Ellis (our current owners).

CCS is an Oklahoma corporation and was incorporated in January, 1974. CCS does business under its corporate name and the mark Candid Color®. CCS’ principal business address is 1300 Metropolitan Avenue, Oklahoma City 73108. In 1988, CCS developed the Glamour Shots® concept and granted licenses for the operation of Glamour Shots® stores from 1989 to July, 1992, at which time CCS transferred all Glamour Shots® license agreements to our affiliate, Glamour Shots Licensing, Inc. (described more fully below). CCS also operates a business that provides sports photography in Oklahoma City, Oklahoma.

CCS remains our affiliate and owns a state-of-the-art, all-digital, professional photofinishing lab, which was opened in September 1993 and contains 20,000 square feet of space. The lab integrates photofinishing services with a comprehensive and continuous system of monitoring quality control of the images sent to the lab. CCS has established detailed specifications, quality control standards, operating methods, production monitoring criteria, methods for monitoring and grading store photography, turnaround time requirements and other requirements relating to the quality of proofs and prints, which is why CCS is an approved supplier for photofinishing, print production, and other imaging work (“Imaging Services”) that our franchisees must use in their respective TSS Photography franchises. Except as provided in this Item, CCS is not involved in any other business activity.

Our affiliate, Glamour Shots Licensing, Inc ("GSL"), has offered and sold franchises for Glamour Shots® retail photography store that offer makeover and hairstyle from professionally trained make-up artists to its customers, guide customers through a photo session, and offer customers digital retouching services and other proprietary products that the customer wishes to purchase. GSL has been offering Glamour Shots® franchises since July 1992, and CCS is also an approved supplier for Glamour Shots® franchises. GSL is an Oklahoma corporation organized in December 1989 and is located at 1300 Metropolitan Avenue, Oklahoma City, Oklahoma 73108. GSL has also operated Glamour Shots® stores in Oklahoma City. GSL does business under its corporate name and the mark Glamour Shots®.

We have an additional affiliate, Young Masters, LLC, which is a Georgia limited liability company. Young Masters, LLC was formed on August 25, 2008 and maintains its principal business address at 1300 Metropolitan Avenue, Oklahoma City, Oklahoma 73108. Young Masters previously offered franchises for the establishment and development of businesses that promote, market, and sell specialty keepsake products to individuals and groups who participate in youth school, church, and social art events under the Young Masters® name and marks. Young Masters offered and sold these franchises from August 2008 through July 2013.

Except as provided for above, neither we nor any affiliates described in this Item have sold franchises in any other line of business or conducted a business similar to the TSS Photography franchised business offered in this Disclosure Document.

Our Business

Our business consists of selling and servicing franchises to qualified individuals so that they may promote, market, and sell specialty photographic products under the trade name TSS Photography to individuals and groups that participate in youth sports, portrait and any special event activity (the "Franchised Business"). We changed the name associated with our franchise system in September 2006 when we changed our corporate name. Franchisees existing at that time have been given some latitude as to when they convert the name of their franchise to "TSS Photography." All new franchisees entering the system must begin operating under the TSS Photography brand and submit all images captured for photofinishing, print production, and other imaging work to us or our affiliate unless specifically authorized otherwise.

You must sign our standard form of Franchise Agreement (Exhibit A to this Disclosure Document). Under the Franchise Agreement, you may promote, market, and sell our products within an exclusive territory using our trade secrets, know-how and other proprietary and confidential information, our standards and specifications, and our trademarks and service marks (collectively, the "Marks"), all of which are intended to create, promote, and maintain a uniform image of high-quality products and services (collectively, the "Methods").

We currently produce, with the assistance of our approved supplier CCS, more than 250 photographic products generated from image-capturing photography equipment, like digital photography. We also offer e-commerce sales of photographic products through customized websites. We share the revenue we derive from these sales with the franchisee who either generated the photographs sales or in whose territory the consumer is located if it is a consumer-generated photo purchased on our website. For purposes of this Disclosure Document, "Products" refers to our specialty photographic products generated from digital files, digitally-produced photographic prints and other related products. You will market the Products and your services predominantly to youths. As previously disclosed, CCS is our approved vendor for photofinishing, print production, and other imaging work related to the Products, as well as the fulfillment of all e-commerce sales. We describe our Products on our product price list, which is available upon request and is also available through our software (see Item 11 of this Disclosure

Document for a description of this computer program) We will provide you with initial and ongoing assistance as described in Item 11 of this Disclosure Document

Market and Competition

You will compete with other businesses that offer similar photographic services, including freelance photographers, studio owners, and other photographic specialists, who augment their current services by adding sports, school, and portrait-related products. We believe our Products and our Methods will continue to remain unique and distinctive. In addition, there are numerous laboratories and imaging outlets that offer similar photographic products, and the use of digital photography at sporting events and social activities continues to grow significantly. As a result, you are likely to confront additional competitors that are capitalizing on the popularity of these types of products. For planning purposes you should assume that the market for items like the Products and for services like those you offer is a mature market and that you will face significant competition.

Industry-Specific Laws

Your TSS Photography Franchised Business will be subject to federal, state, and local laws governing the operation of a photography business, including laws relating to capturing and editing images of children and adults, publishing photographs, copyright laws, and privacy and obscenity laws. Your Franchised Business will also be subject to laws or regulations that are not specific to the photography industry, but applicable to businesses in general, including labor laws, zoning laws, laws relating to non-discrimination in the workplace, workers' compensation laws, business licensing laws, and tax laws. You must review and understand all applicable federal, state, and local laws and regulations (collectively the "Laws") and your cost to comply with the Laws before purchasing a Franchised Business from us. Applicable laws and regulations are subject to change.

You and all of your officers, directors, owners, and employees must undergo at your expense and pass to our satisfaction a comprehensive full service criminal background screening by a vendor of our choice before we will grant you a franchise. You must show us the results, and you are responsible for not hiring or terminating individuals who have an issue that do not satisfy our standards.

Item 2 BUSINESS EXPERIENCE

Chairman of the Board, President and Chief Executive Officer Jack Counts, Jr.

Mr. Counts has been our Chairman of the Board and Chief Executive Officer since June 2014 and our President since August 2015. He has also served as the President and a Director of GSL, located in Oklahoma City, Oklahoma, since December 1989. Mr. Counts formed CCS in January 1974 and, since that time, has also served as its President and as a Director in Oklahoma City, Oklahoma.

Marketing Director Alison Counts

Ms. Counts has served as our Marketing Director since June 2014. She has also served as the Marketing Director for CCS and GSL, both located in Oklahoma City, Oklahoma, since January 2008.

Chief Financial Officer Clayton Sliger

Mr. Sliger has served as our Chief Financial Officer since June 2014. He has also served as the Chief Financial Officer for GSL, located in Oklahoma City, Oklahoma, since October 2013. Prior to his

position with GSL, Mr. Sliger served as Chief Financial Officer and Vice President of Finance for Great Plains Coca-Cola Bottling Company, Inc., located in Oklahoma City, Oklahoma, from August 1998 to October 2013.

Franchise and Customer Development Director James Calabrese

Mr. Calabrese is our Franchise and Customer Development Director and has held this position since November 2017. Before joining us in November 2017, Mr. Calabrese was the Sales and Marketing Manager with Lifetouch Sports in Danbury, Connecticut from June 2008 to November 2017.

Franchise and Customer Development Specialist Mary Mills

Ms. Mills is our Franchise and Customer Development Specialist and has held this position since December 2017. Before becoming the Franchise and Customer Development Specialist, Ms. Mills was our Franchise Development Coordinator from July 2014 to December 2017 and our Franchise Development and Marketing Coordinator from December 2012 to July 2014.

Franchise Development Coordinator Carol Sneed

Ms. Sneed is our Franchise Development Coordinator and has held that position since January 2017. Ms. Sneed joined GSL in Oklahoma City, Oklahoma in 1992 and was promoted to her current position as Director of Franchise Operations for GSL in January 2008.

Franchise Operation Development Manager Steve Foisy

Mr. Foisy is our Franchise Operation Development Manager and has held this position with us since December 2017. Before becoming our Franchise Operation Development Manager, Mr. Foisy was our head of customer support from August 2014 to December 2017, head of special projects from August 2013 to August 2014, and our head of photography from August 2010 to August 2013.

Head of Customer Support Cristina O'Conner

Ms. O'Conner is our head of customer support and has held this position with us since November 2017. Before becoming our head of customer support, Ms. O'Conner was the manager of our retail photography business from August 2008 to November 2017.

Lead Trainer – New Business and Development Team Janet Anderson

Ms. Anderson is the Lead Trainer for the New Business and Development Team and has held this position since February 2018. Before becoming the Lead Trainer, Ms. Anderson was the Sales Support Assistant from January 2017 to February 2018. Ms. Anderson started with us as a Call Center Representative in January 2013.

Vice President of Information Technology and Finance Demetri Barges

Mr. Barges joined Candid Color in Oklahoma City in 2004 as Director of Software Development, was promoted to Chief Information Officer in 2007, and became the Vice President of Information Technology and Finance in 2009.

Production Manager Bo Lewis

Mr Lewis has been the Production Manager at Candid Color in Oklahoma City since 2005

**Item 3
LITIGATION**

No litigation is required to be disclosed in this Item

**Item 4
BANKRUPTCY**

No bankruptcy actions are required to be disclosed in this Item

**Item 5
INITIAL FEES**

Initial Deposit

Before signing your Franchise Agreement, you must pay us a \$1,000 deposit in order to reserve the territory you want to purchase as a means of showing your serious interest in purchasing a franchise and so that we do not sell the territory you've designated to another franchisee. Upon our receipt of the deposit, we will prepare your Franchise Agreement and conduct a background check. We will hold a territory for 30 days. If you decide not to sign the Franchise Agreement, you will have no further obligation to us, and we will refund the deposit, less our reasonable direct expenses in preparing the Franchise Agreement and in preparing to provide Sales and Marketing Training (e.g. purchase of airline tickets), if any. If you sign the Franchise Agreement, we will apply the entire deposit toward your initial franchise fee, and it will be non-refundable in the same manner as the remainder of the initial franchise fee. Our usual practice is to provide you with sales and marketing training after we approve you as a franchisee and receive your signed Franchise Agreement. See Item 11 of this Disclosure Document.

Initial Franchise Fee

You must pay an initial franchise fee in the amount of \$7,500. It is payable in cash in full at the time you sign the Franchise Agreement. It is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances.

Territory Fee

In addition to the initial franchise fee, you must pay us a territory fee. The amount of the fee is \$0.07 per member of the population in the Territory for up to 99,999 in population, and \$0.05 per member of the population in the Territory in excess of 99,999. If you expand your Territory, you must pay an additional territory fee for the expanded territory, unless we waive this fee in whole or in part. The amount of the additional territory fee is \$0.10 per member of the population in excess of the population in your existing Territory, unless we reduce the additional territory fee in our discretion. The territory fee is payable in cash in full at the time you sign the Franchise Agreement or at the time you expand your Territory, as applicable, unless we waive the territory fee in whole or in part. It is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances.

Additional Initial Fees

When you sign the franchise agreement, you must also pay us up to \$4,000 to cover the cost of computer equipment, software, and accessories required for the operation of your TSS Photography franchise. This fee covers the cost of the items listed in Item 8.

You must pay us approximately \$15,300 to cover the cost of required camera and photography equipment. The components of this initial photography equipment set-up are listed in Item 8.

You must pay us approximately \$3,000 to cover the cost of your starter kit, which includes marketing materials, a tent, banners, shirts, display tables, branded table covers, a display board, photo presentation materials, an initial reasonable supply of photo samples covering most activities, and the necessary paper forms to begin operation.

Vet-Fran Program

We participate in the International Franchise Association VetFran Program. The International Franchise Association founded the VetFran Program in 1991 as a strategic initiative of member companies designed to offer financial incentives, training, and mentoring to veterans interested in franchise ownership or careers in franchising. We have been a member company since 1993. We offer qualified franchisees with a population in their Territory of 100,000-499,999 a 15% discount, and of 500,000 or more a 20% discount, on our initial franchise fee and territory fee.

We offer all qualified franchisees, regardless of the population of their Territory, a 25% discount on registration fees, if any, for the annual convention and mini-conferences and a 50% discount on our renewal fee. In addition, when a qualified franchisee purchases an existing franchise, we offer the qualified franchisee a credit in the amount of 50% of the applicable transfer fee that the franchisee may apply to future charges from CCS for photofinishing, print production, and other imaging work.

Expansion Program

We may, in our discretion, offer you an expansion program if you have one or more of the following: (1) at least two years of professional photography experience, (2) at least \$10,000 of annual production revenue, (3) computer equipment, software, and accessories comparable, in our discretion, to our specifications, and (4) camera and photography equipment comparable, in our discretion, to our specifications.

If we offer the expansion program to you and you elect to participate in the program, you must pay us the initial deposit of \$1,000. See Item 5 – Initial Deposit. Then, when you sign the franchise agreement, you must sign and deliver to us the Expansion Addendum attached to the Disclosure Document as Exhibit L and pay us \$9,500. You must pay us the balance of the fees that you owe us on the first anniversary of the date of your franchise agreement. The final balance due may be reduced by expansion rebates that you may earn based on the revenues you generate for CCS, the details of which are described in the Expansion Addendum attached to the Disclosure Document as Exhibit L.

Non-Refundable Nature of Initial Fees

All initial fees described in this Item are deemed fully earned upon payment and are non-refundable.

**Item 6
OTHER FEES**

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Photofinishing, print production, and other imaging work ⁽²⁾	See Note 2 and our product price list	On delivery of images to the our approved supplier for Imaging Services	CCS is our approved supplier for Imaging Services CCS provides all Imaging Services and receives all fees related to Imaging Services ⁽²⁾
Sales and Marketing Fund Contribution ⁽³⁾	\$0 - \$175, unless we waive this fee in whole or in part	Monthly before the 10th day of each calendar month	See Note 3
New Business and Development Team Fee ⁽⁴⁾	\$50 per month plus 10% 15% of your New Business and Development Team Sales for a period of two years <u>one year</u> beginning, with respect to each lead provided to you in connection with or generated by your participation on our New Business and Development Team, on the date of first sale to such lead <u>plus \$50 per month</u>	Monthly, before the 10th day of each calendar month, for New Business and Development Team Sales from the prior month	You must participate on our New Business and Development Team at such times as we require during the first year of the operation of your Franchised Business, unless we waive this requirement in whole or in part See Note 4
E-Commerce Fee	Then-current fees charged by third-party vendors and us, which is currently 2% to 15% of purchase price paid for online sales	When Incurred	We charge an E-Commerce Fee equal to 2% to 15% of the purchase price associated with any online sale, which covers credit card fees and our internal processing of the order
Transfer Fee	\$5,000 or \$10,000, unless we waive this fee in whole or in part	Upon your request for transfer	Either you or the proposed purchaser or assignee must pay in full a transfer fee in the amount of \$5,000 (if the proposed transferee is an existing franchisee of ours) or \$10,000 (if the proposed transferee is not an existing

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
			franchisee of ours), unless we waive this fee in whole or in part. If the proposed transferee qualifies for the VetFran Program, we offer the qualified franchise a credit in the amount of 50% of the applicable transfer fee that the franchisee may apply to future charges from CCS for photofinishing, print production, and other imaging work.
Commission Under Finders Agreement ⁽⁵⁾	\$5,000	At closing of sale of franchise	On a strictly voluntary basis, we offer assistance to franchisees who are interested in selling their franchises. See Note 5.
Additional Optional Training ⁽⁶⁾	\$600 per person for more than two trainees, but the charge is subject to change on notice to you.	Before you attend training	We train up to two people (owner and one additional trainee) at no additional charge as part of Sales and Marketing Training, Photography Training, and TSS University. Additional training spaces are available for additional participants for an additional charge.
Additional Assistance ⁽⁶⁾	\$350 per diem consultation fee, plus expenses, but subject to change on notice to you.	On receipt of invoice	This is for additional or special training or assistance you need or request, above and beyond the ongoing support we provide. An example would be additional photography or operations training in the event of a resale or business opportunity where you want specialized assistance. See Note 6.
Renewal Fee	\$1,000, unless we waive this fee in whole or in part.	On renewal of Franchise Agreement	
Territory Expansion ⁽⁷⁾	\$0.10 per member of the population in excess of the population in your existing Territory,	See Note 8	See Note 7

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
	unless we waive this fee in whole or in part		
Territory Exchange ⁽⁸⁾	Either \$1,000 or \$750 plus \$0.10 per member of the population in excess of the population in your existing Territory, unless we waive this fee in whole or in part	Before Territory exchange	Payable if you exchange part of your Territory for an area in close proximity to your original Territory, but keep your office in same location. See Note 8
Audit	Reasonable cost of inspection or audit	On receipt of invoice	Payable only if our inspection or audit reveals an event of default that causes us to attempt to terminate the Franchise Agreement
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims, damages, or lawsuits from your operation of the Franchised Business
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable on your failure to comply with the Franchise Agreement or if there are other claims related to our relationship
Insurance	Will vary under circumstances	On receipt of invoice	You must reimburse us if we purchase insurance for you because you failed to do so
Custom TSS Website Maintenance ⁽⁹⁾	None, unless you request optional upgrades ⁽⁹⁾	Fees for upgrades are due as incurred	We will build a basic site free of charge. You may purchase optional upgrades. See Note 9
Technology Fund Contribution ⁽¹⁰⁾	\$50 per month, unless we waive this fee in whole or in part	Monthly before the 10th day of each calendar month	See Note 10
Software Updates ⁽¹¹⁾	Less than \$500 per year	Before receiving update	You must use our computer software, and, if we release upgrades, you must purchase them. See Note 11
Interest	Lesser of maximum legal interest rate or	On receipt of	You must pay interest on any

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
	12% per annum	invoice	amounts past due
Independent Representative Fee ⁽¹²⁾	\$5,500	\$5,000 is payable by the Independent Representative to TSS, and \$500 is payable to the franchisee in whose territory the Independent Representative will operate	You must obtain our written approval prior to engaging the services of an independent representative ("Independent Representative") to assist you in sales or the provision of photography services. We will require any Independent Representative to meet our qualifications for an Independent Representative and complete TSS University to our satisfaction prior to assisting you in operating the Franchised Business. See Note 12 below for further details. Of the \$5,000 payable to TSS, \$500 is due upon request to appoint the Independent Representative and is non-refundable. The remaining \$4,500 is due upon obtaining consent. See Note 12.
Liquidated Damages ⁽¹³⁾	\$50% of the difference between the revenue you receive and the fees related to Imaging Services CCS receives in connection with your violation of these restrictions (Solicitation) \$400/day (Training, Conventions and Conferences)	Upon violation	You must pay us a fee as liquidated damages if you solicit business from a customer located in another franchisee's Territory or fail to attend all required training, conventions, and conferences. See Note 13.
Background Screening Fee	\$18-\$20	On receipt of invoice	You must reimburse us for the expense paid to our provider (currently Southeastern Security Consultants, Inc.) for the background screening of your employees. We will bear the full amount of the associated expense for the background screening of

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
			your officers, directors, and owners

Explanatory Notes

1 Unless we specify otherwise, all fees are imposed by and payable to us, and all fees are non-refundable

2 We have also established minimum productivity requirements that each franchisee must attain. See Item 12 of this Disclosure Document. Fees related to Imaging Services are subject to change as market conditions warrant with 60 days' notice, however, we limit the price increase during any calendar year to an average of 5%.

3 At this time, we have not established, and are not requiring payments to or making expenditures from, the Sales and Marketing Fund, but we may establish a Sales and Marketing Fund and resume requiring these payments and making these expenditures at any time, provided that we will not require you to make payments to the Sales and Marketing Fund during the first year of your Franchise Agreement. If we establish the Sales and Marketing Fund, you would be required to contribute \$50 if the population in your territory is less than 100,000, \$100 if the population in your territory is 100,000 to 199,999 (inclusive), \$150 if the population in your territory is 200,000 to 299,999 (inclusive), and \$175 if the population in your territory is 300,000 or more, unless we waive this fee in whole or in part. We have the right to increase the monthly contribution by 5% each calendar year. Some long-standing franchisees existing as of the date of this Disclosure Document will not be required to contribute to the Sales and Marketing Fund until they voluntarily choose to do so, or they are required to execute a more current form of franchise agreement that mandates contributions to the Sales and Marketing Fund. If we establish the Sales and Marketing Fund and you own multiple franchise units, you will be required to contribute based on the total population of your combined units and not on a per unit basis.

4 "New Business and Development Team Sales" means the gross sales of the Franchised Business from any lead provided to you in connection with or generated by your participation on our New Business and Development Team, including sales resulting from the photofinishing, print production, video, computer-generated imaging, and other imaging work (irrespective of who produces that work), sales of prints, images, products, and services, sales generated by or resulting from coupons, third-party promotions, discounted gift certificates, customer loyalty promotions, and online-offer and deal-of-the-day websites or programs, and sales of images in any format including print, electronic, or on any form of media. "New Business and Development Team Sales" does not include applicable sales taxes or sales from e-commerce or fulfillment in accordance with the franchise agreement. "New Business and Development Team Sales" also includes the fair retail value of items provided, offered, distributed, made available, or given away, separately or as part of a package or offer, whether characterized or described as free, complimentary, or otherwise.

5 If you want to sell your Franchised Business and you want our assistance in locating prospective purchasers, you can retain us by notifying us and signing our then-current form of Finders Agreement (see Exhibit I to this Disclosure Document for the form as of the date of this Disclosure Document). This is a voluntary, non-exclusive program. If you sign the Finders Agreement and we refer or introduce you to the person or entity that eventually purchases your Franchised Business, you must pay us a commission of \$5,000. Either party may terminate the Finders Agreement upon 30 days' advance notice, but we will still be paid our commission if you sell your franchise to someone we introduced or referred you to before the date of termination. Despite signing a Finders Agreement with us, we still recommend you retain a business broker or sales agent to help you with your sale. We do not provide any legal or accounting advice, and we will still receive the transfer fee due under your franchise agreement. To assist you in completing the sale of your Franchised Business, if you have a Finders Agreement with us, the purchaser will be required to pay the purchase price to us. We will deduct our

commission and then forward the balance of the purchase price to you. You should read the Finders Agreement carefully. We may change the form of Finders Agreement at our discretion.

6 We will charge you a fee if you request training that is in addition to the initial training program after a resale. We may provide additional training in our discretion and subject to our availability. See Item 11 of this Disclosure Document for a more complete description of the training programs we provide. There are a limited number of spaces available in each of our training programs for you and your staff.

7 If you have fully complied with the terms of the Franchise Agreement and you want to expand the population your Franchised Business serves, we will evaluate economic conditions, your past performance, and the general demand for franchises to determine whether to permit you to expand. One condition to any expansion is that the additional population must be located in a geographic area that is contiguous to your existing Territory. If you want additional population and you have already signed your Franchise Agreement, you will sign an amendment to the Franchise Agreement to reflect the additional territory area. We may decide whether it is in the best interests of our franchise system to permit you to expand your population base, how much additional population you may add, and the geographic location of the additional population. There is no guarantee that we will permit you to increase the population of your Territory.

The amount of the fee is \$0.10 per member of the population in excess of the population in your existing Territory, unless we waive this fee in whole or in part. The additional territory fee is payable in cash in full at the time you sign the amendment to your Franchise Agreement expanding your Territory. It is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances. See Item 12 to this Disclosure Document.

8 With our consent, you may exchange all or part of your Territory for a currently unassigned territory with more or less population within the same vicinity as your current Territory. If approved, you must sign an amendment to the Franchise Agreement that will amend your Territory to reflect the exchanged territory. You must pay an administrative fee to exchange your Territory, to reimburse us for our consent and to document the exchange. If the population in your new Territory does not exceed the population of your current Territory by 7,500 or more, our administrative fee is \$1,000. If the population in your new Territory exceeds the population in your current Territory by 7,500 or more, our administrative fee is \$750 plus is \$0.10 per member of the population in excess of the population in your existing Territory, unless we waive this fee in whole or in part. The administrative fee is payable in cash in full at the time you sign the amendment to your Franchise Agreement exchanging your Territory. It is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances. See Item 12 to this Disclosure Document.

9 We do not currently offer or charge for optional upgrades. If, as a result of technological advancements and other changes, upgrades become advisable in our judgment, we may charge you a reasonable amount for those upgrades as detailed in the Operating Manual.

10 As provided in the Franchise Agreement, you must contribute \$50 monthly to the Technology Fund that we establish to support the software and other information technology that we make available to you or use in providing goods or services to you, unless we waive this fee in whole or in part. Monies contributed may be used, in our discretion, for software and information technology and related purposes. We have the right to increase the monthly contribution by 5% each calendar year and the contribution will be made on a monthly basis by our withdrawal of funds by means of electronic funds transfers from a bank account that you specify.

11 You must use our software for order processing, including the digital order processing software for all orders of Products and ancillary items, like marketing materials and a customer database for operation of the Franchised Business or any other information technology platforms we develop for use with a TSS Photography franchise. We may release yearly upgrades for our software. If we release

these upgrades, you must purchase them. The fees we charge for these upgrades will be nominal, typically no more than \$500.

12. You must obtain our written approval before engaging the services of an independent representative to assist you with lead generation or the performance of contracts with customers ("Independent Representative"). You must submit an application requesting the right to engage the services of an Independent Representative, along with an Independent Representative application in the form we specify. Our approval of any Independent Representative will be subject to their satisfactory completion of our franchise review process and our initial training program. You must be in compliance with the terms of the Franchise Agreement at the time of requesting and the assistance of an Independent Representative and must have substantially complied with Franchise Agreement during the initial and any renewal terms. The independent representative must pay a fee of \$5,000 for the training program, with a \$500 deposit due upon proposing an Independent Representative and \$4,500 upon our approval of the proposed Independent Representative. This fee includes the independent representative's TSS University tuition fee. The independent representative must also pay the franchisee in whose territory they operate a \$500 Independent Representative Fee.

13. If you violate the solicitation restrictions, we may charge you a fee as liquidated damages in the amount of 50% of the difference between the revenue you receive and the fees related to Imaging Services CCS receives in connection with your violation of these restrictions.

Item 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT⁽¹⁾

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ⁽²⁾	\$7,500	Lump sum	On signing Franchise Agreement	Us
Territory Fee ⁽³⁾	\$7,000 - \$27,000	Lump sum	On signing Franchise Agreement	Us
Training Expenses ⁽⁴⁾	\$0 - \$2,000	As Incurred	As Incurred	Third Parties
Real Estate/Office ⁽⁵⁾	\$50 - \$100	As Agreed	Monthly	Landlord, Third Parties
Office Equipment, Supplies, Furniture ⁽⁶⁾	\$200 - \$3,300	As Agreed	As Incurred	Outside Suppliers
Cameras and Other Photographic Equipment ⁽⁷⁾	\$0 - \$15,300	Lump sum	On signing the Franchise Agreement	Us
Computer Equipment ⁽⁸⁾	\$0 - 4,000	Lump sum	On signing the Franchise	Us

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
			Agreement	
Starter Kit ⁽⁹⁾	\$3,000	Lump sum	On signing the Franchise Agreement	Us
Transportation - 3 months ⁽¹⁰⁾	\$750 - \$1,500	As Incurred	As Incurred	Outside Suppliers
Advertising – 3 months ⁽¹¹⁾	\$0 - \$1,000	Lump Sum	As Incurred	Advertising Sources
Miscellaneous Opening Costs ⁽¹²⁾	\$250 - \$1,250	As Incurred	As Incurred	Third Parties
Website Maintenance ⁽¹³⁾	\$0 - \$250	As Incurred	As Incurred	Us
Photofinishing, print production, and other imaging work - 3 months ⁽¹⁴⁾	\$500 - \$1,250	As Incurred	As Incurred	Us or Our Approved Supplier
Sales and Marketing Fund Contribution – 3 months	\$0 - \$525	Lump Sum	Monthly before the 10th day of each calendar month	Sales and Marketing Fund See Item 6, Note 3
New Business and Development Team Fee – 3 months	\$150	Lump Sum	Monthly before the 10th day of each calendar month	Us See Item 6
Technology Fund Contributions – 3 months	\$0 - \$150	Lump Sum	Monthly before the 10th day of each calendar month	Technology Fund See Item 6, Note 8
<u>Tablet Cellular Data Plan – 3 months⁽¹⁵⁾</u>	<u>\$15-\$450</u>	<u>As Incurred</u>	<u>As Incurred</u>	<u>Third Parties</u>
Additional Funds - 3 months ⁽⁴⁵⁾⁽¹⁶⁾	\$1,000 - \$6,000	As Incurred	As Incurred	Third Parties
TOTAL ⁽⁴⁶⁾⁽¹⁷⁾	\$20,400 <u>20,415</u> –			

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
	<u>\$74,27574.725</u>			

Explanatory Notes

1 All fees and payments are non-refundable, unless otherwise stated or permitted by the payee

2 The initial franchise fee is discussed in detail in Item 5 of this Disclosure Document. It includes the \$1,000 initial deposit you must pay when you secure a territory, but before you sign the Franchise Agreement. The deposit reimburses us for expenses we incur in preparing your Franchise Agreement, holding your proposed territory for 30 days, and preparing to provide you with initial training. See Item 5 of this Disclosure Document. If you sign the Franchise Agreement at or before the end of the 30-day period, we will credit the amount of the deposit towards the initial franchise fee. If you do not sign a Franchise Agreement within the 30-day period, we will refund the deposit less any direct expenses we incurred in preparing your Franchise Agreement and preparing to conduct your initial training.

3 In addition to the initial franchise fee, you must pay us a territory fee. The amount of the fee is \$0.07 per member of the population in the Territory for up to 99,999 in population, and \$0.05 per member of the population in the Territory in excess of 99,999. See Item 5. The estimated amount of the territory fee is calculated by assuming a population of between 99,999 and 500,000.

4 If we provide Sales and Marketing Training and Photography Training at your location, your training expenditures should be negligible. If you attend Photography Training at our location, you will be reimbursed (in the form of a credit against fees charged by CCS for photofinishing, print production, or other imaging work) for up to \$1,000 of your expenses, including, flights, transportation, lodging, and food. Within your first six months of operation, you must attend TSS University and you must cover any expenses not covered by the initial franchise fee. If you attend TSS University within the first 6 months after you sign a franchise agreement, we will provide you (or your owner) and up to two guests breakfast at your hotel, and lunch at our corporate office as part of the initial franchise fee. If you cancel or reschedule training dates, you must reimburse us for our training expenses, including our travel, food, and lodging expenses. If you do not attend TSS University within 6 months of signing a franchise agreement, you must pay our then-current fee for attending TSS University, which is presently \$600 per person, plus all travel, meal and lodging expenses.

5 You must establish and maintain an office and dedicated telephone for your Territory. We impose no requirement or restriction on the size of your office, and the rental costs could thus vary from a negligible amount for an in-home office to a substantial amount for an office in a high visibility office complex, which almost never occurs. A 10 foot by 10 foot room should provide sufficient space for your initial requirements. Most franchisees locate their offices in their residences, although we do not require you to have an office in your residence. You will not need to redecorate or redesign your home if you decide to locate the office there. Because a significant number of franchisees use their homes for their offices, we have not included a line item for a security deposit. The estimated cost listed is calculated by assuming a cost of \$1,000 to \$2,000 per month for renting or leasing a 2,000 square foot home and taking the percentage of the office space to be used, approximately 5%.

6 These expenditures include a desk, file cabinet, telephone, fax modem, Internet connection, answering machine, office supplies, and stationery. The low end of the range would be your estimated expenditure if you already own your office equipment (including your computer system) and office furniture, and you lease your telephone and answering machine. The high end of the range would be your estimated expenditure if you purchase your furniture and computer equipment. See Item 8 of this Disclosure Document for a description of the computer requirements for our software programs. See Item 11 of this Disclosure Document for additional information. This item does not include photography equipment or supplies (see Notes 6 and 7 of this Item 7, below).

7 As discussed in Item 8, you must pay a \$15,300 lump sum fee to cover the cost of cameras and other initial photography equipment and their set up, as set forth in the chart in Item 8. We provide a display board with your starter kit. See Notes 7 and 8 of this Item 7. You may need additional set-ups as your business expands. The retail price for these items is outside our control. Prices tend to reflect conditions in the photography industry and general principles of supply and demand. We may waive this requirement, in whole or in part, if you have camera and photography equipment comparable, in our discretion, to our specifications.

8 We may, in our discretion and in connection with our expansion program, waive some or all of the required equipment purchases. See Item 5 – Expansion Program and Exhibit L attached to this Disclosure Document.

9 We will provide you with a starter kit prior to opening which includes marketing materials, a tent, banners, shirts, display tables, branded table covers, a display board, photo presentation materials, an initial reasonable supply of photo samples covering most activities, and the necessary paper forms to begin operation.

10 This item includes estimated expenses to lease a late-model automobile, including gas and maintenance for three months. If you purchase an automobile rather than leasing one, your initial investment may be significantly higher.

11 We do not require you to advertise. If we establish a Sales and Marketing Fund, you will be required to make monthly contributions to the Sales and Marketing Fund, unless we waive this requirement in whole or in part, provided that we will not require you to make payments to the Sales and Marketing Fund during the first year of your Franchise Agreement. See Item 6, Note 3.

12 This item covers your miscellaneous opening costs and expenses, like prepayments to utilities, business license fees, legal and accounting expenses and insurance premiums.

13 While we will build a basic website for the Franchised Business free of charge, you may purchase optional upgrades to the website for an additional fee. We will not collect this fee until after the Franchised Business opening for business.

14 The revenues you receive from customers will be net of photofinishing, print production, and other imaging fees, E-Commerce fees, and shipping fees. You will receive, on a monthly basis, a portion of the revenue we receive from selling your photographs over our website. These revenues will be due within 15 days of the end of each month. See Item 11 of this Disclosure Document.

15 This item covers your cost for cellular data service for each of the tablets you are required to purchase.

16. This item is for your initial startup expenses for a three-month period. It assumes you take a small draw or salary for yourself, and that you do not have any fulltime employees. These figures are estimates, and we cannot guarantee that you will not incur additional start-up expenses. Your expenses will depend on a number of factors, including your business acumen, your experience and skill, economic conditions in your Territory, the demand for the Products and action and event photography in your Territory, competition, your marketing and sales capabilities, your ability to follow our methods, directions and instructions, and the number of hours per day you are willing to invest in the Franchised Business. These funds will be used to cover the expense of the background screening performed by Southeastern Security Consultants, Inc. that each of your owners and field staff engaging in photography with customers must undergo. See Item 8.

16-17. The "Total" shown in the table is not affected by the initial training deposit because we apply the deposit to the initial franchise fee.

We relied on our principals' experience in operating a TSS Photography franchise and in this industry to complete these estimates. You should review these estimates carefully with a business advisor before you make any decision to purchase a franchise. The availability of financing will depend on factors like your creditworthiness, your ability to borrow, economic conditions in your area, the practices and policies of your financial institutions, and the availability of financing generally. For future planning purposes, other than photofinishing, print production, and other imaging fees, many costs and expenses you will incur in operating a Franchised Business are out of our control and are more likely affected by general economic conditions.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Franchised Business according to our standards and specifications. We do this in order to maintain the confidentiality of our standards and specifications, better assure the quality of the Products, assure the timely supply of Products, and take advantage of marketplace efficiencies through volume buying power. We regulate, among other matters, the types, models, and brands of photography equipment you may use in operating your Franchised Business, as well as the Products you offer and the source of those Products. The source of the Products may be limited to, or include, us and our affiliates.

We have designated CCS as our approved supplier and vendor for Imaging Services. You may not use any other supplier or vendor without our written consent using the color lab approval procedure described below. We may approve or designate ourselves, an affiliate, or any other third-party vendor as our approved or designated vendor for any required products or services that you must purchase for your Franchised Business, including photofinishing, print production, and other imaging work.

The fees associated with the Imaging Services provided by CCS (namely, photofinishing, print production, and other imaging work) will be based on CCS's then-current price list, a copy of which is available to you upon request. In addition to serving as our designated vendor for photofinishing, print production, and other imaging work, CCS may also serve as an approved supplier for TSS Photography apparel (i.e. t-shirts, hats, and other miscellaneous items like marketing pieces, brochures, and wood products), but you do not have to purchase apparel from CCS. If you choose to purchase the items listed in the immediately preceding sentence from a supplier other than CCS, you must ensure that the items conform to our standards and specifications. During our last fiscal year ~~ending~~ended December 31, 2017-2018, CCS derived ~~\$3,108,089~~\$2,884,442.29 in revenue from franchisee-required purchases.

We are presently your designated supplier for all required computer equipment, software, and accessories required for the operation of your TSS Photography franchise. When you sign the franchise agreement, you must pay us up to \$4,000 to cover the cost of the computer equipment, software, and accessories. This equipment includes our software, which we intend to update annually. Currently, we do not charge for updates to our software, although we may do so. If we charge you a fee, we do not believe the fee will exceed \$500. You must implement updates whether they are free or subject to a fee. We may substitute comparable items if the brands or models listed below are or become unavailable, obsolete, or otherwise unacceptable to us in our discretion. This fee covers the cost to us of the following items:

Laptop(1) HP Intel Core i7-8550U AmazonBasics 15.6" Laptop and Tablet Laptop Bag
Printer HP LaserJet Pro M402dn Monochrome Printer
Software Your laptop will come loaded with the following software: 1. Office Trial The customer will have to setup office billing on their own as they have changed the current billing offerings. <u>CS Transfer</u>. 2. Adobe Trial The billing offerings have been changed to subscription pricing as well so the customer will need to be responsible for their own setup. 3. Malwarebytes trial The customer will be responsible to setup billing to keep the laptop free of Malware, and we recommend Malwarebytes. 4. Windows 10 The laptop will have Windows 10 Home pre-installed and updated, along with the Chrome browser as well as the CCS uploader image transfer program. 5. Review Client Review Client will also be installed so Customer service can access the customer's laptop for support purposes. 6.
Tablets You will be required to purchase two tablets <u>three Microsoft Surface Go Tablet with LTE and 3 Year Warranty (\$645 each + \$134 warranty)</u> to be used for mobile ordering. Costs will vary depending on your cellular carrier from approximately \$105 - \$30 <u>\$150</u> per month. The following is the recommended Tablet: Lenovo ThinkPad 11E
Software. <u>Your tablets will come loaded with the following software.</u> 1. <u>Photo Match</u> 2. <u>SNAP</u>

We are also your designated supplier of starter kits containing marketing materials, a tent, banners, shirts, display tables, branded table covers, a display board, photo presentation materials, an initial reasonable supply of photo samples covering most activities, and the necessary paper forms to begin operation. You must pay us approximately \$3,000 to cover the cost of your starter kit. You must use TSS Photography envelopes bearing our logo for picture day photo sessions. You may either print our logo on these envelopes with our software or obtain the envelopes from us. We may appoint any of our affiliates or any third-party supplier as a designated or approved supplier for any of these goods. During the fiscal year ended December 31, ~~2017, 2018~~, we derived ~~\$21,000~~ \$6,000.00 or ~~1-320.5%~~ of our total revenues of ~~\$1,590,249~~ 1,284,161.88 from required franchisee purchases related to the computer equipment, software, accessories, starter kits, and other supplies.

We are also presently your designated supplier for all required camera and photography equipment. You must pay us approximately \$15,300 to cover the cost of required camera and photography equipment. The components of this initial photography equipment set-up are listed below:

We have the right to substitute comparable items if the brands or models listed below are or become unavailable, obsolete, or otherwise unacceptable to us in our discretion. During the fiscal year ended December 31, 2017-2018, we derived \$20,400,292.24 or +282.3% of our total revenues of \$1,590,249,128.16 from required purchases related to camera and photography equipment. This fee covers the cost to us of the following items:

QTY	ITEM
<u>3</u>	<u>Promark Studio Rolling Photo Equipment Case</u>
<u>6</u>	<u>Paul C Buff Studio Lights - Digi Bee 800 (Includes Sync Cord and Power Cord)</u>
<u>3</u>	<u>Nikon D7500 Camera Body</u>
<u>3</u>	<u>Nikon 18-140mm Lens</u>
<u>3</u>	<u>Crop Mask Installation - ViewfinderMasks.com</u>
<u>23</u>	<u>Nikon D7200 Kit w/ 18EN-140 mm lens-EL15a Rechargeable Lithium-Ion Battery</u>
<u>26</u>	<u>Nikon AS-15 Hot Shoe AdaptersAdapter</u>
<u>6</u>	<u>Vagabond Mini Lithium 120VAC (VM120)</u>
<u>2</u>	<u>Sekonic L-308S-U Flashmate Light Meter</u>
<u>6</u>	<u>CyberSync Transmitter</u>
<u>6</u>	<u>CyberSync DigiBee Receiver</u>
<u>23</u>	<u>Hoodman LoopHoodLoupe Outdoor LCD Viewfinder for 3 2" Screens</u>
<u>23</u>	<u>Pro Nikon EN-EL 15 for D72008.5" Reflector</u>
<u>23</u>	<u>Nikon UC-E4 USB Cable8.5" Honeycomb grid</u>
<u>46</u>	<u>SanDisk 32-GB SD Memory Cards8" White Diffusion Sock for Alien Bee (order as a pack of 5)</u>
<u>3</u>	<u>Gaffer Tape</u>
<u>16</u>	<u>Lexar SD16GB Professional UHS-I SDHC Memory Card Reader(U1)</u>
<u>25</u>	<u>Tiffen 67 mm UV Protective FilterSachtler Light Stand Bag</u>
<u>3</u>	<u>Manfrotto Alu Master Air-Cushioned Stand (Black, 12')</u>
<u>2</u>	<u>Lightweight Stand</u>
<u>23</u>	<u>Manfrotto MT190XProX3 Aluminum Tripod with 322RC2 Grip Action Ball Head</u>
<u>23</u>	<u>Manfrotto 322RC2 HeadProMaster 60" Black/White Umbrella</u>
<u>2</u>	<u>Lastolite 10x12Impact Reversible Muslin Background (10 x 12', Stone Blue/Nickel) Chroma-Key Green Backgrounds</u>
<u>212</u>	<u>Westcott 9Bessey Steel Spring Clamp (Black, 1 & 1/4 x10 Chroma-Key Blue Backgrounds 1")</u>
<u>24</u>	<u>Bessey Steel Spring Clamp (Black, 2 & 1/4 x 2")</u>
<u>12</u>	<u>Lastolite Chromakey Background - 10x24 Chroma12' -Key Green Background</u>
<u>2</u>	<u>Westcott 10Impact Chroma Sheet Background - 10 x24 Storm Clouds 12' (Chroma Blue)</u>
<u>12</u>	<u>Westcott 9Savage 12 x20 White 12' Background Stand (Kit)</u>
<u>1</u>	<u>Westcott 9x20 Black10' General Purpose Stand</u>
<u>1</u>	<u>Lastolite Chromakey Background - 10x24' - Green</u>
<u>1</u>	<u>Westcott 9Impact Reversible Muslin Background (10 x20 Grey 24', Stone Blue/Nickel)</u>
<u>2</u>	<u>Savage Backdrop Stand w/ Extension 12x24</u>

2	Savage 12x12 Backdrop Stand
2	Manfrotto Mini Back Light Stand 003m
2	KUPO Conv Clamp with Hex Stud
2	Impact PS Posing Stool
4	Pelican 1650 Hard Shell Case
2	Sachtler Light Stand Bag
2	Sekonic Light Meter 308s
1	Zeiss Lens Cleaning Kit
2	Westcott 40' Diffuser
6	Paul C Buff Studio Lights Digi Bee 800
6	Vagabond Mini Lithium 120VAC (VM120)
21	CyberSyne Transmitter (CST2)Savage Universal Background Stand - Double wide setup
23	Esky USB Automatic Handheld Barcode Scanner
23	Tether ProPluggable USB 2.0 to Mini B 8 Pin Cables 2-Port High Speed Ultra Compact Hub/Splitter (480 Mbit/s, USB 2.0 Windows, Linux, OS X, Chrome OS)
2	20 inch Waterproof Hard Case with Foam Insert
6	CyberSyne Transceiver (CSXCV)
63	13 foot Heavy Duty Stand (LS3900)Backup Nikon USB Cable
123	8' White Diffusion sock for Alien BeeE-Tree 15.6 inch Laptop Sleeve Handbag
43	IK Multimedia iKlip ClampXpand universal mic stand support for TabletPad and tablets
1	1 Blue Painters Tape (3 Pack)
1	2' Blue Painters Tape (3 Pack)
4	4 5' Background Clamps (6 Pack)
1	Velcro Cord Strap (50 Pack)
1	Sliding Background Lock Clips (12 Pack)
4	3/16 Nylon Rope 100ft
1	Carabiner Clips (4 Pack)
1	Gaffer Tape
1	Bungee Cord PackZeiss Lens Cleaning Kit
1	4' White FShark Steamer -Shock Step In Fence Post (50 Pack) Refurbished
2	6ft Folding Group PosingLifetime 6-Foot Fold-In-Half Bench (Light Commercial)
2	Crop Mask Installation ViewfinderMasks.com
4	ProMaster 60' Black/White Umbrella
2	ProMaster 72" Black/White UmbrellaImpact Super Clamp with T-Handle
21	18" ReflectorsShark Handheld Steamer - Refurbished
13	USB AdapterImpact PS Posing Stool
1	Double USB hub7" Reflector
23	USB CordsFlip Bracket - Remove arm and just use flip mechanism

In our past fiscal year, we also received a production payment from CCS based on the revenue that ~~ESSCCS~~ received for providing such services to our franchisees. During the fiscal year ended December 31, ~~2017, 2018~~, we derived ~~\$1,290,961.24~~ \$1,248,921.65 or ~~81.48~~ 97.2% of our total revenues of ~~\$1,590,249.12~~ \$1,284,161.88 from required purchases related to these royalty and production payments.

Overall, during the fiscal year ended December 31, ~~2017, 2018~~, we derived ~~\$1,379,842.12~~ \$1,284,161.88 or ~~86.77~~ 93.9% of our total revenues of ~~\$1,590,249.12~~ \$1,366,909.71 from required franchisee purchases.

We and our affiliates may continue to derive revenue from our franchisees' required purchases in the future, whether through direct sales to our franchisees or rebates or other consideration we receive from third-party suppliers from which our franchisees may be required to purchase items and services.

We do not have an ownership interest in any approved or designated supplier (other than us). We and CCS are the only approved or designated suppliers in which any of our officers presently have an interest.

Any additional photography equipment that you purchase must meet our minimum standards and specifications. We will notify you of our standards or specifications in our Operating Manual or by other written directives. You must purchase and use the photography equipment listed in Item 8 of this Disclosure Document. You are free to purchase other equipment from any supplier you select as long as the materials and equipment meet our specifications. We may designate, but have not at this time designated, an approved supplier for photography equipment, and we do not, but may, derive any revenue from approved suppliers of photography equipment for purchases you or our other franchisees make from them.

You must use our designated vendor for conducting periodic criminal background checks.

Other than as stated above, there are no other goods, services, supplies, fixtures, equipment, inventory, or real estate related to the establishment or operation of the Franchised Business that you must purchase or lease from us or a designated supplier at this time.

We do not provide you with any material benefit if you use our designated or approved suppliers. If you want to use a color lab other than one that we have designated as an approved color lab, you must, before using the lab, send us a written "Request for Approved Color Lab." We may reject your request for approval of a color lab. We may base our approval of any proposed item or supplier on considerations relating not only directly to the item or supplier itself (such as the quality of products, standards of service, the supplier's reputation in the marketplace, and the supplier's pricing), but also other factors such as the uniformity, efficiency and quality of operation we deem necessary or desirable in our system as a whole, the confidentiality of our standards and specifications, and our ability to earn revenue from your purchase of Products and other goods and services. If we reject your request for approval of a color lab, we must, within 60 days after we receive your "Request for Approved Color Lab," notify you in writing of our rejection. Our notice of rejection will list the reasons why the color lab does not meet our specifications, standards or requirements. If we do not notify you within the 60-day period, the color lab will be considered approved for you only.

As a condition to being approved, all proposed and previously unapproved color labs must agree to permit us and our representatives to inspect their facilities, both initially and when we reasonably require, to assure us that they meet our requirements, specifications, and standards for approved color labs. The color lab must give us permission to inspect as a condition of continued designation as an approved color lab. Also, the color lab must execute a confidentiality agreement in a form that we

approve, agreeing to keep our confidential and proprietary information strictly confidential. We may charge you a reasonable fee to cover the costs of any inspections we may make. Also, we may restrict or impose conditions with respect to the color lab's use of the Marks on prints and other products. You must send us regular samples of proofs, photographs, prints, portraits, imaging work, and photofinishing work of the color lab so we can monitor quality. If we determine from any inspection or sampling of prints (or other work) that the color lab does not meet our requirements, specifications, and standards or does not comply with any required agreements, we will send written notice describing our concerns to you and to the color lab. If any concern or deficiency is not corrected within 30 days, then the color lab will no longer be approved. Within two days of our sending of written notice to you that a color lab is no longer approved, you must discontinue purchasing the products or services from that color lab. You must use products purchased from approved color labs solely in the operation of your Franchised Business and not for any competitive business purpose.

If you do not send all photofinishing, print production, and imaging work for the Business to color labs owned by CCS for any reason, then you must pay us a fee of 7% of your Gross Sales. The fee is intended to cover your participation in the system and various benefits that may be available to you as a franchisee. "Gross Sales" means the gross sales of the Business and the franchised business from any source, including sales resulting from the photofinishing, print production, video, computer-generated imaging, and other imaging work that is not produced by CCS, sales of prints, images, products, and services, sales generated by or resulting from coupons, third-party promotions, discounted gift certificates, customer loyalty promotions, and online-offer and deal-of-the-day websites or programs, and sales of images in any format including print, electronic, or on any form of media. "Gross Sales" does not include applicable sales taxes or sales from e-commerce or fulfillment in accordance with the franchise agreement. "Gross Sales" also includes the fair retail value of items provided, offered, distributed, made available, or given away, separately or as part of a package or offer, whether characterized or described as free, complimentary, or otherwise. You must pay this fee to us weekly on each Tuesday for Gross Sales of the prior week. When you pay it, you must send a form acceptable to us that includes the details of your computation of Gross Sales. We may increase or change the fee percentage or amount, the method of determining Gross Sales, and the method of determining or calculating the royalty that you are required to pay, but we may not increase the fee by more than 0.5% of Gross Sales during any 12-month period. We may, in our sole discretion, waive the fee for any product or service as set forth in the Operating Manual or in any other writing signed by us.

We may send you, at your expense, equipment, special promotional items and materials and other items that we consider necessary to implement system-wide programs, to enable you to participate in programs, for general business improvement, or for compliance with our standards or specifications. We will automatically charge you for these items, and you must pay us for them. We will charge you our direct costs of the equipment or items, plus a handling fee of no more than 10% of the cost. We may not automatically send and charge you for equipment and items which would result in annual aggregate charges to you exceeding \$600. We may increase the maximum annual aggregate charges that we may charge you under this subsection in our discretion and upon the approval of a majority of our franchisees. We estimate that these required purchases will represent less than 1% of all purchases you make in establishing and operating your store.

Your required purchases will represent approximately 40% to 50% of your total purchases related to the establishment of your Franchised Business and approximately 75% to 85% of your overall purchases in operating the Franchised Business. These figures are based on your expenses of operating your Franchised Business and are unrelated to revenue you may earn. These figures include required purchases of Products from CCS.

Periodically, we will provide you with an approved supplier list for use in the operation of your Franchised Business. The approved supplier list may be published in our Operating Manual or provided to you by other written communication. We may change the list at any time. We and our affiliates may be an approved supplier, including the sole approved supplier, for items and services.

You must consent to a comprehensive full service criminal background screening conducted by the Southeastern Security Consultants, Inc. Each of your officers, directors, owners, and employees must undergo the screening program (and other than employees, we will bear the full amount of the associated expense). You are required to pay the expense associated with the background screening of your employees. At our request, you must make the results of the screening program available to us. We may require that you undergo this screening process on a yearly basis and without notice.

You must maintain, at your expense, insurance including commercial general liability insurance, worker's compensation insurance, unemployment compensation insurance, disability insurance, social security and other federal or state mandated insurance policies and motor vehicle liability insurance. The cost of insurance will vary depending on the insurance carrier's charges, terms of payment, and your history. All insurance must be issued by an insurance carrier acceptable to us. If you do not obtain the required insurance, we may procure insurance for you and require you to reimburse us for any expenses we incur.

We have no purchasing or distribution cooperatives. We do not negotiate purchase arrangements with suppliers for your benefit except as mentioned in Items 7 and in this Item 8.

We and our affiliates may offer other useful items for sale to you that you may purchase. These items include apparel like hats, t-shirts, sales brochures, Product display boards, and photo samples. If you buy these items from us or any of our affiliates, the seller will realize revenue from your purchases.

Item 9 FRANCHISEE'S OBLIGATIONS

The table on the following page 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 the Disclosure Document.

Obligation	Section in Agreement	Disclosure Document Item
a Site selection and acquisition/lease	Not Applicable	Items 7 and 11
b Pre-opening purchases/leases	Sections 10 and 14	Item 8
c Site development and other pre-opening requirements	Sections 8, 10, 14	Items 6, 7, and 11
d Initial and ongoing training	Sections 8 and 10	Item 11
e Opening	Section 10, 14	Item 11
f Fees	Sections 2, 3, 4, 6, 8, 9, 12, and 15	Items 5, 6, and 7
g Compliance with standards and policies/Operating Manual	Sections 5, 7, 8, 9, 10, 11, 12, 13, and 14	Items 8 and 11

Obligation	Section in Agreement	Disclosure Document Item
a Site selection and acquisition/lease	Not Applicable	Items 7 and 11
b Pre-opening purchases/leases	Sections 10 and 14	Item 8
c Site development and other pre-opening requirements	Sections 8, 10, 14	Items 6, 7, and 11
d Initial and ongoing training	Sections 8 and 10	Item 11
e Opening	Section 10, 14	Item 11
f Fees	Sections 2, 3, 4, 6, 8, 9, 12, and 15	Items 5, 6, and 7
g Compliance with standards and policies/Operating Manual	Sections 5, 7, 8, 9, 10, 11, 12, 13, and 14	Items 8 and 11
h Trademarks and proprietary information	Sections 1, 2, 5, 7, 9, 13, 16, 17, 18, and 22	Items 13 and 14
i Restrictions on products/services offered	Sections 1, 2, 5, 9, 10, 13	Items 11 and 16
j Warranty and customer service requirements	Section 10	Not Applicable
k Territorial development and sales quotas	Sections 2 and 11	Item 12
l Ongoing product/service purchases	Sections 9, 10, and 12	Item 8
m Maintenance, appearance, and remodeling requirements	Section 10	Not Applicable
n Insurance	Section 14	Items 7 and 8
o Advertising	Sections 5, 10, 12	Items 6, 7, and 11
p Indemnification	Sections 19, 24, and 35	Item 6
q Owner's participation/management/staffing	Sections 8 and 10	Items 11 and 15
r Records and reports	Section 10	Item 8
s Inspections and audits	Sections 5, 9, and 10	Item 6
t Transfer	Section 15	Item 17
u Renewal	Section 6	Item 17
v Post-termination obligations	Sections 17, 18, 19, 22, 23, and 24	Item 17
w Non-competition covenants	Sections 18, 22, and 23, Exhibit B	Item 17

x Dispute resolution	Section 32	Item 17
y Other		
USA Patriot Act Compliance	Section 20	Item 1
National Accounts	Section 10	Item 12
Guaranty	Exhibit B	Item 9
Consent to Independent Representative Agreement	Not Applicable	Items 6 and 15, Exhibit K

Item 10 FINANCING

We may, at our option, finance a portion of your initial franchise fee, territory fee, and purchases you make from us (including purchases of cameras, other photography equipment, computer equipment, and the start kit) If we agree to provide you financing, you will be required to sign (at the same time you sign the Franchise Agreement) a Promissory Note in substantially the form attached as Exhibit M to this disclosure document We will determine the amount of financing we will offer you, if any As set forth in the Promissory Note, interest will accrue at interest at a per annum rate equal to the sum of 2% and the Prime Rate as published in the Wall Street Journal, and you shall make payments of principal and interest in equal monthly installments on the 10th day of each month commencing on the 10th day of the month immediately following the month in which this Promissory Note is made and ending on the maturity date of the Promissory Note as set forth in the Promissory Note The interest rate will be readjusted quarterly The prime rate as of the date of this Franchise Disclosure Document is ~~3-505.50%~~ per annum, which means that the initial interest rate on a Promissory Note as of the date of this disclosure document would be ~~5-507.50%~~ per annum Amounts due under the Promissory Note may be prepaid at any time without penalty

If you fail to make a payment due under the Promissory Note or if you are in default of your obligations under your Franchise Agreement, payment of the principal due under the Promissory Note may be accelerated at our option and the interest rate will be increased to the lesser of 15% per year or the highest amount allowed by applicable law If you are in default under the Promissory Note, we may terminate your Franchise Agreement We do not require you to sign any security agreement Your Promissory Note will be all due and payable upon the transfer, expiration or termination of your Franchise Agreement You may be responsible for our attorney's fees as well as your own, if you are in default

By signing the Promissory Note, you waive defenses and other legal rights and consent to various actions, including waiving presentment for payment, protest, and notice of nonpayment, consenting to extensions of time of payment, renewal of the Promissory Note, releases of all or any part of the security for the payment of the Promissory Note, if any, and any release of any party liable for payment of the obligations under the Promissory Note, and waiving the right to assert the doctrine of forum non conveniens and to object to the venue of any action instituted by the holder of the Promissory Note It is not our practice or intent to sell, assign, or discount to a

third party all or part of the financing arrangement. Neither we nor any of our affiliates receive any consideration for placing financing with a third-party lender.

When you sign the Franchise Agreement, you must sign a Personal Guaranty and Assumption Agreement. If you are an entity, each of your officers, directors and holders of at least 5% of your outstanding equity must execute a Personal Guaranty and Assumption Agreement. Persons signing the Personal Guaranty and Assumption Agreement jointly and severally guarantee your payment and performance of all your obligations to us under the Franchise Agreement and the Promissory Note.

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Before you open your Franchised Business, we will

(1) On signing of the Franchise Agreement, designate your exclusive territory (Franchise Agreement—Section 2 and Exhibit A)

(2) Within 30 days of paying the computer hardware and software fee and the camera and photography equipment fees (outlined in Items 5 and 7), provide you with the required computer hardware and software, photography equipment, and camera equipment necessary to begin operating the Franchised Business. If we, however, waive the requirement that you purchase a new computer (where, for example, you have an existing computer that satisfies, in our sole discretion, our computer specifications), then we will not provide you with all of your computer hardware. In addition, within 30 days of payment of the starter kit fee (disclosed in Items 5 and 7), we will also provide you with a starter kit including marketing materials, a tent, banners, shirts, display tables, branded table covers, a display board, photo presentation materials, an initial reasonable supply of photo samples covering most activities, and the necessary paper forms to begin operations. The cost of these materials is detailed in Items 5 and 7 of this Disclosure Document (Franchise Agreement—Section 10).

(3) Lend you one copy of our Operating Manual or make it available to you electronically (Franchise Agreement—Section 7)

(4) Train you and one of your other employees in our sales and marketing techniques (Franchise Agreement—Section 8, see Item 11 of this Disclosure Document)

We recommend that you operate your business from your home. Although we approve your territory, we do not provide site selection assistance, nor do we assist you in negotiating the purchase or lease of a site.

During your operation of the Franchised Business, we (or, with respect to number (2) below, our designated vendor) will

(1) Provide you with written specifications and designate sources of supply from which you must purchase inventory items, and other goods, services, and supplies necessary for the start-up and ongoing operations of the Franchised Business (Franchise Agreement, Sections 9 and 10). CCS is presently our designated color lab for finishing and producing all images or digital files you submit into finished Products meeting our standards or specifications. You must ensure that the digital files you

submit to CCS and the images depicted in those files are submitted in a condition suitable for photofinishing, print production, and other imaging work. Under the purchasing arrangement we have negotiated with CCS, CCS must return Products to you within 15 days after receipt of the images or digital files (Franchise Agreement, Section 10) (See Items 6 and 11 of this Disclosure Document for further information)

(2) Fulfill all orders placed on your website, and will mail the Products directly to the customer. When our designated vendor receives payment from your customer, our designated vendor will remit a portion of the revenue to you, net of shipping and handling, photofinishing, print production and other imaging, and E-Commerce fees, if any (Franchise Agreement - Section 9, see Item 11 of this Disclosure Document). CCS's obligation to remit customer payments to you will cease immediately upon termination of the Franchise Agreement.

(3) Provide you with instructional training in the photography techniques you will use to produce quality images through digital processes (Franchise Agreement—Section 8, see Item 11 of this Disclosure Document)

(4) Lend you one copy of our Operating Manual, or make it available to you electronically, which Operating Manual contains mandatory and suggested specifications, standards, operating procedures, and rules, as well as other advice related to the operation of the Franchised Business. We may modify the Operating Manual to reflect changes in our franchise system (Franchise Agreement – Sections 7 and 13). The table of contents of the Operating Manual as of December 31, ~~2017~~2018 is attached to this Disclosure Document as Exhibit H.

(5) Create, at our expense, a customized website for your Franchised Business consistent with the websites we create for other franchisees. We will maintain, store, and update your website as needed, at no additional charge (Franchise Agreement - Section 12).

(6) Periodically inspect your Franchised Business and evaluate your operations (Franchise Agreement – Sections 5 and 10).

(8) Sell you, in addition to the starter kit, apparel, sales brochures, plaques, display boards, and similar items, at our standard published prices (Franchise Agreement—Section 7 10).

(9) Provide additional assistance, including assistance in contacting potential customers, advice on purchasing additional photography equipment and supplies, and sales techniques pertinent to a photographic sales business (Franchise Agreement, Sections 10 and 12, see Item 11 of this Disclosure Document).

(10) Hold an annual convention (see Item 11 of this Disclosure Document).

(11) Continue to develop and create additional Products for system franchisees to offer through their Franchised Businesses. You must offer all Products we designate in your Franchised Business.

(12) Provide you with suggested prices for the products and services to be offered through your Franchised Business, but we do not set minimum or maximum prices.

Internet Sales

Another significant component of our franchise is our web-based sale of photographs. Your customers will be able to access your website and purchase Products that use photos posted on your website. We will remit all online sales to you, net of photofinishing, print production, and other imaging fees, the E-Commerce Fee, and shipping and handling, within 15 days of the end of each bi-monthly period. We may modify the payment schedule in our discretion. The percentages, fees, and commissions are subject to change. Refer to our Operating Manual for current information.

Electronic Media

You may not create a website for your Franchised Business without our consent. We create a website for you through which you will sell products and photographs. See Sections 5 and 12 of the Franchise Agreement.

Advertising

We do not require you to conduct any advertising. We may periodically provide advertising materials and services to you. Although we must review all advertising and promotional material you propose to use, each franchisee decides what type of advertising it wishes to use and, provided our Marks are used correctly and the information provided in the material is accurate, we will usually approve the material. There is no advertising council composed of franchisees that advises us on advertising policies, nor do we currently require you to participate in any local or regional advertising cooperatives (provided that we may, as described below, resume requiring payments to a Sales and Marketing Fund, and if we resume requiring these payments, you would be required to participate in the Fund, provided that we will not require you to make payments to the Sales and Marketing Fund during the first year of your Franchise Agreement). All expenditures you make for advertising are your responsibility.

We have established a Sales and Marketing Fund (the "Fund") for the common benefit of system franchisees to assist with national, regional and local advertising. At this time, however, we are not requiring payments to or making expenditures from the Fund, but we may resume requiring payments to and making expenditures from the Fund at any time, provided that we will not require you to make payments to the Sales and Marketing Fund during the first year of your Franchise Agreement. If we resume requiring payments to the Fund, you must contribute to the Fund on a monthly basis, unless we waive this requirement in whole or in part. The amount of the required contribution would vary depending on the amount of the population in your territory. The amount of the contribution would be \$50 if the population in your territory is less than 100,000, \$100 if the population in your territory is between 100,000 and 199,999 (inclusive), \$150 if the population in your territory is between 200,000 and 299,999 (inclusive), and \$175 if the population in your territory is 300,000 or more. See Item 6 for details. We may increase the monthly contribution, but we may not do so more than once annually, and any increase may not exceed 5% of the previous monthly contribution amount. You would be required to contribute to the Fund regardless of amounts due or collected from other franchisees. Franchisees existing as of the date of this Disclosure Document will not be required to contribute unless they voluntarily choose to do so, or they are required to sign a more current form of franchise agreement that requires these contributions (i.e., upon renewal of the franchise agreement). Our affiliate-owned outlets may, but are not required to, contribute to the Fund.

We may determine how Fund contributions are spent. We may, in our discretion, establish a panel of up to four franchisees that provides recommendations for the use of Fund contributions. We may use the Fund to pay for (i) creative and design services for digital advertising, direct mail, newspaper, magazine, radio, and television advertisements and productions, (ii) creative and design services and actual production of point of sale, video, and other promotional items, (iii) other creative and design services, (iv) market research, (v) website creation, design, and maintenance, (vi) email,

electronic media use, social media use, internet use, and electronic communications, (vii) national, regional, and local advertising, and (viii) expenses of marketing, advertising, and public relations firms and agencies, new business and development teams, call centers, trade shows, and special events. You acknowledge that all franchisees and licensees will not receive identical benefits from expenditures of the Fund or any programs that we may direct, administer, promote, or sponsor, especially in view of regional differences in costs, varying degrees of market penetration in different markets, and other relevant factors.

We will choose and determine, in our sole discretion, the concepts, materials, and media used in any advertising or promotional activity funded by the Fund. We may discontinue the Fund at any time, and if we discontinue the Fund, all amounts previously paid will be utilized in the manner described above and in the Franchise Agreement until all amounts have been expended. We have no obligation in developing, implementing, or administering these programs to ensure that expenditures which are proportionate or equivalent to a franchisee's contributions are made for the market area of the franchisee's franchised business or that any franchised business will benefit directly or pro rata from the placement of advertising. Establishing and operating the Fund does not create a fiduciary relationship between us and any franchisee. No funds from the Fund are used principally to solicit the sale of franchises. We anticipate that all contributions to the Fund will be spent in the fiscal year in which the contributions are made except for a reserve or capital fund that we may allocate up to 20% of Fund contributions for larger, more capital intensive projects. If excess amounts remain at the end of the year, they will be held in the Fund and used the next year, if at all, after contributions for the then-current year are used. There is no requirement that the Fund be audited. Upon your written request, we will provide you with an unaudited accounting of Fund expenditures.

During our most recent fiscal year ended December 31, ~~2017, 2018~~, we spent ~~0-37.0%~~ of the Fund's expenditures on our customer loyalty program, ~~6-12.3%~~ of the Fund's expenditures on advertising, production materials, and samples, ~~2-86.8%~~ of the Fund's expenditures on sponsorships and brand promotions, ~~83-41.9%~~ of the Fund's expenditures on website advertising, and ~~6-182.0%~~ of the Fund's expenditures on personnel and general and administrative expenses.

We may require that an advertising cooperative and franchisee advisory council be formed, changed, dissolved or merged.

Computer System

You must use a computer system in the operation of your Franchised Business. We will provide the necessary computer equipment (refer to Item 8) at the time you purchase your franchise. The cost of such equipment will be up to \$4,000, and will include copies of our software. Our software is proprietary property, and we have not approved any compatible equivalent software for your use. We have an in-house information technology staff that is available to answer your questions about our software and its use. If our software fails for any reason, we will replace it at no cost to you. Our software operates in the Windows environment. We intend to provide updates for our software as necessary. We may charge a nominal fee for these updates, we currently provide them at no charge. We have no formal terms and conditions in the Franchise Agreement that address the licensing of our software. We may in the future introduce a simple, industry-standard license agreement governing the use of our software. Our software has no application or use except with a TSS Photography franchise. We will have independent access to the business information and data you produce through your computer system. There is no contractual limitation on our right to access or use this information.

You must maintain an accurate database of your customers through our software. This database is used for sending electronic promotional mail messages to your customers, storing customer addresses,

noting birthdays and favorite sports, and thanking customer for their orders. At any time, we will have independent access to the information you provide through our software. There is no contractual limitation on our right to access or use this information.

We may require you to update or upgrade computer hardware components and software, other than our software, as we deem necessary, but not more than once per calendar year, at a cost not to exceed \$2,000 per year. In addition, we have the right to require you to enter into a separate maintenance agreement for the computer hardware and software. We may require you to install or subscribe to a "systems backup solution" which backs up critical data stored in your computer system using an off-premises storage scheme. You will have the sole and complete responsibility for the operation, maintenance, and upgrading of the computer hardware and software (excluding our software) and any and all consequences that may arise if the computer hardware or software is not properly operated, maintained and upgraded.

The customized electronic mail address we create for you is to be used solely for the Franchised Business. We create these addresses for our franchisees to build brand loyalty, to reduce the risk of computer viruses infecting our computer system, and to provide us with access to information pertaining to your Franchised Business. If you fail to comply with the terms of the Franchise Agreement or make derogatory statements regarding TSS or the System, we have the right to remove your webpage, discontinue any email address we may provide, and to restrict your access to any intranet system we may now or in the future create. You may not participate in any electronic directory without our prior written consent, which may be conditioned upon our obtaining a master listing. You must assign any electronic listing for your Franchised Business to us upon termination of the Franchise Agreement.

Criminal Record Investigation and Background Screening

A criminal record investigation and background screening are requirements of our organization for all owners, directors, managers and employees of the franchisee. This process is currently conducted by Southeastern Security Consultants, Inc. under our Certified Safe Program. The guidelines of the program are established in accordance with the highest ethical and moral code of conduct in dealing with today's youth. Southeastern Security Consultants, Inc., is the exclusive provider of this screening program. We will help facilitate putting you in contact with Southeastern Security Consultants and you are obligated to interface directly with them. Upon our request, you must substantiate that the required screenings were completed.

Site Selection

Although we approve your territory, we do not provide site selection assistance, nor do we assist you in negotiating the purchase or lease of a site. Instead, we recommend that you use your home as the office for your Franchised Business. You must establish and maintain an office and dedicated telephone for your Business. We impose no requirement or restriction on the size of your office, and a 10 foot by 10 foot room should provide sufficient space for your initial requirements. Most franchisees locate their offices in their residences. If you desire to establish an office outside your residence, you must obtain our approval, which we will not unreasonably withhold provided that the room is 10 foot by 10 foot. The essence of a TSS Photography franchise is contact with youth organizations, athletic teams, educational institutions, and recreational facilities, thus, the success of your Franchised Business does not depend on your office's general location, surroundings, neighborhood, traffic patterns, parking, size, physical characteristics, or occupancy terms.

Training

We will train you and one of your other personnel, tuition-free, provided all attendees attend training at the same time, in our sales and marketing techniques, business development, photography and order entry based on the table below. You will be provided with a copy of our Operating Manual, or it will be made available to you electronically. The Operating Manual will be utilized during training, and it contains mandatory and suggested specifications, standards, operating procedures, and rules, as well as other advice related to the operation of the Franchised Business. The table of contents of the Operating Manual is attached to this Disclosure Document as Exhibit H.

TRAINING PROGRAM⁽¹⁾

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Sales and Marketing Training ⁽²⁾ (Initial Opening Training) (Mandatory) ⁽³⁾	None	24	Your Franchised Business location or other location we designate (including our corporate office in Oklahoma City)
Introductory Photography and Order Entry Training (Mandatory) ⁽⁴⁾	12	12	Our training facility at our corporate office in Oklahoma City
Photography Training (field photo training) (Mandatory) ⁽⁴⁾	6	6	Your Franchised Business location or other location we designate
TSS University (Mandatory) ⁽⁵⁾	26	10.5	Our corporate office in Oklahoma City or other location we designate
Franchise Mentor ⁽⁶⁾	None	16	Your Franchised Business location or via the phone
Annual Conventions and Mini-Conferences (Mandatory) ^{(7) (8)}	As we determine	As we determine	As we determine
Additional Training ⁽⁹⁾	As you and we agree	As you and we agree	As you and we agree
Field Profitability Enhancement ⁽¹⁰⁾	None	8	Your Franchised Business location or via the phone
Webinar Training	As Needed	As Needed	Remotely From Your Computer
Total	At Least 44	At Least 76.5	

Explanatory Notes

- 1 Our training instructors and their years of experience in the industry are detailed below

Instructor	Years' Experience With TSS	Years of Experience in the Industry
A Counts	4 5	18 19
S Foisy	4 5	33 34
J Anderson	1 2	5 6
<u>A. Miller</u>	<u>5</u>	<u>5</u>

2 We will provide sales and marketing training to you before you begin operating your franchise at times mutually agreeable to you and us. You and one additional employee must attend and complete our tuition free training program. You are solely responsible for training your other employees. If you are a partnership, corporation or limited liability company, at least one of the trainees must be your general partner, principal shareholder, or manager as appropriate. If you have a designated manager to assist you in the day-to-day operations of your Franchised Business, then the designated manager shall be the other trainee. If we provide this training at your Franchised Business location, you should not have additional expenses. However, we may conduct this training at another location we designate in which you will incur travel costs. Because this training is hands-on training, once you complete the training, you may open your Franchised Business. You and any designated employees must successfully complete this training prior to opening.

3 If you fail to attend any mandatory training, convention, or conference, we may charge you a fee as liquidated damages in the amount of \$400 per day of mandatory training or per day of the mandatory convention or conference. This fee is payable to us.

4 We provide our sales and marketing training and photography training to you and your associates or employees before you begin operating your franchise at times mutually agreeable to you and us. This training will develop the basic skills you need to conduct quality group and individual picture day programs. You will observe and participate in actual picture day programs during this training. We will typically provide this training at our office in Oklahoma or at another designated training facility we designate in Oklahoma City, Oklahoma, and such training must be completed within 60 days following your execution of the Franchise Agreement (unless we agree otherwise in writing). At our discretion, we may provide this training at the location of your Franchised Business. If we conduct this portion of our initial training at our office or at our designated training facility in Oklahoma, we will reimburse up to \$1,000 for travel and living expenses for two attendees (owner and an additional attendee) and up to \$500 for just one owner to attend. If the initial training is provided at the location of your Franchised Business, we will pay our instructors' travel and living expenses. We will also provide you with additional classroom training. You must undergo this training within 120 days after you complete the sales and marketing training and failure to attend training within 120 days will result in forfeiting any reimbursements for training at a later date. Reimbursement will occur after all initial training has been completed, including TSS University training as outlined below in Note 5. We provide this training at no additional charge. However, if we schedule the training and you cancel, then you must reimburse us for any expenses we incur as a result of the cancellation. At least one owner of the Franchised Business must attend this training and complete to our satisfaction. If our instructors listed in the table for this subject are unable to train you personally, we may send a Franchise Mentor or another trainer to train you. At our discretion, we may waive the initial photo training. Should we do so, we will

provide you with a \$500 credit towards photofinishing, print production, and other imaging fees. If you fail to attend any mandatory training, we may charge you a fee as liquidated damages in the amount of \$400 per day of mandatory training. This fee is payable to us.

5 We offer TSS University, a four and one-half day sales, marketing, and photography program, twice each year at times we designate each. We typically hold TSS University at our offices in Oklahoma City, Oklahoma or at our designated training facility in Oklahoma City, Oklahoma. New franchisees must attend and successfully complete to our satisfaction the first scheduled TSS University within six months of signing their Franchise Agreement. We do not charge any additional fee for the owner of the Franchised Business and one guest attending at the same time, we do require a fee of \$600 for each additional attendee. Additional attendees must be either your employees or independent contractors. If you attend TSS University within the first 6 months after you sign the Franchise Agreement, your initial franchise fee will cover the cost of TSS University Class registrations and your daily lunch. If you do not attend TSS University within the first 6 months after you sign the Franchise Agreement, you must pay our then current fee for TSS University Classes, which is \$600 and you and your employee's travel, food, and lodging expenses. You must also pay for the travel, food, and lodging expenses for any additional attendees. All attendees will receive instructional materials including a written manual, participate in sales and marketing role playing, and receive hands on photography and computer training. All attendees who attend TSS University with you must sign a non-disclosure agreement and similar documents ensuring that they will not disclose our confidential information and trade secrets to unauthorized third parties. The purpose of TSS University is to provide sales and photography training, to review basic skills you need to manage your Franchised Business, and to provide you with hands-on training. If you fail to attend any mandatory training, we may charge you a fee as liquidated damages in the amount of \$400 per day of mandatory training. This fee is payable to us.

6 Your Franchise Mentor is an existing franchisee who has met criteria we establish. You may travel to your Franchise Mentor's Franchised Business at reasonable times, in our discretion, and during such times, your Franchise Mentor will provide you hands-on advice and consultation about all operational aspects of your Franchised Business. This training is optional, and we will compensate the Franchise Mentors for their services. Generally, if this training occurs at all, it will take place within the first 24 months after you become a franchisee and is up to you to work with us to schedule. The Franchise Mentor is generally the same person who assists your TSS University class.

7 We also provide an annual convention at a time and location to be determined by us. We do not currently charge a registration fee, but we reserve the right to charge a registration fee up to \$500 per attendee. You must pay all travel, food, and lodging expenses you incur related to your attendance at the convention. We will waive annual convention registration fees, if any, for you (or your owner) and one guest attending at the same time (up to \$1,000) if you and your guest attend the first scheduled annual convention following the effective date of your Franchise Agreement and you register in the early registration period (typically at least 90 days before the annual convention). The purpose of the convention is to discuss sales techniques, merchandising, photography techniques, and other matters related to the Franchised Business. We hold this convention at locations we choose, based on recommendations our franchisees give us. You must attend at least one annual convention every two years. If you fail to attend any mandatory convention, we may charge you a fee as liquidated damages in the amount of \$400 per day of the mandatory convention. This fee is payable to us.

8 We may also provide mini-conferences throughout the year at times and locations to be determined by us. You must pay your own travel, food and lodging expenses, and we may charge a nominal registration fee. You may attend as many of the conferences as are offered. If you fail to attend any mandatory conference, we may charge you a fee as liquidated damages in the amount of \$400 per day of the mandatory conference. This fee is payable to us.

9 We also provide additional on-site training at your request and at times mutually agreeable to you and us for the per diem fee of \$350, plus travel, food, and lodging expenses

10 Field profitability enhancement trips are performed by members of the TSS Operations Team to monitor and mentor franchise operations at the local level. This program will take place at your Franchised Business location and is designed to enhance the efficiency of a franchisee's business and to ensure the franchisee is enhancing our brand. Trips are 1-2 days depending on the need of the franchisee and are concentrated on the individual needs of the franchisee (sales, photography, marketing, etc.). We schedule these trips at times to be determined by us, but you may also request a trip.

Other Information

You must maintain books and records related to the Franchised Business, including job orders, digital file, lists of Products sold, sales information, revenue results, events photographed and other business information. You must retain these records for a minimum of three years, in an orderly manner in accordance with the instructions or directives we give you, either through the Operating Manual or otherwise (Franchise Agreement, Section 10).

The typical length of time between the signing of the Franchise Agreement and the start of the Franchised Business is approximately two weeks. You may start operations as soon as you have the appropriate photography equipment. Factors that affect the length of time it takes you to open include the availability of our training personnel, and shipping time for sample Products. The Franchise Agreement does not provide a deadline for you to begin operation of your Franchised Business. Because Section 11 of the Franchise Agreement establishes minimum productivity requirements, the sooner you begin operation after you sign the Franchise Agreement, the better the likelihood that you will be able to meet your productivity requirements.

Its TERRITORY

You will receive an exclusive territory in which you will operate your Franchised Business (the "Territory"), which we will approve prior to you signing the franchise agreement. The size of your exclusive Territory (including the geographic boundaries of your exclusive Territory) will be shown in the Franchise Agreement, and will usually be described as portions of a state, province, territory or region. The minimum territory we grant to franchisees typically consists of at least 100,000 in population. We will determine the Territory and population (and all fees, minimum productivity levels, and other requirements based on the Territory or population) using mapping and geographic data software, programs, and compilations that we select, which may include or incorporate information from the U.S. Census Bureau or other nationally recognized sources relating to population statistics and estimates.

You may establish your office at any location within your exclusive Territory, and in the unique situation where your home might be located outside the boundaries of your exclusive Territory, we may, at our discretion, permit you to establish your office outside the Territory. You may solicit business outside the Territory provided the customer is not located in another franchisee's exclusive territory. We shall, in our sole discretion, resolve any dispute that arises with respect to the territory, including any dispute between you and another franchisee of ours. If you violate these restrictions, we may charge you a fee as liquidated damages in the amount of 50% of the difference between the revenue you receive and the fees related to Imaging Services CCS receives in connection with your violation of these restrictions. This fee is payable to us. If you violate these restrictions, any fees related to Imaging Services received

by ~~CSS~~CCS in connection with your violation will not count towards any of your minimum productivity levels, awards, bonuses, or rebates, and may, in our discretion, count towards the minimum productivity levels, awards, bonuses, or rebates of another franchisee adversely affected by your violation. If you violate these restrictions 3 or more times during the Term, we may terminate the Franchise Agreement. If you sell your Franchise, you must assist the new franchisee to ease the transition. You must obtain our approval before relocating your office location. We will not unreasonably withhold our approval, provided your new office is located within the boundaries of your Territory. We may, at our discretion, allow you to relocate your office outside of the Territory in the unique situation where your principal residence may be located outside of your Territory.

The continuation of your territorial exclusivity depends on your generation of a minimum level of revenues for us or our designee from your delivery of captured images to us for photofinishing, print production, and other imaging work.

During the first year of the term of the Franchise Agreement, you must submit to CCS digital files and images for photofinishing, print production, or other imaging work in amounts sufficient to generate \$2,400 in fees for CCS for each quarter and a minimum of \$9,600 in fees for CCS for the year. During the second year of the term of the Franchise Agreement and each subsequent year of the term of the Franchise Agreement, you must submit to CCS digital files and images for photofinishing, print production, or other imaging work in amounts sufficient to generate \$4,800 in fees for CCS for each quarter and a minimum of \$19,200 in fees for CCS for each year.

Beginning on the second anniversary of the Effective Date and continuing on each subsequent anniversary, we may increase the minimum productivity levels for the succeeding 12-month period by a percentage equal to the percentage increase in the population of the Territory since the commencement of the preceding 12-month period, but any increase may not exceed 10% of the minimum productivity levels for the preceding 12-month period. In the event that you engage the services of an Independent Representative to assist you in customer lead generation or contract performance, we have the right to impose additional Minimum Productivity Standards, based on the scope of services to be performed by the Independent Representative. If you engage in territorial expansion, we have the right to increase your minimum productivity standards proportionately based on our then-current minimum productivity standards.

If you fail to meet these standards, we may, in our discretion: (i) terminate your Franchise Agreement, (ii) if you have not successfully completed all required training, charge you a fee equal to 50% of the difference between the applicable minimum monthly fees and the monthly fees you actually generated for CCS, or (iii) offer you the opportunity to avoid termination by reducing the size of your Territory to a population level that more closely reflects your actual productivity level. If we offer you the opportunity to avoid termination by reducing the size of your Territory and you choose to accept our offer, you must sign an amendment to your Franchise Agreement that specifies the reduced boundaries of the Territory and the new minimum productivity levels. We will not compensate you for the portion of the Territory you lose, and we have the right to sell the geographic area you lose to a new or existing franchisee. If we sell a portion of your former Territory to another franchisee, you must turn over to the new franchisee all contracts or business and prepaid fees that you received from customers you previously serviced who are not located in your reduced Territory.

We will not grant any other party a license to use our Marks or our Methods from an office or place of business that is located in your Territory. We will not establish or operate any office or place of business in your Territory to promote or market the Products, and we will not promote or market the Products in your Territory for ourselves or any of our affiliates. We maintain the right to develop and establish other franchise programs not under the Marks designated as part of our Methods, for products

that are the same as or similar to the Products, and to authorize third parties to do so, without providing you with any of those rights. We also have the right to offer Products within the Territory in connection with the Program through a number of alternative distribution channels including e-commerce, mail order or catalogs. We will not pay you any compensation for our soliciting or accepting orders from inside your Territory.

We may promote, market, and sell Products to any potential or actual individual customers (but not any groups of individuals) who require, or who we reasonably believe will require photographic services both within your Territory and outside your Territory. We generally reserve these types of services for national accounts (accounts encompassing several states, as we may determine), and if a national account should contact us, we will notify you of our intent to promote, market and sell Products to the national account. Currently, we offer all our franchisees the option of servicing any national accounts that have photography needs in their territories. We expect all franchisees to accept the option to provide services to a national account. If we are contacted by a local account (an individual account within your Territory), we will forward the information to you for servicing. If you elect not to service any local account in your Territory according to our specifications, we may service the account ourselves or authorize another TSS Photography franchisee to service the account in order to protect the account, our franchise system, and other franchisees servicing national accounts. Your refusal to service a local account could mean that we or another TSS Photography franchisee will be offering Products and services within your Territory, but only to that local account.

Neither we nor our affiliates are contractually prohibited from establishing other franchises or Company-owned franchises selling or leasing similar or competitive products or services in your Territory under different trademarks. The Franchise Agreement does not grant you the right to (i) to distribute any products or services through alternative channels of distribution, or (ii) to share in any of our proceeds or the proceeds of our affiliates or designees through our reserved rights or alternate channels of distribution.

If available and subject to our consent, you may add additional population to your Territory. See Item 5 of this Disclosure Document for more information about expanding the population of your Territory. The franchise agreement does not grant you any additional options or rights of first refusal to purchase additional Territories.

We may adjust and modify your Territory as we reasonably determine to be necessary or appropriate in order to more properly or more accurately describe the boundaries or area, correct inaccuracies or discrepancies in boundaries, conform the boundaries to areas that we identified as your Territory at the time of signing the Franchise Agreement, eliminate overlaps in your Territory with the territory of another franchisee, or clarify, correct, or better describe the boundaries or area based on physical, political, or topographical characteristics, including changes to those characteristics that may occur in the future. Adjustments may result in a reduction of the area comprising the Territory, but any adjusted Territory will contain the population that was estimated for purposes of payment of the Territory Fee at the time of execution of the Franchise Agreement. Any adjustment will be effective immediately when we give you written notice describing the adjusted Territory.

Item 13 TRADEMARKS

The table below contains a list of the principal trademarks we own in the United States. You must conduct your business under the trademark TSS PHOTOGRAPHY or other Marks and symbols we authorize you to use. We are the owner of the following Marks, registered on the Principal Register of the United States Patent and Trademark Office (the "PTO")

MARK	REGISTRATION DATE	REGISTRATION NUMBER	REGISTER
TSS PHOTOGRAPHY (and Design)	June 2, 2009	3,631,268	Principal
PERSONA	December 6, 2011	4,067,090	Principal

We have filed all required affidavits with respect to the Marks. You must strictly comply with our standards, specifications, rules, requirements, and instructions regarding the use of our Marks. The goodwill associated with our Marks will remain our exclusive property, and you will receive no tangible benefit from our goodwill, except from the operation or possible sale of the Franchised Business during the term of the Franchise Agreement. Any increase in the goodwill associated with our Marks during the term of the Franchise Agreement will benefit us. All rights to use our Marks will automatically revert to us without cost and without the execution or delivery of any documents, upon the expiration or termination of the Franchise Agreement.

You may not use all or any portion of our Marks as part of your company name and, without our prior written consent, as part of your trade name. During the term of the Franchise Agreement and continuing after the expiration or termination of the Franchise Agreement, neither you nor any of your managers will, directly or indirectly, contest, challenge or assist in the contesting or challenging of, our right, title, ownership, or interest in our Marks, trade secrets, our Methods, procedures, and advertising techniques that are part of our franchise system, or contest our sole right to register, use, or license others to use, our Marks, trade secrets, our Methods, procedures, advertising techniques, and any other mark or name that incorporates the words "The Sports Section" or "TSS Photography" or any similar phrase.

As of the effective date of this Disclosure Document, there is no litigation pending arising out of our Marks, and we are not aware of any infringing use of our Marks. There are presently no effective material determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, province, territory, or region, or any court adverse to our rights in the Marks, nor are there any pending infringement, opposition, cancellation proceedings, or material litigation, involving the Marks.

We are not a party to, or bound by, any agreement that significantly limits our rights to use or license others to use the trademarks TSS Photography® other Marks in any manner material to the franchise we offer.

We have conducted a limited computerized trademark and service mark search which revealed that there is no other federal registration that is identical to the trademark TSS Photography® for the operation of business that provides photofinishing, print production, and other imaging services of digital files and images to produce specialty photographic products. Before you sign the Franchise Agreement, you should investigate independently whether your use of the trademark TSS Photography® in your Territory might infringe on the rights of any third party, particularly in your intended area of operations.

You must immediately notify us, in writing, if you become aware of any unauthorized use of our Marks, trade names, or other confidential or proprietary information and you must permit us to participate in any litigation involving you and our Marks. We are not obligated to protect you against claims of infringement or unfair competition related to the use of the trademark TSS Photography® or any other trademark, service mark, trade name, logotype, or other commercial symbol. Although we are not obligated to do so, we intend to defend, as we deem practicable, at our own expense, third-party claims of infringement of the trademark TSS Photography® or our other Marks that you use in

compliance with the Franchise Agreement and our written directives. We have the sole discretion to take the action we deem appropriate, and the right to control exclusively any litigation, United States Patent and Trademark Office proceeding, other administrative proceeding related to any infringement, challenge, or claim, or otherwise related to any Mark.

If we believe it is advisable for us to modify or discontinue the use of our Marks, or use one or more additional or substitute marks or trade names, you must do so at your sole expense. We are not obligated to reimburse you for any loss of revenue attributable to the modified or discontinued Mark or for any expenditures you incur to promote a modified or substitute mark. We do not know of any superior prior rights or infringing uses that could materially affect your use of our principal trademarks.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents or registered copyrights that are material to a TSS Photography franchise.

We do claim common law rights and copyright protection for our Products, Operating Manual, instructional aids, advertisements, promotional material, proprietary computer software programs, proprietary forms, policy statements and other printed materials designed for use with your Franchised Business. Our Operating Manual and other non-published materials that we distribute or make available to our franchisees are proprietary and confidential. Our Franchise Agreement groups these items together and refers to them as proprietary information. You must acknowledge that we own these items and that you can only use them as provided in the Franchise Agreement. You may not disclose, divulge, publish, or otherwise disseminate our proprietary information except to persons we authorize. You must take reasonable precautions to protect the confidentiality of our proprietary information. You must notify us promptly when you learn of any unauthorized use of our proprietary information; we are not obligated to take any action against the unauthorized use, although we will do so if it is in the best interests of our franchise system.

There are currently no effective determinations of the United States Registrar of Copyrights, or any court, regarding any of the copyrighted materials we provide to you. There are no agreements in effect that significantly limit our right to use or license others to use the copyrighted materials or proprietary information. We know of no infringing uses that could materially adversely affect your use of the copyrighted materials or proprietary information in your jurisdiction.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

The Franchise Agreement does not require you to participate personally in the conduct of the Franchised Business. However, we are not seeking franchisees who intend for their franchises to be a mere passive investment or persons who are buying franchises for their children or relatives. We believe that your substantial attention to the Franchised Business will be essential to your success. We expect owners and managers to devote their best efforts to the conduct of the Franchised Business, although managers need not be equity owners in a franchisee that is a corporation, partnership, limited liability company, or other business entity. We also expect owners and managers to complete our training programs. We make no estimate as to the amount of time you must devote to the Franchised Business; you are responsible for maintaining a staff of employees and service representatives sufficient to operate the Franchised Business. All of your directors, officers, shareholders, partners, members, managers, and employees must sign the Personal Guaranty and Assumption Agreement attached to the Franchise

Agreement as Exhibit B, agreeing to be bound by obligations of the Franchise Agreement, including prohibitions against divulging confidential information or trade secrets, soliciting TSS Photography customers, or competing against you

If you are an owner of the Franchisee, you must (i) guarantee the Franchisee's obligations under the Franchise Agreement, and (ii) agree to be personally bound and liable for the Franchisee's performance under the Franchise Agreement. See Exhibit B to the Franchise Agreement for a copy of the Personal Guaranty and Assumption Agreement

The Franchise Agreement does not grant you the right to engage the services of independent representative to assist you in lead generation and customer contract performance (an "Independent Representative"). If you wish to engage the services of an independent representative to assist you in lead generation or customer contract performance, you must submit a written request application for an Independent Representative in the form we specify, with a copy the proposed agreement between you and the Independent Representative detailing the services you wish the Independent Representative to perform on your behalf. We must approve the Independent Representative and your agreement with the Independent Representative. The Independent Representative must meet our qualifications for an Independent Representative, and must complete our initial training program to our satisfaction prior to undertaking any projects on your behalf. Based on the scope of the services to be provided by the Independent Representative, we will increase your Minimum Productivity Requirements for the Territory. A sample Consent to Independent Representative Agreement (the "Consent") is attached as Exhibit K to this Disclosure Document. You must advise us of the override you and the Independent Representative have agreed to with respect to Imaging Service fees. If you and we have signed the Expansion Addendum, your Imaging Service fees will be combined with that of the Independent Representative to determine volume rebate totals. We will program the Independent Representative's software to automatically calculate the percentage override payable to you and will remit the funds to you on a monthly basis. See Item 6 for information regarding fees related to the Independent Representative Program

The Consent has an initial term of three years, with two renewal periods. We have the right to re-evaluate and set different Minimum Productivity Requirements for your Territory each renewal period. The Consent will terminate immediately upon termination or expiration of your Franchise Agreement, or with 30 days' notice and opportunity to cure if you default on your obligations under the Consent

The Independent Representative, and its officers, directors, and principals, and their immediate family members must sign the Personal Guaranty and Assumption Agreement attached as Exhibit B to the Franchise Agreement. The Independent Representative may not enter into contracts directly with your customers. You are not permitted to make any promises, representations or commitments to any prospective Independent Representative regarding the actual or potential profitability of the Franchised Business or Independent Representative's revenue from providing select lead generation and photography services on your behalf. You must indemnify and hold us harmless against any claims arising out of or related to the business activities of the Independent Representative and any earning claims you make to potential Independent Representatives. We are not obligated to approve an Independent Representative

In addition, you and all of your owners, officers, directors, and employees must routinely undergo criminal background checks at your expense, which each person must pass to our satisfaction. Any employee failing to meet our criteria for a clean criminal background check must be terminated immediately. We have the right to terminate the Franchise Agreement immediately in the event you or your owners, officers, or directors (a) refuse to undergo criminal background checks, (b) fail to meet

our criteria for a clean criminal background check, or (c) fail to terminate an employee who has refused to undergo or failed a criminal background check

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may promote, market, and sell only the specialty photographic products we approve. You may not promote, market, or sell any product or service that we have not previously approved. The Products we authorize you to sell are described in our product price list and the Operating Manual. You must offer the entire Product line. We have the unlimited right to change the types of Products offered, we do attempt to solicit franchisee feedback before we add new Products or remove any existing Products from our offerings, so that the Products you offer through your Franchised Business are appealing to your customers and clients. If you desire to offer a product or service that we have not previously approved, you must first obtain our written approval. We will not unreasonably withhold our consent to the new product or service you propose.

You may sell the Products to any customers you desire, provided they reside or work within your Territory.

You must preclude your owners, managers, and employees from soliciting (i) TSS Photography customers to purchase products and services similar to those you offer through your Franchised Business, (ii) TSS Photography customers to purchase these products and services from any third party, and (iii) other franchisees to leave the TSS Photography franchise system. This restriction applies during the Franchise Agreement, and within your Territory for the one-year period after the expiration or termination of the Franchise Agreement.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a Length of the franchise term	Section 6	10 years
b Renewal or extension of term	Section 6	If you satisfy the requirements to renew your franchise, you may renew your franchise for two additional periods of 10-years each.
c Requirements for you to renew or extend	Section 6	You must be in full compliance with the terms of the Franchise Agreement, notify us in writing of your intention to renew, sign our then-current Franchise Agreement and other ancillary documents, pay a renewal fee of \$1,000, comply with our then-current qualification and training requirements, and sign and furnish to us a general release. You

Provision	Section in Franchise Agreement	Summary
		may be asked to sign a contract with materially different terms and conditions than your original contract
d Termination by you	Section 16(d)	If we materially breach the Franchise Agreement and do not correct or remedy the situation within 30 days after you send us written notice describing the breach in reasonable detail, you may terminate the Franchise Agreement
e Termination by us without cause	Not Applicable	We cannot terminate you without cause
f Termination by us with cause	Section 7(a), 16	We may terminate only if you default or commit any one of several listed violations
g "Cause" defined — curable defaults	Section 16(b)	Violation of any other provision of the Franchise Agreement and failure to cure such violation within 30 days after we sent you written notice
h "Cause" defined — non-curable defaults	Section 16(a)	Filing of bankruptcy, assignment for the benefit of creditors, insolvency, appointment of a receiver of your business or assets, abandonment of the Business, failure to continuously operate the Business, closure of the Business without an intention to resume normal and usual operations, refusal to permit us to inspect the Business or your books and records, conviction of a felony or other crime which in our judgment impairs the goodwill associated with the Marks, transfer or attempted transfer in violation of the Franchise Agreement, change in ownership or control in violation of the Franchise Agreement, failure to accurately and completely identify the owners of the franchisee if the franchisee is an entity, provision of sale, misleading, or inaccurate information regarding ownership of the franchisee if it is an entity, competition with us, offer or sale of counterfeit product, and repeated defaults under the Franchise Agreement
i Your obligations on termination/nonrenewal	Sections 17, 18, 22, 23	Pay outstanding amounts, cease operation as a franchisee, discontinue using the Marks, discontinue using the names TSS Photography, The Sports Section, and any combination of those names, cancel any assumed name or similar registrations containing the name TSS Photography or The Sports Section, provide us satisfactory

Provision	Section in Franchise Agreement	Summary
		evidence (in our discretion) that you have complied with your obligations under the Franchise Agreement, and abide by confidentiality, non-competition, and non-solicitation covenants (<i>see</i> Section "i" below)
j Assignment of contract by us	Section 15	We may freely assign the Franchise Agreement to a third party who, in our sole judgment, is capable of performing our obligations under the Franchise Agreement
k "Transfer" by you — defined	Section 15	Includes voluntary and involuntary sales, assignments, and transfers of your franchise and your rights to operate a Business and a change in ownership of a franchisee that is an entity
l Our approval of transfer by you	Section 15	We have the right to approve all transfers, but we will not unreasonably withhold our consent
m Conditions for our approval of transfer	Section 15(b)	Transferor gives us at least 30 days written notice, transferor has opened its Business, transfer involves the complete disposition of the franchise, transferor releases the franchise and all of its rights under the Franchise Agreement, transferor returns all confidential materials, proposed transferee meets all of our standards and criteria for qualifying as a franchisee, proposed transferee submits a business plan to our reasonable satisfaction, proposed transferee has a net worth that is reasonably satisfactory to us, proposed transferee discontinues any competition with us, proposed transferee meets with us and completes all requested interviews with us, proposed transferee personally demonstrates the ability to operate the Business, proposed transferee successfully completes required training, proposed transferee signs the then-current franchise agreement and all ancillary documents, all principals of proposed transferee sign guaranties of the proposed transferee's obligations under the Franchise Agreement, transferor is not in default under the Franchise Agreement at the time of proposed transfer, transferor or proposed transferee pay to us the designated transfer fee, and transferor and any other

Provision	Section in Franchise Agreement	Summary
		persons we may require furnish us a signed release
n Our right of first refusal to acquire your business	Not applicable	We do not have a right of first refusal to acquire your business
o Our option to purchase your business	Not Applicable	We do not have an option to purchase your Franchised Business
p Your death or disability	Section 15	Transfers upon your death or disability are subject to Section 15 of the Franchise Agreement (<i>see</i> Sections "k," "l," and "m" above)
q Non-competition covenants during the term of the franchise	Section 18, 22, 23 and Exhibit B	During the term of the agreement and for a period of 12 months after termination, neither you nor your owners may compete with us or our other franchisees, induce or advise any customer of ours to stop doing business with us, solicit any customer of the Business or ours, divert any business or customer of the Business to any competitor, adversely impair relations with any vendor, make any disparaging remarks about us, or do anything injurious or prejudicial to the goodwill associated with the Mark. You must also maintain as confidential all confidential information. During the term of the agreement and for a period of 12 months after termination, neither you nor your owners or may employ or solicit the employees of ours, our affiliated companies, or our franchisees' employees
r Non-competition covenants after the franchise is terminated or expires	Sections 18, 22, 23 and Exhibit B	During the term of the agreement and for a period of 12 months after termination, neither you nor your owners may compete with us or our other franchisees, induce or advise any customer of ours to stop doing business with us, solicit any customer of the Business or ours, divert any business or customer of the Business to any competitor, adversely impair relations with any vendor, make any disparaging remarks about us, or do anything injurious or prejudicial to the goodwill associated with the Mark. You must also maintain as confidential all confidential information. During the term of the agreement and for a period of 12 months after termination, neither you nor your owners or may employ or solicit the

Provision	Section in Franchise Agreement	Summary
		employees of ours, our affiliated companies, or our franchisees' employees
s Modification of the agreement	Sections 13 and 36	We may change or modify the Marks, the franchise systems, concepts, Confidential Operating Manual, and any proprietary software we require you to use. We may adopt and use new or modified trade names, trademarks, service marks, logos, equipment, software, products, techniques, or concepts. We may add new or different products and discontinue products, or change their names or image. You must at your expense accept and use the changes. The Franchise Agreement may only be amended by a written agreement signed by both you and us.
t Integration/merger clause	Section 36	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable.
u Dispute resolution by arbitration or mediation	Section 32(a)	We will first attempt to resolve any dispute by negotiation between your and our senior executives.
	Section 32(b)	If we cannot resolve the dispute through negotiation, you and we will attempt to settle the dispute by mediation in Oklahoma City in accordance with the rules for mediation of the American Arbitration Association.
	Section 32(c)	If we cannot resolve the dispute through mediation, the dispute will be determined by arbitration in Oklahoma City in accordance with the rules for mediation of the American Arbitration Association.
v Choice of forum	Section 32	All disputes will be resolved through negotiation and then mediation or arbitration in Oklahoma City, Oklahoma.
w Choice of law	Section 29	The Franchise Agreement is governed by Oklahoma law (subject to state law).

Please see Exhibit D – State-Specific Amendments to the Franchise Agreement – to this Disclosure Document for additional factors affecting the Franchise Agreement.

Item 18
PUBLIC FIGURES

We do not use any public figures to promote our franchise

Item 19
FINANCIAL PERFORMANCE REPRESENTATION

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.

BACKGROUND

This Item sets forth historical data submitted by a subset of our existing franchisees and CCS regarding (a) average Number of Purchases by Customers, (b) average Processing and Development Expenses (the "P&D Expenses") Per Customer Order, and (c) Average Ticket Price Per Customer Order, all over the period beginning January 1, ~~2017~~2018 and ending December 31, ~~2017~~2018 (the "Measurement Period")

~~Seventy-one~~67 of our franchisees (the "Represented Franchisees"), and their Independent Representatives, were considered in generating the information included in this Item 19. The Represented Franchisees include only franchisees open and operating during all of ~~2017~~2018 (and therefore do not include ~~402~~ franchisees that opened during ~~2017~~2018) and open and operating as of December 31, ~~2017~~2018 (and therefore do not include ~~116~~ franchisees that closed during ~~2017~~2018, none of which had been open less than 12 months) that had sales of at least \$20,000 during ~~2017~~2018 (and therefore do not include ~~19~~ franchisee that had sales of less than \$20,000). All of our franchisees that satisfy these criteria are included in the ~~71~~67 Represented Franchisees, regardless of geographic location, type of location, degree of competition, years of operation, services or goods sold, services supplied by us, or territory size. All ~~71~~67 of the Represented Franchisees were open and operating as of December 31, ~~2017~~2018. The Represented Franchisees own ~~153~~144 of our ~~176~~179 franchised outlets. An Independent Representative is a person or a company you may hire, with our written permission and subject to the restrictions described above, that will assist you in lead generation and customer contract performance. Franchisees provided us with this information through our order entry system.

Part I of this Item 19 presents the data of ~~71~~67 franchisees open and operating as of December 31, ~~2017~~2018, that provided the necessary data to determine average Number of Purchases by Customers, as well as average P&D Expenses Per Customer Order, over the Measurement Period. Part II of this Item 19 presents the data of ~~71~~67 franchisees open and operating as of December 31, ~~2017~~2018, that provided the necessary information to determine the Average Ticket Price Per Customer Order (each of these franchisee groups will be referred to collectively as the "Represented Franchisees" with respect to its corresponding Part of this Item 19). All Represented Franchisees were open and operating throughout the entire Measurement Period.

Each of the capitalized terms in this paragraph will be defined in this Item below (to the extent they have not been already).

We have not audited or independently verified this information. Written substantiation for the financial performance representation will be made available upon reasonable request.

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.

PART I AVERAGE NUMBER OF PURCHASES BY CUSTOMERS AND AVERAGE P&D EXPENSES PER CUSTOMER ORDER OVER MEASUREMENT PERIOD FOR 7467 REPRESENTED FRANCHISEES

The table below presents the following information regarding the 7467 Represented Franchisees for Part I over the Measurement Period: (i) average Number of Purchases by Customers¹, and (ii) the average P&D Expenses Per Customer Order².

Average (Median) Number of Purchases by Customers¹	<u>5,061,490.8</u> <u>(3,342,132.06)</u>
Average (Median) P&D Expenses Per Customer Order^{2,3}	<u>\$9,931.38</u> <u>(\$9,591.30)</u>

Notes to Part I of this Item

1 Average Number of Purchases by Customers For each of the 7467 Represented Franchisees in Part I, the term "Number of Purchases by Customers" means the number of customer transactions completed by that Represented Franchisee over the Measurement Period. "Average Number of Purchases by Customers" is calculated by taking the sum of all Purchases by Customers made from the Represented Franchisees over the Measurement Period (359,311,328.844), and dividing that figure by the total number of Represented Franchisees (7467 franchisees). Of the 7467 Represented Franchisees, 2422 (or 3433%) of the Represented Franchisees generated a greater Number of Purchases by Customers over the Measurement Period than the Average Number of Purchases by Customers of 5,061,490.8 over that time period, and 4745 (or 6667%) of the Represented Franchisees generated a lower Number of Purchases by Customers than this average.

2 Average P&D Expenses Per Customer Order During the Measurement Period, the Represented Franchisees were required to use our P&D supplier, CCS, to provide all P&D Services necessary to develop Products and fulfill and ship orders generated by customers of their respective Franchised Businesses when orders are mailed directly to the customer. Based on information provided to us by CCS regarding the P&D Expenses that it charged in connection with each Customer Order generated by the Represented Franchisees, we were able to calculate the "Average P&D Expenses Per Customer Order" for each Represented Franchisee over the Measurement Period by (a) taking the total P&D Expenses incurred by that Represented Franchisee over the Measurement Period, and (b) dividing that figure by the total number of Customer Orders generated by that Represented Franchisee over the time period. We then calculated the "Average P&D Expenses per Customer Order" among all 7467 Represented Franchisees by taking the sum of the P&D Expenses incurred by all the Represented Franchisees over the Measurement Period, and dividing that figure by the total number of Customer Orders generated by these Represented Franchisees over the Measurement Period. Of the 7467 Represented Franchisees, 3836 (or 54%) of these Represented Franchisees incurred less P&D Expenses Per Customer Order over the Measurement Period than the Average P&D Expenses Per Customer Order of \$9,931.38 during that time period, and 3331 (or 46%) of these Represented Franchisees incurred greater P&D Expenses per Customer Order than this average.

3 The calculation of Average P&D Expenses Per Customer Order (for each Represented Franchisee and among all Represented Franchisees) does not take into account any rebates or reduced fees that CCS may have provided to a Represented Franchisee based on the volume of P&D Expenses such Represented Franchisee generated for CCS in its preceding year of operations

PART II AVERAGE TICKET PRICE PER CUSTOMER ORDER OVER MEASUREMENT PERIOD FOR 7167 REPRESENTED FRANCHISEES²

Average (Median) Ticket Price Per Customer Order ^{1,2}	\$29-6330.20 (\$28-7130.03)
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Notes to Part II of this Item

1 **Average Ticket Price Per Customer Order (for Each Represented Franchisee)** For each of the 7167 Represented Franchisees discussed in Part II of this Item, the "Average Ticket Price Per Customer Order" is calculated by taking the Gross Sales generated by that Represented Franchisee over the Measurement Period, and dividing that figure by the total number of Customer Orders completed during that time period. The Average Ticket Price Per Customer Order includes any orders placed by a single Customer at any form of picture day.

2 **Average Ticket Price Per Customer Order (Among all 7167 Represented Franchisees)** We calculated the "Average Ticket Price Per Customer Order" among all 7167 Represented Franchisees by taking the total Gross Sales of these Represented Franchisees over the Measurement Period and dividing that figure by the total number of Customer Orders that were completed over that time period. Of the 7167 Represented Franchisees, 31 (or 4446%) of the Represented Franchisees achieved an Average Ticket Price Per Customer Order over the Measurement Period that exceeded the overall Average Ticket Price Per Customer Order of \$29-6330.20 during that time period, and 4036 (or 5654%) of the Represented Franchisees achieved an Average Ticket Price Per Customer Order that was less than this average.

General Notes

1 **Exclusions** This analysis does not contain complete information concerning operating costs or expenses that might be incurred by our existing franchisees, except for the Average P&D Expenses Per Customer Order among the 7167 Represented Franchisees disclosed in Part I of this Item. This Item 19 does not include start-up costs, initial franchise fees, labor and payroll processing costs, computer equipment and photography equipment costs, costs of goods sold (other than P&D Expenses), inventory and supply costs, credit card processing fees, accounting and other professional fees, telephone and utility costs, POS system costs, travel, meal and entertainment expenses, financing charges, interest expense, interest income, depreciation and amortization expenses, the cost of taxes, insurance expenses, and advertising fees and marketing expenses which you will incur as a franchisee, as well as your living expenses. Such costs will vary substantially from Franchised Business to Franchised Business.

2 **Results Presented** These are the results of the Represented Franchisees that were open and operating as of December 31, 2017, 2018, which may have had P&D Expenses that differ from the rates of CCS. We recommend that you independently investigate to determine whether or not the franchise may be profitable for you. You should use the above information only as a reference in conducting your analysis and preparing your own projected income statements and cash flow statements. We suggest that you consult your financial advisor or personal accountant concerning financial projections and federal, state and local income taxes and any other applicable taxes that you may incur in operating a Franchised Business.

3. No Other Representations Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting James Calabrese at our corporate offices at 1300 Metropolitan Avenue, Oklahoma City, Oklahoma 73108, telephone number (405) 947-8747, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 20152016 to 20172018

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2015 2016	200 181	181 177	-194
	2016	181	177	-4
	2017	177	176	-1
	2018	176	179	+3
Company-Owned	2015 2016	0	0	0
	2016 2017	0	0	0
	2017 2018	0	0	0
Affiliate Owned	2015 2016	0	0	0
	2016 2017	0	0	0
	2017 2018	0	0	0
Total Outlets	2015 2016	200 181	181 177	-194
	2016 2017	181 177	177 176	-4 1
	2017 2018	177 176	176 179	-1 +3

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For years 20152016 to 20172018

State	Year	Number of Transfers
FL	2015 2016	0
	2016	0
	2017	15
	2018	30
KYGA	2016	0

State	Year	Number of Transfers
MI	2017	0
	2018	3
	20152016	01
	2016	1
NY	2017	0
	2018	1
	20152016	01
	2016	1
OK	2017	0
	2018	2
	20152016	20
	2016	0
PA	2017	0
	2018	0
	2015	1
	2016	0
TX	2017	0
	2018	0
	20152016	5
	2016	5
VA	2017	0
	2018	0
	20152016	01
	20162017	10
Total	2017	17
	2018	4
	20152016	118
	2016	8

Table No 3
Status of Franchised Outlets
For years 20152016 to 20172018

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Rene-wals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
AL	20152016	51	0	0	20	0	20	1
	20162017	1	0	0	0	0	0	1
	20172018	1	0	0	0	0	0	1
AZ	20152016	2	03	0	0	0	0	25
	20162017	25	32	0	0	0	0	57
	20172018	57	20	0	0	0	0	7
AR	20152016	01	10	0	0	0	0	1
	20162017	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2017 2018	1	0	0	0	0	0	1
CA	2015 2016	118	01	10	20	0	02	87
	2016 2017	87	10	0	0	0	21	76
	2017 2018	76	0	0	0	0	1	65
CO	2015 2016	3	0	0	0	0	0	3
	2016 2017	3	0	0	0	0	0	3
	2017 2018	3	0	0	0	0	0	3
FL	2015 2016	2119	02	0	0	0	20	1921
	2016 2017	1921	2	0	0	0	0	2123
	2017 2018	2123	20	0	0	0	0	23
GA	2015 2016	1411	30	0	0	0	60	11
	2016 2017	11	0	0	0	0	0	11
	2017 2018	11	0	0	0	0	0	11
HI	2015 2016	1	0	0	0	0	0	1
	2016 2017	1	0	0	0	0	0	1
	2017 2018	1	0	0	0	0	0	1
IL	2015 2016	1916	10	40	0	0	0	16
	2016 2017	16	0	0	0	0	01	1615
	2017 2018	1615	0	0	0	0	10	15
IN	2015 2016	1	0	0	0	0	0	1
	2016 2017	1	0	0	0	0	0	1
	2017 2018	1	0	0	0	0	0	1
IA	2015 2016	1	0	0	0	0	0	1
	2016 2017	1	0	0	0	0	0	1
	2017 2018	1	0	0	0	0	0	1
KS	2015 2016	3	0	0	0	0	01	32
	2016 2017	32	0	0	0	0	12	20
	2017 2018	20	0	0	0	0	20	0
KY	2015 2016	54	0	0	0	0	10	4
	2016 2017	4	0	0	0	0	0	4
	2017 2018	4	0	0	0	0	0	4
LA	2015 2016	01	10	0	0	0	0	1
	2016 2017	1	0	0	0	0	0	1
	2017 2018	1	0	0	0	0	0	1
MD	2015 2016	54	0	0	10	0	0	4
	2016 2017	4	0	0	0	0	0	4
	2017 2018	4	0	0	0	0	01	43
MA	2015 2016	2	0	0	0	0	01	21
	2016 2017	21	0	0	0	0	10	1
	2017 2018	1	0	01	0	0	0	10
MI	2015	11	0	0	0	0	0	11

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
MI	2016	11	2	0	0	0	0	13
	2017	13	0	0	0	0	1	12
	2017/2018	13/12	0	0	0	0	1/0	12
MN	2015/2016	1	0	0	0	0	0	1
	2016/2017	1	0	0	0	0	0	1
	2017/2018	1	0	0	0	0	0/1	1/0
MS	2015/2016	1	0	0	0	0	0	1
	2016/2017	1	0	0	0	0	0	1
	2017/2018	1	0	0	0	0	0	1
NV	2015/2016	0	0/1	0	0	0	0	0/1
	2016/2017	0/1	1/0	0	0	0	0	1
	2017/2018	1	0	0	0	0	0	1
NJ	2015/2016	7	0	0	0/1	0	0	7/6
	2016/2017	7/6	0	0	1/0	0	0/1	6/5
	2017/2018	6/5	0/5	0	0	0	1/0	5/10
NY	2015/2016	10	0	0	0	0	0/3	10/7
	2016/2017	10/7	0/1	0/1	0	0	3/0	7
	2017/2018	7	1/0	1/0	0	0	0/1	7/6
NC	2015/2016	11	0	0	0	0	0	11
	2016/2017	11	0	0	0	0	0	11
	2017/2018	11	0	0	0	0	0	11
OH	2015/2016	13/9	1	0	1	0	4/1	9/8
	2016/2017	9/8	1/0	0/1	1/0	0	1/0	8/7
	2017/2018	8/7	0	1/0	0	0	0	7
OK	2015/2016	3	0	0	0	0	0	3
	2016/2017	3	0/1	0	0	0	0	3/4
	2017/2018	3/4	1/0	0	0	0	0	4
OR	2015/2016	1	0	0	0	0	0	1
	2016/2017	1	0	0	0	0	0	1
	2017/2018	1	0	0	0	0	0	1
PA	2015/2016	9/8	0	0/2	0	0	1/0	8/6
	2016/2017	8/6	0	2/0	0	0	0	6
	2017/2018	6	0	0	0	0	0	6
RI	2015/2016	1	0	0	0	0	0	1
	2016/2017	1	0	0	0	0	0	1
	2017/2018	1	0	0	0	0	0	1
SC	2015/2016	3	0	0	0	0	0/1	3/2
	2016/2017	3/2	0	0	0	0	1/0	2
	2017/2018	2	0	0	0	0	0	2
TN	2015/2016	3/4	1/0	0	0	0	0	4
	2016/2017	4	0	0/1	0	0	0	4/3
	2017/2018	4/3	0/1	1/0	0	0	0	3/4
TX	2015	22	1	0	0	0	0	23

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
TX	2016	23	2	0	0	0	5	20
	2017	20	4	0	0	0	2	22
	20172018	2022	40	0	0	0	20	22
VA	20152016	67	12	0	0	0	0	79
	20162017	79	20	0	0	0	0	9
	20172018	9	03	01	0	0	0	911
WI	20152016	42	0	10	0	0	10	2
	20162017	2	0	0	0	0	0	2
	20172018	2	0	0	0	0	0	2
WV	20152016	1	0	0	0	0	0	1
	20162017	1	0	0	0	0	0	1
	20172018	1	0	0	0	0	0	1
TOTALS	2015	200	10	6	6	0	17	181
TOTALS	2016	181	14	2	2	0	14	177
	2017	177	10	3	0	0	8	176
	20172018	177176	109	32	0	0	84	176179

Table No 4
Status of Company-Owned Outlets
For years 20152016 to 20172018

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
OK	20152016	0	0	0	0	0	0
	20162017	0	0	0	0	0	0
	20172018	0	0	0	0	0	0
Total	20152016	0	0	0	0	0	0
	20162017	0	0	0	0	0	0
	20172018	0	0	0	0	0	0

Table No 5
Projected Openings As Of December 31, 20172018

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In The Next Year
Arizona	0	1	0
California	0	1	0
Colorado	0	1	0
Florida	0	1	0
Georgia	0	1	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In The Next Year
Massachusetts	0	1	0
Ohio	0	1	0
New Jersey	0	1	0
New York	0	1	0
Oregon	0	1	0
Texas	0	1	0
Washington	0	1	0
Total	0	12	0

A list of the names of all franchisees and the addresses and telephone numbers of their franchises are listed on Exhibit E to this Disclosure Document. A list of the name and last known home addresses and telephone numbers of every franchisee (or the last known business address or address of a principal officer of a franchisee that is a corporation, partnership, limited liability company, or other business entity) who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the our last fiscal year ending December 31, ~~2017, 2018~~, or who has not communicated with us within 10 weeks of the date of this Disclosure Document, is attached as Exhibit F. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. Franchisees have signed confidentiality clauses during the last three fiscal years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

We are not aware of any trademark specific franchisee organizations associated with the franchise system, which are required to be disclosed in this Franchise Disclosure Document.

Item 21 FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit B are our audited financial statements for the fiscal years ended December 31, ~~2017, 2018~~, December 31, ~~2016, 2017~~, and December 31, ~~2015, 2016~~.

Item 22 CONTRACTS

The following contracts are attached to this Disclosure Document:

Exhibit A	Franchise Agreement
Exhibit D	State-Specific Amendments to the Franchise Agreement
Exhibit G	Statement of Prospective Franchisees
Exhibit I	Finders Agreement
Exhibit K	Consent to Independent Representative Agreement
Exhibit L	Expansion Addendum
Exhibit M	Promissory Note

Item 23
RECEIPTS

Exhibit N of this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to us at the following address:

TSS Photography, LLC
1300 Metropolitan Avenue
Oklahoma City, Oklahoma 73108
(405) 947-8747

EXHIBIT A
TO
TSS PHOTOGRAPHY, LLC
FRANCHISE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT

FRANCHISE AGREEMENT
(TSS Photography®)

Franchisee

Date of Agreement

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FRANCHISE AGREEMENT
(TSS Photography®)

THIS AGREEMENT is made and entered into between TSS Photography, LLC, an Oklahoma limited liability company ("we" or "us"), and _____ ("you")

1 Grant of Franchise

(a) We grant you the right to use the trade names and trademarks "TSS Photography®" and "The Sports Section®" (the "Marks") in the operation of one TSS Photography® business specializing in promoting, marketing, and selling specialty photographic products to individuals and groups associated with youth sports and special events (the "Business") in the territory described on Exhibit A (the "Territory")

(b) This franchise includes the right (i) to operate the Business in the Territory using the Marks and other trade names, trademarks, and service marks that we authorize you to use in the operation of the Business (which, when authorized, are considered to be a part of the Marks for purposes of this Agreement), (ii) to market and sell in the Territory authorized products identified by the Marks, (iii) to use our Confidential Operating Manual in the operation of the Business, and (iv) to engage in other activities in the Territory using the Marks as we may permit

2 Territory

(a) We will not operate, and we will not authorize anyone else to operate a Business using the Marks from an office or place of business that is located in your Territory

(b) The protection we afford to you in this section does not prohibit or restrict us, our affiliates, or other TSS Photography® and The Sports Section® franchisees and licensees from marketing, offering, or selling products that are identified by the Marks through alternative distribution channels, including telemarketing efforts, direct mail, e-commerce, electronic communications, social media, electronic media, photo or image applications, or other marketing methods or techniques, even if customers are drawn from the Territory. We and our affiliates, as well as our franchisees and licensees, may broadcast television, radio, social media, and other media advertisements in the Territory. We may promote, market, and sell products that are identified by the Marks to any actual or potential customer if the customer operates, or if we determine that the customer may operate, in multiple areas that include your Territory, territories of other franchisees, or areas in which we have not operated or granted a franchise or license to operate. We may market, offer, and sell in your Territory, or we may authorize others to market, offer, and sell in your Territory products that are not identified by the Marks, even if the products compete with products that are identified by the Marks. Also, we may operate or authorize others to operate businesses and market products utilizing the Marks, as long such operation or authorization to others does not violate your rights in the Territory.

(c) You may not operate the Business within the territory of another franchisee. We shall, in our sole discretion, resolve any dispute that arises with respect to the territory, including any dispute between you and another franchisee of ours.

(d) You may request an expansion of your Territory by submitting a request to us. In evaluating your request, we will take into account the proposed area, location, population, population characteristics, demographics, your performance as a franchisee, interests of other franchisees and prospective franchisees, market factors, and other factors that we consider appropriate. Any decision to allow an expansion of your Territory is solely within our discretion. If we approve your request, you must pay an additional Territory Fee as provided in this Agreement.

(e) We may adjust and modify your Territory as we reasonably determine to be necessary or appropriate in order to more properly or more accurately describe the boundaries or area, correct inaccuracies or discrepancies in boundaries, conform the boundaries to areas that we identified as your Territory at the time of signing this Agreement, eliminate overlaps in your Territory with the territory of another franchisee, or clarify, correct, or better describe the boundaries or area based on physical, political, or topographical characteristics, including changes to those characteristics that may occur in the future. Adjustments may result in a reduction of the area comprising the Territory, but any adjusted Territory will contain the population that was estimated for purposes of payment of the Territory Fee at the time of execution of this Agreement. Any adjustment will be effective immediately when we give you written notice describing the adjusted Territory.

3 Franchise Fee You agree to pay us an initial franchise fee in the amount of \$7,500, which is payable in cash in full at the time you sign this Agreement. The fee is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances.

4 Territory Fees In addition to the initial franchise fee, you must pay us a Territory Fee. The amount of the fee is \$0.07 per member of the population in the Territory for up to 99,999 in population, and \$0.05 per member of the population in the Territory in excess of 99,999. If you expand your Territory, you must pay an additional Territory Fee for the expanded territory, unless we waive this fee in whole or in part. The amount of the additional Territory Fee is \$0.10 per member of the population in excess of the population in your existing Territory, unless we reduce the additional territory fee in our discretion. We will determine the Territory and population (and all fees, minimum productivity levels, and other requirements based on the Territory or population) using mapping and geographic data software, programs, and compilations that we select, which may include or incorporate information from the U.S. Census Bureau or other nationally recognized sources relating to population statistics and estimates. The Territory Fee is payable in cash in full at the time you sign this Agreement or at the time you expand your Territory, as applicable, unless we waive the Territory Fee in whole or in part. It is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances.

5 Use of the Marks

(a) The names "TSS Photography®" and "The Sports Section®" are trade names and trademarks that we are licensing to you. Valuable goodwill is associated with the Marks. You must use the Marks only in the ways we permit. You may use the Marks in

advertising, marketing, and promotion of the Business. You must use the Marks only in the form, colors, design, and manner that we approve in writing and strictly comply with our standards, specifications, requirements, and instructions regarding use of the Marks. You may not use any abbreviation or variation of the trade names. You may not change the Marks or use them in any other way without our advance written approval. Also, you may not use the Marks in offering any product, service, or program that we have not authorized or approved. You understand that we may authorize you to use other trade names, trademarks, and service marks that we own and that they are included in references to the Marks in this Agreement.

(b) All goodwill associated with the Marks, including any goodwill that might come from your activities, will belong to us. You acknowledge the validity of the Marks and our sole ownership of the Marks. Your interest in the Marks is solely that of a licensee, and you disclaim any ownership interest in the Marks.

(c) You may not use the Marks as part of your business name, and without our prior written consent as a part of the trade name for the Business. You may not register the Marks as your own. However, you may, if required by law, file an assumed name or fictitious name certificate to the effect that you are operating the Business under a trade name that includes the Marks. You may not, without our prior written consent, utilize the words (or variations of) "TSS Photography" and "The Sports Section" as part of an internet domain name, as a website identification, for an email address, or for similar use in electronic media. You may not use the words "TSS Photography" or "The Sports Section" as a social media site, as a social networking website, for online applications, or as a social media platform without our prior written approval. As a condition to giving approval, you must, in addition to any other condition that we may require, give us access to the account, along with the right to make modifications to conform to our system requirements and quality control standards.

(d) You must operate, advertise, and promote the Business under the name "TSS Photography®" and "The Sports Section®" without prefix or suffix, except as we approve in writing. Also, in operating the Business, you must comply with all of our quality standards.

(e) We must approve all signs or other identification that you use for the Business before you use them. You will identify yourself to customers and others as an independent franchisee-owner of the Business.

(f) Upon our written request, you must promptly send us copies of all advertising and promotional materials that you plan to use in promoting the Business, except those that we furnish. We may require that you change the content or format of advertising and promotional materials, based on our decisions relating to quality control, proper use of the Marks, tastefulness, appropriateness with respect to conformity with the changing image of our system, market projection (as we determine in our sole and absolute discretion), or compliance with this Agreement. If we do not disapprove your advertising or promotional materials within two business days (excluding weekends and holidays) after we receive them, you may consider them to be approved. All of your advertising and promotional materials must be factual and true. Your e-commerce advertising and internet activity must comply with the provisions of this Agreement pertaining to use of the Marks and advertising.

(g) You agree to use any additional or substitute trade names, trademarks, brand names, slogans, commercial symbols, tag lines, and logos that we develop and authorize. Also, you agree to discontinue using any name or mark that we determine is no longer appropriate or characteristic of the image we want to project for Business or if we determine that it is advisable to modify or discontinue use of any of the Marks.

(h) We may inspect your premises at reasonable times during regular business hours. We may watch the way you conduct business and may meet with your employees and customers to ensure that the Business meets our quality control standards.

(i) You may not permit or authorize others to use the Marks. You must notify us immediately of any unauthorized use of the Marks or any apparent infringement of the Marks (and any other trade name, trademark, brand name, slogan, commercial symbol, and logo used in operating the Business) or of any challenge to your use of the Marks. We will have the complete discretion to take any action that we consider appropriate, including the investigation of infringement claims. We will have the exclusive right to conduct and control any legal proceedings relating to the infringement or challenge and to settle any infringement claims.

6 Term

(a) This franchise for the Business will continue for a primary term of 10 years, beginning on the date we sign this Agreement, unless it is terminated earlier due to breach or default or as otherwise provided in this Agreement. You may renew and extend the term for two additional periods of 10-years each in the manner provided in this section.

(b) If at the end of the 10-year primary term or the first 10-year renewal term, as applicable, you are in full compliance with all of your obligations under this Agreement, you will have the option to renew the franchise by (i) notifying us of your intention to renew at least 180 days before the scheduled expiration date of the then-current term, (ii) signing our then-current Franchise Agreement and all other ancillary documents, (iii) paying a renewal fee of \$1,000 when you sign the then-current Franchise Agreement, unless we waive all or part of the renewal fee, (iv) complying with our then-current qualification and training requirements, and (v) signing and furnishing to us a general release on a form we prescribe, releasing us and our affiliates and each of our directors, officers, managers, owners, and employees of any liability or claims you may have against each. If you do not satisfy any of these conditions, you will not be able to renew the franchise. If you do not qualify to renew or elect not to renew, the franchise will terminate and you must comply with requirements relating to termination.

7 Confidential Operating Manual

(a) Our system (including operating procedures, marketing concepts, business strategies, management techniques, and other elements and components of the TSS Photography® and The Sports Section system) and our trade secrets are proprietary, and they belong exclusively to us. We have developed a Confidential Operating Manual describing the system. The Confidential Operating Manual is a part of this Agreement and will be binding on

you To protect the reputation and goodwill associated with the Marks and to maintain our standards of operation, you must operate the Business in accordance with our Confidential Operating Manual We may amend it, and you must comply with all amendments If you deviate from the requirements of the Confidential Operating Manual without our approval, we may terminate this Agreement The version of the Confidential Operating Manual on file at our principal office or maintained electronically by us will constitute the standard, official version for purposes of resolving any question or dispute concerning the contents of the Confidential Operating Manual

(b) The Confidential Operating Manual contains ideas and information that are proprietary and confidential It embodies procedures and facilitates business practices that are proprietary to us You must treat it as confidential and may not disclose it to anyone else You may not copy it You may not make it available to any unauthorized person You may not use any of the information contained in the Confidential Operating Manual in the operation of any other business or enterprise These same restrictions also apply to all of our other trade secrets and confidential information, including newsletters, bulletins, memoranda, electronic transmissions, and correspondence that contain prescribed or recommended specifications, standards, procedures, policies or advice relating to Business

(c) The Confidential Operating Manual is our property exclusively You must promptly return it to us and discontinue accessing it when this Agreement terminates or at any other time that we require

(d) We reserve the right to change the Confidential Operating Manual at any time We may change it to identify new concepts and products or to eliminate products to be offered and sold, modifications and changes to the concept, system, Marks, equipment requirements, and operational standards, new developments relating to sales, marketing, advertising, and operational techniques, and other business matters, procedures, and concepts that affect the operation of the Business

8 Training

(a) Before you begin operations for the Business, you must complete our training program, which includes training relating to sales, marketing, customer service, finance, Business management, photography techniques, trends affecting the Business, order entry, and other aspects of Business operations You may enroll up to two of your employees in the training program You must pay your own expenses and the expenses of your employees relating to our training programs, including travel, transportation, meals, and lodging We may require additional training if, in our judgment, you or your employees require additional or continued training

(b) We may send our representatives to assist you in onsite training and assistance for the Business upon your request or upon our determination that such training and assistance is necessary or appropriate Onsite training may include assistance with marketing sales calls, sales techniques, customer contact procedures, sales presentations, photographic sessions, and other aspects of Business operations We will determine the number of people who

we will send, the types of onsite training to be provided, and any conditions or requirements relating to onsite training. You must reimburse us the costs of transportation, meals, and lodging for the representatives we send, plus a per diem rate (including a charge for travel days), which we establish to cover the time and services provided by each of the representatives we send.

(c) We may provide or arrange for others to provide additional training programs relating to the operation of the Business. We may require that you and your employees attend and successfully complete them at your expense.

(d) You recognize that we expend a substantial amount of time, energy, and expense in sponsoring, planning, preparing for and conducting training, seminars, and programs. We may charge you a reasonable fee to cover our costs in providing them. If you do not attend seminars and programs that we sponsor, we may automatically ship to you the seminar or program materials. You agree to pay us a reasonable fee for the materials we may send. Additionally, we may impose reasonable charges for providing telephone or other consultations with you regarding matters covered at seminars and programs that you do not attend.

9 Color Lab Selection

(a) You must send all photofinishing, print production, and imaging work for the Business exclusively to color labs we have designated as approved labs. Candid Color Systems, Inc., ("CCS"), which is an affiliate of ours, operates an approved color lab. We have established detailed specifications, quality control standards, operating methods, production monitoring criteria, methods for monitoring photography, turnaround time requirements, and other photofinishing, print production, and imaging work responsibilities that approved color labs must meet. Approved color labs must not only meet our specifications and standards as to quality, they must adequately demonstrate their capacity and facilities to meet your needs in the quantities, at the times, and with the reliability needed for an efficient operation. These standards and specifications are unique to TSS Photography® and The Sports Section®. They are interrelated with the Marks. Also, they are part of the distinctive system that we have developed for TSS Photography® and The Sports Section®. The combination of quality control standards, criteria, and specifications, with turnaround time requirements and other responsibilities that approved color labs must satisfy are essential to maintaining the goodwill associated with the Marks.

(b) If you want to use a color lab other than one that we have designated as an approved color lab, you must, before using the lab, send us a written "Request for Approved Color Lab." We may reject your request for approval of a color lab. If we do, we must, within 60 days after we receive your "Request for Approved Color Lab," notify you in writing of our rejection. Our notice of rejection will list the reasons why the color lab does not meet our specifications, standards or requirements. If we do not notify you within the 60-day period, the color lab will be considered approved for you only. As a condition to being approved, all proposed and previously unapproved color labs must agree to permit us and our representatives to inspect their facilities, both initially and when we reasonably require, to assure us that they meet our requirements, specifications, and standards for approved color labs. The color lab must give us permission to inspect as a condition of continued designation as an approved color lab.

Also, the color lab must execute a confidentiality agreement in a form that we approve, agreeing to keep our confidential and proprietary information strictly confidential. We may charge you a reasonable fee to cover the costs of any inspections we may make. Also, we may restrict or impose conditions with respect to the color lab's use of the Marks on prints and other products. You must send us regular samples of proofs, photographs, prints, portraits, imaging work, and photofinishing work of the color lab so we can monitor quality. If we determine from any inspection or sampling of prints (or other work) that the color lab does not meet our requirements, specifications, and standards or does not comply with any required agreements, we will send written notice describing our concerns to you and to the color lab. If any concern or deficiency is not corrected within 30 days, then the color lab will no longer be approved.

(c) All approved color labs, including the color lab operated by CCS, must establish, implement, and continuously maintain programs to monitor, assess, and improve the quality of photography for franchisees that utilize the color lab for any photofinishing, print production, or other imaging work. The programs must be satisfactory to us and must conform to our standards of photography quality control monitoring. At a minimum, the programs must include a process for evaluating, analyzing, critiquing, and grading proofs and prints and providing feedback and information to photographers in a timely manner with respect to photography errors, posing, composition, lighting, backgrounds, color coordination, tastefulness, appropriateness, conformity to current standards, and such other matters as we may require. Any color lab may satisfy the requirements of this subsection by entering into a written agreement with CCS to furnish CCS, at such color lab's expense, an extra set of all proofs and appropriate samples of prints in a timely manner in order to permit CCS to conduct photography quality control monitoring, assessment, and improvement.

(d) You may not offer, sell, provide, distribute, or give away prints, portraits, videos, CDs, DVDs, computer-generated imaging, or other imaging products produced or made onsite at the Business or other locations without our specific prior approval.

(e) If you do not send all photofinishing, print production, and imaging work for the Business to color labs owned by CCS for any reason, including any reason under subsections (b) or (c), then you must pay us a fee of 7% of your Gross Sales. The fee is intended to cover your participation in the system and various benefits that may be available to you as a franchisee. For purposes of this Agreement, "Gross Sales" means the gross sales of the Business and the franchised business from any source, including sales resulting from the photofinishing, print production, video, computer-generated imaging, and other imaging work that is not produced by CCS, sales of prints, images, products, and services, sales generated by or resulting from coupons, third-party promotions, discounted gift certificates, customer loyalty promotions, and online-offer and deal-of-the-day websites or programs, and sales of images in any format including print, electronic, or on any form of media. "Gross Sales" does not include applicable sales taxes or sales from e-commerce/fulfillment in accordance with this Agreement. "Gross Sales" also includes the fair retail value of items provided, offered, distributed, made available, or given away, separately or as part of a package or offer, whether characterized or described as free, complimentary, or otherwise. You must pay this fee to us weekly on each Tuesday for Gross Sales of the prior week. When you pay it, you must send a form acceptable to us that includes the details of your computation of Gross Sales. We may increase or change the fee.

percentage or amount, the method of determining Gross Sales, and the method of determining or calculating the royalty that you are required to pay, but we may not increase the fee by more than 0.5% of Gross Sales during any 12-month period. We may, in our sole discretion, waive the fee applicability of the fee for any product or service as set forth in the Confidential Operating Manual or in any other writing signed by us.

(f) For purposes of this Agreement, a "color lab" includes any photo lab, color lab, or business that offers, sells, provides, or produces photofinishing, print production, or other imaging work, video imaging, computer-generated imaging, or proofs, photographs, prints, portraits, posters, or imaging by any means or method. You will be considered to operate a "color lab" to the extent you undertake any of such activities or produce imaging products, either onsite at the Business or elsewhere.

10 Business Operations, Recommendations and Requirements

(a) You must be ready to begin operations and open the Business for operation within 120 days of the accepted on date shown on the signature page of this Agreement, unless we give you an extension. Before beginning operations, you must obtain all necessary licenses, insurances, permits, and approvals. Also, before beginning operations, you must buy all required equipment and inventory and complete introductory sales and marketing training.

(b) We may make recommendations to you about the Business and set standards for operations. You are not required to accept our recommendations, but you are required to follow our standards of operation if they are part of our Confidential Operating Manual or otherwise deal with quality control and the quality of services and products you offer in the Business, including courtesy to customers, quality of photography, and quality of prints. If we make recommendations or set standards of operations, we will base them on our knowledge and experience in the photography business. You must comply with all laws affecting the Business, including laws relating to tax reporting and compliance, licensing (if applicable), employment practices, and other matters. We must both remain in continuous communication about quality control matters. You must allow us to inspect the Business and your books and records so we can verify that you are complying with this Agreement and the Confidential Operating Manual, and so we can check your quality control standards.

(c) We do not set the prices you charge to your customers, select your employees, or determine salaries of your employees. We do not provide a turnkey operation for the Business. You are responsible for your Business operations and for the day-to-day management of the Business. You are an independent business owner.

(d) We must approve any products and services that you offer, other than those that we designate. We will not approve any products or services that are not directly related to the TSS Photography® and The Sports Section® photography business.

(e) You must establish and maintain a policy that guarantees customer satisfaction. You must at your expense participate in customer satisfaction surveys, if we require

them. Any customer lists or customer information you give us will be considered to be ours, and we may use them for conducting customer satisfaction surveys, marketing, or any other purpose, and we may sell them to others. Also, any data and information we collect through our website or through other electronic or technological means will be considered to be ours, and we may compile information and lists, use the information for marketing and other purposes, and sell the information to others. If we determine, in our judgment, that it is necessary for us to resolve customer complaints or customer service problems concerning your Business at any time, including after termination of this Agreement, we may do so. This may include providing refunds, accepting your Business's coupons, gift certificates, or special promotions, or taking other action that we consider necessary to protect the image and reputation of the system, comply with law, conform to standards of ethical business conduct, or preserve the goodwill of customers. You must reimburse us for all costs and expenses we incur in resolving customer complaints or customer service problems. We are not obligated to undertake any such action.

(f) You must establish and enforce a dress and appearance code for your employees. The dress and appearance code is subject to our approval and must conform to any dress and appearance requirements contained in the Confidential Operating Manual.

(g) You must (i) keep records using the chart of accounts that we recommend, (ii) provide Business reports that we require, and (iii) prepare and maintain annual and quarterly financial statements of the Business, including balance sheets and income statements, prepared in accordance with generally accepted accounting principles consistently applied, and furnish them to us on request. You agree to submit to us within 30 days after the end of each calendar year a balance sheet, income statement, and statement of cash flow for the year then ended, certified by you to be correct.

(h) You must use (and update and enhance) the software that we or our affiliates will license to you for invoicing and transmitting customer orders. We will set up and maintain a fund (the "Technology Fund") to support the software and other information technology that we make available to you or use in providing goods or services to you. You must make a monthly contribution to the Technology Fund in the amount of \$50 on or before the 10th day of each month. We may increase the monthly contribution, but we may not do so more than once annually, and any increase may not exceed 5% of the previous monthly contribution amount. We reserve the right to determine how the contributions to the Technology Fund are spent. You acknowledge that all franchisees and licensees will not receive identical benefits from expenditures of the Technology Fund or any programs that we may direct, administer, promote, or sponsor. Also, we may temporarily suspend payment obligations or impose a moratorium on payments to the Technology Fund at any time.

(i) We may at reasonable times inspect your books, records, and cash control systems. If our inspection reveals that any financial information you reported and any amounts you paid us or our affiliates are less than the amounts we calculate, you must immediately pay us the amount owing in accordance with the corrected report, plus interest as provided in this Agreement. If we find a discrepancy of 2% or more of the amount that you should have paid or reported, you must also pay and reimburse us for all expenses connected with our inspection.

This may include reasonable accounting and legal fees. We may also exercise any other remedies we may have under this Agreement.

(j) You may not offer or sell any counterfeit products, which include any proofs, prints, or products manufactured by, or purchased or acquired from, color labs that we have not approved or authorized for use. You understand that prints and products that you sell must contain the Marks, and it must be imprinted only by a color lab that we have authorized and approved.

(k) You must maintain a competent, conscientious, and trained staff and take all necessary steps to ensure that Business employees preserve good customer relations, render prompt and courteous services, and are knowledgeable about the Business. You are responsible for all employment decisions of the Business, including hiring, firing, training, promotion, wage and hour requirements, recordkeeping, supervision, and discipline of employees.

(l) You assign the right to us to use any images or photographs that you take in your Business. We may use any images or photographs that you take in your Business without further permission from you and without compensation to you. We may use these images or photographs for any reason, including use in our advertising or marketing materials.

(m) In operating the Business you must use cameras and other photographic equipment and supplies that meet our requirements and specifications. You must comply with the requirements in this Agreement regarding approved color labs for photofinishing, print production, and imaging work. Also, you must use computer equipment that we approve as being compatible with and that will interactively function with software, computer programs, and applications that we use. We will give you information about photographic, computer, and related equipment and supplies for the Business.

(n) You must maintain an amount of photographic equipment and supplies, including cameras, image file storage, flashes, lenses, computers, and paper sufficient for the efficient conduct of the Business as we specify. You must use only those brands, types, and models of products and services that we have approved or designated, and you must purchase the products and services from approved suppliers, which may include or be limited only to us or our affiliates. If you want to purchase products or services of a brand, type, or model that we have not approved, you must notify us and submit samples of the products or suppliers (or a description of services, as applicable) so that we can determine whether the items comply with our applicable standards and specifications. We will not be obligated to approve any product, service, vendor, supplier, or source. We may base our approval on considerations directly relating to the product, service, or supplier (such as compliance with our standards and specifications, quality, reputation in the marketplace, pricing, uniformity, and efficiency) that we consider necessary or appropriate for the franchise system, the confidentiality of our standards and specifications, and our ability to earn revenue from purchases made by franchisees. You may not purchase any such materials until you have obtained our prior written approval. With respect to equipment and supplies that you purchase from us or our affiliates, we will sell them at the same price that we sell them to other similarly situated franchisees. We may require that you make payment in full for equipment and supplies when you place an order. Also, we may earn a

reasonable profit on sales of such equipment and supplies, and from the sale of products and services by our affiliates, approved color labs, and approved or designated third-party suppliers

(o) Your exclusive remedy and our sole liability for any and all claims relating to any equipment and supplies we sell to you or for delayed delivery or non-delivery of any such equipment and supplies will be limited to the purchase price of the equipment and supplies or, at our option, we may replace the equipment and supplies. We warrant that any equipment and supplies that we sell to you will meet our specifications for such equipment and supplies. We do not make, nor do we authorize anyone to make on our behalf, any other representations or warranties with respect to equipment and supplies that we offer, sell, or deliver. **We disclaim any and all other warranties, including any implied warranties of merchantabilities and fitness for a particular purpose, with respect to equipment and supplies that we offer, sell, or deliver**

(p) You will be responsible for compliance with all legal requirements relating to the Business. These include requirements imposed by government authorities, including licenses and permits necessary to conduct the Business.

(q) You agree to participate in all programs that we develop for National Accounts and to comply with the guidelines, standards, and rules associated with programs for National Accounts. If you don't participate or comply, we may authorize and permit others to provide products and services to National Accounts within your Territory, without paying any compensation to you.

(r) Subject to the terms and conditions of the Agreement, you have the option, but not the obligation, to offer onsite photography services at specific events, such as sports tournaments, dances (school, social, etc.), camps, family reunions, and corporate functions.

(s) We may send to you, at your expense, equipment, special promotional items and materials, and other items as we consider necessary to implement system-wide programs, to enable you to participate in programs, for general Business improvement, or for compliance with our standards or specifications. We will automatically charge you for such items, and you agree to pay the amount charged. We will charge you our direct costs of such equipment or items, plus a handling fee of no more than 10% of such costs. In no event may we send you equipment or other items under this subsection which would result in annual aggregate charges to you exceeding \$600. We may, at any time after obtaining the approval of at least a majority of our franchisees, increase the maximum annual aggregate charges that we may charge you under this subsection.

11 Minimum Productivity

(a) During the first year of the term of this Agreement, you must submit to CCS digital files and images for photofinishing, print production, or other imaging work in amounts sufficient to generate \$2,400 in fees for CCS for each quarter and a minimum of \$9,600 in fees for CCS for the year. During the second year of the term of this Agreement and each subsequent year of the term of this Agreement, you must submit to CCS digital files and images

for photofinishing, print production, or other imaging work in amounts sufficient to generate \$4,800 in fees for CCS for each month and a minimum of \$19,200 in fees for CCS for each year

(b) Beginning on the second anniversary of opening your Business and continuing on each subsequent anniversary during the term of this Agreement, we may increase the minimum productivity levels for the succeeding 12-month period by a percentage commensurate with the percentage increase in the population of the Territory since the commencement of the preceding 12-month period, but any increase may not exceed 10% of the minimum productivity levels for the preceding 12-month period. Our determination of the percentage increase, if any, will be final and not subject to challenge. If we elect to exercise the right to increase the minimum productivity levels, we will notify you in writing within 45 days of the end of the preceding 12-month period of the new minimum productivity levels for the succeeding 12-month period. On renewal of this Agreement, if any, we may establish new minimum productivity levels based upon such factors as population growth in the Territory since the Effective Date, the minimum fees charged to new franchisees, changes in the franchise system, and such other factors as we consider to be appropriate.

12 Advertising

(a) We may develop and produce sales, marketing, advertising, and promotional materials for TSS Photography® and The Sports Section® to enhance and promote the goodwill of the Marks and the franchise system. We are not under any obligation to develop or produce those materials. If we produce them, we will make them available to you for purchase at prices that include our recoupment of costs, shipping and handling charges and, if we consider it appropriate, a reasonable profit. These may include creative materials, ads for media placement, special brochures, coupons, gift certificates, promotional materials for sweepstakes and contests, point-of-sale materials, and other items.

(b) You are responsible for making sure that any advertising materials we furnish comply with all consumer protection and other laws in the jurisdiction where the Business is located.

(c) You agree to participate in system-wide promotions that we originate. You also agree to participate in system-wide advertising campaigns that we create or approve. These may include online promotions and promotions using electronic media, social media, special applications, or other technological media. We may permit or require that you establish and operate a website or that you participate in our website. We may establish standards that are applicable to the content and use of your website, and you must comply with those standards. We may also establish rules, standards, and guidelines governing internet activity and use, including codes or standards of conduct, privacy standards, security guidelines, truth-in-advertising standards, access and use by minors, and other standards relating to TSS Photography® and The Sports Section businesses generally, the Business, and the Marks, and the franchise system.

(d) We may set up and maintain a fund (the "Marketing Fund") to develop advertising and promotional materials for franchisees. You must make a contribution to the

Marketing Fund on or before the 10th day of each month, unless we waive this requirement in whole or in part. The amount of the contribution varies depending on the amount of the population in your Territory. The amount of the monthly contribution is \$50 if the population in your Territory is less than 100,000, \$100 if the population in your Territory is between 100,000 and 199,999 (inclusive), \$150 if the population in your Territory is between 200,000 and 299,999 (inclusive), and \$175 if the population in your Territory is 300,000 or more. We may increase the monthly contribution, but we may not do so more than once annually, and any increase may not exceed 5% of the previous monthly contribution amount. We reserve the right to determine how the contributions to the Marketing Fund are spent. We may use the Marketing Fund to pay for (i) creative and design services for digital advertising, direct mail, newspaper, magazine, radio, and television advertisements and productions, (ii) creative and design services and actual production of point of sale, video, and other promotional items, (iii) other creative and design services, (iv) market research, (v) website creation, design, and maintenance, (vi) email, electronic media use, social media use, internet use, and electronic communications, (vii) national, regional, and local advertising, and (viii) expenses of marketing, advertising, and public relations firms and agencies, new business development teams, call centers, trade shows, and special events. You acknowledge that all franchisees and licensees will not receive identical benefits from expenditures of the Marketing Fund or any programs that we may direct, administer, promote, or sponsor, especially in view of regional differences in costs, varying degrees of market penetration in different markets, and other relevant factors. Also, we reserve the right to temporarily suspend payment obligations or impose a moratorium on payments to the Marketing Fund at any time.

(e) We may use the Marketing Fund to reimburse ourselves for the reasonable expenses we incur in developing advertising and promotional materials, in obtaining the services of others to develop those materials, or for market research. Our reimbursement may cover reasonable allocations of salaries, administration, and other overhead expenses that are directly related to marketing and advertising programs for the franchise system generally. Our charges will not exceed charges obtainable from independent parties for comparable or similar work or items. We will determine the expenses that will be charged to the Marketing Fund for each calendar year. If amounts paid to the Marketing Fund are more than the expenses of the Marketing Fund during any year, we will use the excess during later calendar years. If expenses for any calendar year are more than payments to the Marketing Fund for the year, then we will first apply excess payments against expenses for previous years, including reimbursing ourselves for any expenses we paid during prior years to cover shortfalls. We will make all decisions concerning expenditures of the Marketing Fund and development of advertising, marketing, and promotional materials using the Marketing Fund. We may provide additional marketing, advertising, and promotional assistance and support, but we are not required to do so and may charge you a fee for any additional assistance and support you request.

(f) We will maintain the Marketing Fund in a separate account. We will send you an annual report of total payments to the Marketing Fund and expenditures of the Marketing Fund in reasonable detail for the prior year. We expressly disclaim that the Marketing Fund is maintained as a trust fund. We reserve the right to discontinue the Marketing Fund at any time. If we do, all amounts previously paid will be utilized in the manner described above until all amounts have been expended.

13 Modifications

(a) The business environment affecting the franchise system is continually changing. We may develop other business activities or modify existing business activities in response to changes in the business environment, including those resulting from changes in business and industry trends, technological advances, e-commerce, expansion into new markets, outcomes of focus groups or other studies, customer preferences, cultural changes, and other factors that may not presently be anticipated. We reserve the right to change or modify the Marks, franchise system concepts, the Confidential Operating Manual, and any proprietary software we require you to use. We may adopt and use new or modified trade names, trademarks, service marks, logos, equipment, software, products, techniques, or concepts. We may add new and different products and discontinue products, or change their names or image. You must at your expense accept and use the changes as if they were part of this Agreement.

(b) If we permit you to participate in any new product or concept test, you agree to do so in compliance with our standards and requirements.

(c) We may co-brand with other businesses. Dual branding may involve changes to the Marks and to the Business. If dual branding occurs, the scope and type of dual branding may vary in different markets. If we elect to conduct dual branding in the market in which your Business is located, we will give you notice regarding the contemplated dual branding. You will be required to implement dual branding at the Business within the time period specified in the notice, and you must at your expense make the modifications necessary to implement the dual branding.

14 Insurance

(a) At your expense, you must maintain during this Agreement insurance protecting you, us, CCS and the officers, directors, managers, and employees of each against any loss, liability, personal injury, death, or property damage or expense arising or occurring on or in connection with the Business, as we may reasonably require. We must be named an additional insured. You must secure the insurance before commencement of business.

(b) The insurance must be written by an insurance company satisfactory to us. At a minimum, it must include comprehensive general liability insurance (including property damage), and personal injury coverage of at least \$1,000,000 per incident or occurrence and at least \$1,000,000 aggregate, workers' compensation, employer's liability insurance, and other insurance that is required by the laws of the state where the Business is located, and vehicle liability insurance with a minimum coverage of \$500,000 per incident or occurrence. The insurance must provide that it will not be cancelled or changed without at least 30 days prior written notice to us. You must furnish us evidence that you have obtained the required insurance before you open for business, each year afterwards, and at any other time that you change carriers or coverage.

15 Transferability of Interest

(a) We may assign this Agreement to a third party who, in our sole judgment, is capable of performing our obligations under this Agreement in a reasonably competent manner. If we do, it will be binding on you and on your heirs, successors, and assigns, and on our assignee.

(b) You acknowledge that our concept and system depend on the business qualifications, financial capabilities, managerial abilities, service orientation, and integrity of our franchisees. The success of the Business and the system is dependent on our franchisees. We do not allow franchisees to voluntarily and unconditionally sell, assign, and transfer their franchise and rights to operate a Business without our approval, nor do we permit involuntary transfers of the franchise and rights to operate a Business. You, therefore, agree not to sell, assign, transfer, lease, or sublicense your franchise of the Business or any of your rights under this Agreement without our prior written consent. We will not unreasonably withhold our consent, if all of these conditions and qualifications are satisfied.

(i) You must give us at least 30 days advance written notice, stating that you plan to sell or assign your franchise and rights under this Agreement. In the notice, you must give us the name, address, telephone number, email address, and other contact information of the proposed purchaser or assignee. You must furnish us a fully completed copy of the signed contract for sale.

(ii) You may not sell or assign your franchise and rights under this Agreement before you open for business. The proposed sale or assignment must involve the complete disposition of the franchise. You must release and relinquish the franchise and all of your rights under this Agreement in writing.

(iii) You must return all Confidential Operating Manuals and other confidential materials and items.

(iv) The proposed purchaser or assignee must meet all of our standards and criteria for qualifying as a franchisee. We must be satisfied that the proposed purchaser or assignee will be able to satisfy any obligations relating to the purchase (including payment of the purchase price) and still derive a reasonable profit from the Business. The proposed purchaser or assignee must submit to us a business plan, including pro forma profit and loss and cash flow projections, and demonstrate to our reasonable satisfaction that the proposed purchaser can operate the Business profitably.

(v) The proposed purchaser or assignee must have a net worth that we find satisfactory to evidence financial responsibility for the Business. This must be supported by financial statements that we approve. The proposed assignee must certify them to be true and complete.

(vi) Any proposed purchaser or assignee engaged in competition with us, if approved, must not continue to engage in competition with us, unless we provide a specific written exception.

(vii) The proposed purchaser or assignee must meet with us, complete any requested interviews with us, and personally demonstrate the ability to operate the Business to our satisfaction

(viii) The proposed purchaser or assignee must satisfy all of the other requirements and conditions that we may then require of franchisees. These include successful completion of training programs

(ix) The proposed purchaser or assignee must sign the then-current franchise agreement and all other ancillary documents that we are using at that time. Also, all principals of the proposed purchaser or assignee must sign guaranties of the purchaser's or assignee's obligations under the franchise agreement

(x) You must not be in default under this Agreement at the time of the proposed sale or assignment. If you are in default, either you or the proposed purchaser or assignee must remedy the default (including any default in payment of any amounts you owe to CCS and any of our affiliates) before the sale or assignment

(xi) Either you or the proposed purchaser or assignee must have fully paid to us a transfer fee equal in the amount of \$5,000 (if the proposed transferee is an existing franchisee of ours) or \$10,000 (if the proposed transferee is not an existing franchisee of ours), unless we waive all or part of the payment

(xii) If we agree to release you or anyone else from any liability or obligations under this Agreement or under a guaranty, you and each person that is released must also give us an unconditional, general release of any and all claims they may have against us and our affiliates

You must submit all required information to us in a timely manner. We will act promptly in considering any request and in giving any approvals or disapprovals

(c) You agree to notify us if there is any change or planned change in ownership of a franchisee that is a corporation, limited liability company, partnership or other business enterprise. You will not permit a change in ownership, including any sale of shares or of any membership or partnership interest, without our prior written consent. We will not unreasonably withhold our consent, if all of these conditions and qualifications are satisfied

(i) You must not be in default under this Agreement at the time of the proposed sale or assignment. If you are in default, you must remedy the default (including any default in payment of any amounts you owe to CCS and any of our affiliates) before the change in ownership

(ii) You must furnish us documentation relating to the transaction that we reasonably request

(iii) Each purchaser or transferee of shares or other equity interest must satisfy our qualifications and requirements for Business owners and must furnish us a signed guaranty of the Franchise Agreement for the Business. The requirements include those listed above in subsections (b)(iv), (v), (vi), and (viii), unless we waive any of them.

(iv) If the change involves a sale of shares or other equity interests, the selling equity owner must confirm the continuing validity and applicability of the covenant not to compete, non-solicitation, confidentiality, and dispute resolution provisions and obligations under this Agreement. Regardless of any confirmation of those provisions or refusal to confirm them, those provisions will continue in effect.

(v) If we agree to release the selling equity owner from any liability or obligations under this Agreement or under a guaranty, each person that is released must also give us an unconditional general release of any and all claims they may have against us and our affiliates.

We will not consider that a change in control occurred if the parties listed on Exhibit C to this Agreement continue to own, beneficially and of record, a majority of the equity ownership of a franchisee that is a corporation, limited liability company, partnership, or other business enterprise, and they remain in your direct managerial and operational control and day-to-day supervision of the Business. If there is any change in ownership or control, you must promptly give us notice of the change.

We may, in our sole discretion and depending on all of the applicable circumstances, waive any of the above conditions and qualifications, especially for transfers among original shareholders or equity owners, transfers to trusts created for the benefit of a spouse or children, and transfers to family members.

(d) You acknowledge that we have legitimate reasons to evaluate any transaction or proposed transaction relating to the sale or transfer of the Business or a change of ownership. Additionally, you recognize that we have legitimate reasons to find out about and evaluate the qualifications of potential purchasers, assignees, and transferees. You agree that we may contact a proposed purchaser, assignee, or transferee to analyze and evaluate the terms of the proposed transaction and to discuss the proposed transaction, including financial aspects, operations of your Business, the qualifications and capabilities of the proposed purchaser, assignee, or transferee, any differences of opinion that we may have regarding the proposed transaction or operations of your Business, and other matters that we consider appropriate. You understand that we may withhold our consent and disapprove a purchaser, assignee, or transferee that we believe is not qualified or that does not satisfy our criteria for franchisees, or any transaction that we determine in good faith is suspect, is not viable, or is economically questionable.

(e) On our request, you will send us lists of all shareholders, directors, officers, members, partners, and equity owners of a corporation, limited liability company, partnership, or other business enterprise that is a franchisee, including ownership interests of each.

16 Default and Termination

(a) You will be in default, and all of your rights under this Agreement will terminate immediately, without notice, in each of these events

(i) You file a voluntary petition for bankruptcy or reorganization

(ii) You make an assignment for the benefit of creditors, or you become insolvent, or a receiver or trustee is appointed for your business or assets

(iii) You voluntarily abandon the Business, fail to continuously operate the Business, or close the Business without an intention to resume normal and usual operations in the ordinary course of business

(iv) You refuse to permit us to inspect the Business or your books and records as required in this Agreement

(v) You or your principal owners or managers are convicted of a felony or other crime which, in our judgment, impairs the goodwill associated with the Marks

(vi) Except as specifically provided in this Agreement, you attempt to transfer any of your rights under this Agreement without our prior written consent

(vii) You are a corporation, limited liability company, partnership, or other business enterprise, and there is any change in your ownership or control, unless we specifically give written consent to the change as provided in this Agreement, or you fail to disclose to us the identity and ownership interest of all owners of the corporation, limited liability company, partnership, or other business enterprise that is the franchisee under this Agreement, or you provide false, misleading, or inaccurate information regarding the ownership of the corporation, limited liability company, partnership, or other business enterprise that is the franchisee under this Agreement

(viii) You or any of your affiliates (or any other person bound by the provisions of this Agreement relating to noncompetition, non-solicitation, and maintaining confidentiality of trade secrets and other confidential information) directly or indirectly engage in a photography business, other than the Business, or participate in any other business in competition with us

(ix) You offer or sell any counterfeit product in the Business, including any print, portrait, CD, or downloaded image using unauthorized trademarks or manufactured or produced by a color lab that we have not approved

(x) You repeatedly default under this Agreement "Repeatedly" means that you have defaulted three or more times under any provision of subsections (a) or (b) of this section in any 12-month period, regardless of whether notice of default was given, and regardless of whether any of the previous defaults were corrected or remedied

(b) In addition to the reasons for termination in subsection (a), if you violate any provision of this Agreement and do not correct or remedy the situation within 30 days after we send you written notice, then in addition to all other remedies we may have, we may immediately terminate this Agreement. Each of the following is a default and violation of this Agreement:

(i) You do not punctually pay any amounts that you owe us or any of our affiliates, including CCS, under this Agreement, any other agreement, or any account, or you do not punctually pay any amounts that you owe any approved color lab or supplier we have designated, and that approved color lab or supplier threatens or refuses to do business with us or our franchisees.

(ii) You do not comply with any provision of this Agreement, or you carry out this Agreement in bad faith.

(iii) You do not pay any amounts that you owe to your employees, taxing authorities, trade creditors, vendors, lenders, or any other creditor, or any of your trade creditors or vendors withdraw or threaten to withdraw the normal trade terms with us or any of our affiliates.

(iv) You default under any other agreement or contract that you have with us or any of our affiliates.

(v) You do not complete any required training programs.

(vi) You commit any act that in our judgment may reasonably be expected to materially impair the goodwill associated with the Marks.

(c) If the periods in this Agreement provide for periods of notice that are less than those required by applicable law or provide for termination, cancellation, or nonrenewal other than in accordance with applicable law, then the provisions will, to the extent they are not in accordance with applicable law, not be effective, and we will comply with applicable law in each of these matters.

(d) If we materially breach this Agreement and do not correct or remedy the situation within 30 days after you send us written notice describing the breach in reasonable detail, you may terminate this Agreement.

17 Rights and Duties Upon Termination

(a) On termination of this Agreement:

(i) You must promptly pay us and CCS all that you owe to each of us. The payment must include all damages, costs, and expenses, including reasonable attorneys' fees, that may be incurred because of your default, regardless of whether the default occurred before or

after termination. Also, the payment must include all costs and expenses, including reasonable attorneys' fees, that are incurred in obtaining injunctive or other relief to enforce this Agreement.

(ii) You must promptly pay any approved color labs and other suppliers that we designate all that you owe each of them.

(iii) Your right to operate as a franchisee will immediately, absolutely, and unconditionally cease.

(iv) Your right to use the Marks and any trade names, trademarks, service marks, brand names, slogans, commercial symbols, logo, trade secrets, and components of the franchise system that we own will immediately, absolutely, and unconditionally cease.

(v) You must stop using the names "TSS Photography," "The Sports Section," any combination of those names, any deceptively similar names, and any of our Marks. You must assign to us all rights to the telephone number and listings for the Business. Also, you must return the entire Confidential Operating Manual, all software, operating guides, and other confidential information.

(vi) You must cancel any assumed name or similar registrations that contain the name "TSS Photography" or "The Sports Section."

(b) You must give us evidence that we find satisfactory that you have complied with the obligations under subsection (a) within ten days after termination of this Agreement. If you do not comply with those requirements, we may at your expense take action to ensure compliance. Also, we will be entitled to injunctive or other similar relief, without bond, against you or any other person bound by this Agreement in order to enforce compliance.

(c) Also, we may notify approved color labs and other approved suppliers of our action and notify them that you are or will be no longer authorized to purchase prints or other products bearing the Marks, and that sales of such products to you must be discontinued.

(d) Our rights and remedies are not exclusive of any other rights and remedies we may have. They are cumulative of every other right and remedy.

18 Noncompetition and Confidentiality

(a) During the term of this Agreement and continuing for a period of 12 consecutive months following termination, you will not, directly or indirectly, within the Territory or within the designated trade area of any of our other franchisees (except as one of our franchisees) engage in the business of photographing individuals or groups participating in youth sports or special events, or market for sale or sell still, videographic, or digital images, targeted for, aimed at, or designed for individuals or groups participating in youth sports or special events. Also during such times you will not, directly or indirectly, induce or advise any customer to stop doing business with TSS Photography® or The Sports Section®, solicit any customer of the Business or of TSS Photography® to do business with anyone else, divert or attempt to divert

any business or customer of the Business to any competitor, adversely impair relations with any vendors, make disparaging remarks about TSS Photography® or The Sports Section®, or do anything injurious or prejudicial to the goodwill associated with the Marks

(b) The remedy at law for any breach of this section is and will be inadequate, and in the event of a breach or threatened breach by you, we will be entitled to an injunction restraining you from any breach or threatened breach. We may also pursue any other remedies available for breach or threatened breach, including the recovery of damages. If you violate this Agreement, the running of the time period of the provisions that are violated, insofar as they relate to you, will be automatically suspended upon the date of the violation and will resume on the date you permanently cease the violation. The dispute resolution provisions of this Agreement will not limit or restrict our ability to seek and obtain injunctive relief from any court.

(c) The provisions of this section consist of a series of separate covenants. You agree that the character, duration, and geographical scope of these provisions are reasonable. If, however, in any judicial proceeding, a court refuses to enforce all of the separate covenants included in this section because they are more extensive than necessary to assure us of the intended benefit of this Agreement, then those covenants that, if eliminated, would permit the remaining separate covenants to be enforced in the proceeding shall be deemed eliminated from this Agreement. Additionally, the court is authorized to reform such provisions in a manner to impose only those restrictions that are reasonable in light of the circumstances as they then exist and as are necessary to assure us of the intended benefit of this Agreement.

(d) If any of the provisions of this section contravene or are invalid or unenforceable under the laws of any jurisdiction, then the contravention, invalidity, or unenforceability will not invalidate the other provisions of this Agreement, and this Agreement will be construed, insofar as the laws of such jurisdiction are concerned, as not containing the provisions which contravene or are invalid or unenforceable under the laws of that jurisdiction.

19 Independent Contractor

(a) This Agreement does not create a partnership, joint venture, or the relationships of employer and employee or of principal and agent between us and you. You are an independent contractor. You are not authorized to make any contract, agreement, or representation on our behalf, or to create any obligation on our behalf. You must prominently display statements and notices at your Business, on your marketing materials, and on other documentation that clearly and conspicuously state that you independently own and operate the Business as one of our franchisees.

(b) Neither we nor any of our affiliated companies will be liable for any of your acts, omissions, debts, or other obligations. You agree to indemnify us and our affiliated companies and each of their officers, directors, managers, and employees against any claims, legal proceedings, investigations, damages, costs, and expenses, and the cost of defending them, if they arise directly or indirectly from, or as a result of, your operation of the Business. Your indemnification does not apply to acts or omissions involving our gross negligence or intentional misconduct.

20 Patriot Act You represent, warrant, and certify to us that neither you nor any of your directors, officers, shareholders, partners, managers, members, employees, or agents, nor any of your affiliates or their directors, officers, shareholders, partners, managers, members, employees, or agents, nor any other direct or indirect interest holder of any of the preceding (a) are or have been listed on any Government Lists, (b) are or have been determined by any competent authority to be subject to the prohibitions contained in Presidential Executive Order No 13224 (Sept 23, 2001), or any other similar prohibitions contained in the rules and regulations of the Office of Foreign Assets Control, United States Department of the Treasury ("OFAC") or in any related enabling legislation or other Presidential Executive Orders, (c) have been indicted for or convicted of any felony involving a crime or crimes of moral turpitude or for any offenses under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "Patriot Act"), (d) are or have been under investigation by any governmental authority (as defined below) for alleged criminal activity, or (e) have or have had a reputation in the community for criminal or unethical behavior "Government Lists" means the "Specially Designated Nationals and Blocked Persons List" maintained by OFAC, any other list of terrorists, terrorist organizations, or narcotics traffickers maintained pursuant to any of the Rules and Regulations of OFAC, or any similar list maintained by the United States Department of State, the United States Department of Commerce, or any other governmental authority, or pursuant to any Executive Order of the President of the United States

21 Non-Waiver If we do not insist on your strict compliance with any obligation or condition of this Agreement, it will not be a waiver of our right to require strict compliance later Our customs and practices also will not be considered as a waiver of our right to require strict compliance with this Agreement We will not be bound by a waiver of any particular default by you, unless we sign a waiver If we accept any payment from you after you default, it will not be considered to be a waiver of the default We retain the right, in our sole discretion, to waive, defer, or permit variations from the standards of our system or this Agreement to any franchisee or prospective franchisee based on the peculiarities of a particular site or configuration, population density, business potential, trade area characteristics, special circumstance, or other condition We have the right, in our sole discretion, to deny any such requests that we believe would not be in the best interests of the franchise system

22 Confidentiality You must keep all trade secrets and other proprietary information that we or any of our affiliated companies make available to you or that any other franchisee gives you strictly confidential This includes marketing plans and strategies, pricing and pricing strategies, finances and financial information, sales, manuals, operating guidelines, training and training methods, methods of operation, competition, equipment and operational requirements, computer software, customer service requirements and standards, and other information You must return all confidential items when this Agreement terminates Also, you must require each of your employees to keep our trade secrets and proprietary information strictly confidential and require them to sign an employee confidentiality and non-solicitation agreement that we find acceptable

23 Non-Solicitation of Employees

(a) During this Agreement and for one year after it terminates, you must not (i) employ, directly or indirectly, either individually or through any corporation, firm, or other entity, any of our employees, any employee of our affiliated companies, or any employee of any of our other franchisees, (ii) solicit any of our employees, any employee of our affiliated companies, or any employee of any of our other franchisees, to terminate employment with us, any of our affiliated companies, or any other franchisee or to become your employee. Under this section, an employee means any current employee. It also includes any person who has left our employ or the employ of an affiliated company or any other franchisee within 60 days of the date you offer employment to the person. If you breach this provision, the damages will not be certain and would be difficult to determine. Therefore, if you breach this provision, you must pay us, our affiliated company, or the other franchisee, as the case may be, in full, before the employee begins working for you, an amount equal to the employee's total compensation for six months, using the employee's compensation as of the date of termination of employment with us, our affiliated company, or the other franchisee. Also, you must permit the employee to stay employed by us, our affiliated company, or the other franchisee, as the case may be, for at least 60 days, if we request. You agree that this amount is reasonable, and it is not a penalty. We will also be able to exercise any other rights or remedies available to us if you breach this provision. Our franchisees are intended beneficiaries of this section.

(b) One of the principal purposes of this provision is to encourage franchisees to bring their management and other employees to seminars, meetings, workshops, and programs that we sponsor for franchisees generally. In addition to encouraging franchisees to bring their employees to participate, we frequently encourage them to permit their employees to conduct educational, informational, or training sessions for franchisees. We discourage franchisees from soliciting the employees of other franchisees. Otherwise, franchisees may become unwilling to bring them, which adversely affects the franchise system generally, and we lose the benefit of their knowledge, information, advice, recommendations, and participation. You understand that this is an important and material part of this Agreement that protects and benefits you, us, our affiliates, and other franchisees. You agree that you will not do anything to encourage or influence our employees or employees of other franchisees to leave their employ to become employed by you. You also agree that a violation of this section is disruptive to the franchise system and, taking that into account, that you will strictly comply with the provisions of this section.

24 Offerings If you offer or sell securities, the prospectus, offering circular, or other documents you use in the offering must conspicuously state

Neither TSS Photography, LLC nor any of its affiliates is directly or indirectly the issuer of the securities offered in this document. Neither TSS Photography, LLC nor any of its affiliates assumes any responsibility with respect to this offering or the accuracy or adequacy of the information set forth in this document, including any statements made. Neither TSS Photography, LLC nor any of its affiliates endorses or makes any recommendation with respect to the investment contemplated by this offering.

You agree to indemnify us, our affiliated companies, and each of their officers, directors, managers, and employees from any liability arising from or relating to your offer or sale of securities. Any sale will be subject to the other provisions of this Agreement.

25 Interest on Late Payments Any amounts, fees, or charges that you owe us or CCS under this Agreement will bear interest after the due date at a rate equal to the lower of 1½% per month or the highest rate of interest permitted by applicable law.

26 Cost of Enforcement or Defense If we are required to retain an attorney or spend any money to enforce this Agreement or to defend against any claim because you do not perform any of your obligations under this Agreement, we will be entitled to recover reasonable attorneys' fees and other expenses in enforcing the obligation or in defending against the claim.

27 Consents and Approvals No consent or approval requested of us may be given (and it will not be binding on us), and no claim that we waived any of your responsibilities or obligations will be binding on us, unless it is in writing and signed by one of our senior executives.

28 Notices All notices or other communications required or permitted to be given under this Agreement must be in writing. They will be considered to have been delivered when (a) deposited in the United States first class mail, with postage prepaid, or (b) transmitted electronically to the addresses shown below. Either of us may change the addresses for notices by written notice to the other given in accordance with this section.

29 Applicable Law This Agreement will be governed by, and construed in accordance with, Oklahoma law, except to the extent governed by federal trademark laws, the Federal Arbitration Act, or other U.S. federal laws.

30 Severability and Interpretation

(a) Each part of this Agreement is severable. If any part is determined to be illegal, invalid, or unenforceable, it will not affect the other parts of this Agreement, and the other parts will continue to be binding. If we determine that a finding of illegality, invalidity, or unenforceability adversely affects the basic consideration of this Agreement, we may at our option terminate this Agreement.

(b) This Agreement does not give anyone other than you and us any rights or remedies, except as specifically provided in this Agreement.

(c) Words of any gender used in this Agreement are intended to include any other gender, and words in the singular number include the plural, and vice versa, unless the context clearly indicates otherwise.

(d) This Agreement may be signed in counterparts. All signed copies will be the same agreement.

(e) We have made an effort to use plain language in this Agreement. If you don't understand it, please ask us. We encourage you to hire a lawyer to help you. If any part of it is ambiguous, you agree that it will not be interpreted against us since we made reasonable efforts to write it in plain language. Instead, any ambiguous provision will be interpreted fairly to take into account our mutual intent.

(f) You acknowledge that, over time, we have entered into, and will continue to enter into, agreements with other franchisees that may contain provisions, conditions, and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that we and other franchisees may have different rights and obligations does not affect your obligation to comply with this Agreement.

(g) References to "you" include all persons who succeed to your interest by transfer or operation of law. References to "you" also include not only the individual or entity identified at the beginning of this Agreement, but also include all shareholders, directors, and officers of a corporation that signs this Agreement (if the franchisee is a corporation), members and managers of a limited liability company that signs this Agreement (if the franchisee is a limited liability company), and all partners of a partnership that signs this Agreement (if the franchisee is a partnership). By their signatures below, all shareholders, officers, directors, members, managers, and partners accept the duties and obligations imposed upon each of them, individually, by this Agreement.

31 Joint and Several Obligations, Guaranty If more than one person is identified as the franchisee, the obligations of each person identified as the franchisee under this Agreement are joint and several. If you are a corporation, limited liability company or other entity, all of your officers, directors and holders of a legal or beneficial interest of 5% or more must execute a Personal Guaranty and Assumption Agreement in substantially the form attached as Exhibit B under which, among other matters, they must jointly and severally guarantee your payment and performance under this Agreement. Any other persons providing substantial capital for your operations must also execute a Personal Guaranty and Assumption Agreement. We reserve the right to require any guarantor to provide personal financial statements at any time upon request.

32 Dispute Resolution Procedures

(a) Negotiation between Senior Executives Both of us will attempt to resolve any controversy, claim, or dispute arising out of or relating to this Agreement or the interpretation, performance, breach, termination, enforceability, validity of, or arbitrability of any issue under this Agreement, or relating in any way to the Business or your operation of the Business (including any controversy, claim, or dispute involving CCS, any other affiliated company, and each of our directors, officers, managers, employees, agents, or representatives) (a "Dispute") promptly by negotiation between senior executives of our organizations who have authority to settle the Dispute ("Senior Executives"). Either one of us may give the other written notice ("Dispute Notice") of any Dispute that has not been resolved in the ordinary course of business. Within 15 days after delivery of the Dispute Notice, the receiving party must give to the other a written response ("Response"). The Dispute Notice and the Response must include (i) a statement describing the position of the party giving the Dispute Notice and the Response, and a summary of arguments supporting such position, and (ii) the name of the Senior Executive

and any other persons who will accompany the Senior Executive at the meeting at which the parties will attempt to resolve the Dispute. Within 30 days after delivery of the Dispute Notice, the Senior Executives will meet at a mutually acceptable time and place, and then as often as they reasonably consider necessary, to attempt to resolve the Dispute. All reasonable requests for information made by one party to the other will be honored. If the Dispute has not been resolved within 60 days after delivery of the Dispute Notice, or if the Senior Executives do not meet within 30 days after delivery of the Dispute Notice, either party may initiate mediation of the Dispute. All negotiations under this section shall be treated as compromise and settlement negotiations.

(b) Mediation If the Dispute has not been resolved by negotiation, each of us will make a good faith attempt to settle the Dispute by mediation under the provisions of this section before resorting to arbitration, litigation or any other dispute resolution procedure. The mediation will be conducted in Oklahoma City, Oklahoma, in accordance with the rules for mediation of the American Arbitration Association. Within 30 days after the mediator has been selected, Senior Executives of each party will meet with the mediator for at least one mediation session. If the Dispute cannot be settled at that mediation session or at any mutually agreed continuation of that mediation session, either party may give the other party and the mediator a written notice declaring the mediation process at an end, in which event the Dispute will then be resolved by arbitration. All conferences and discussions that occur in connection with the mediation conducted under this Agreement will be deemed settlement discussions. Each party will bear its own costs of mediation, and any costs payable to the mediation service or the mediator will be shared equally by you and us.

(c) Arbitration

(i) If the Dispute has not been resolved by negotiation or mediation, then except as otherwise provided in this section, the Dispute will be determined by arbitration in Oklahoma City, Oklahoma, in accordance with the rules for arbitration of the American Arbitration Association (subject to the additional provisions of this section relating to arbitration) by one arbitrator. If, however, the Dispute involves a claim or counterclaim in excess of \$500,000, three arbitrators will be appointed. Any issue concerning whether or the extent to which the Dispute is subject to the arbitration and other dispute resolution provisions of this Agreement, including issues relating to the validity or enforceability of these arbitration provisions, will be decided by the arbitrator. Arbitration will be undertaken pursuant to the Federal Arbitration Act, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(ii) Each of us will provide the other with copies of non-privileged documents relevant to the issues raised in the arbitration. Depositions will not be permitted, unless ordered by the arbitrator. Other discovery may be ordered by the arbitrator to the extent that the arbitrator may consider additional discovery relevant and appropriate. Any dispute regarding discovery will be determined by the arbitrator, and the determination will be final. The arbitration hearing need not be conducted strictly according to rules of law relating to the examination of witnesses or presentation of evidence, and the parties may present evidence determined to be relevant by the arbitrator, regardless of its inadmissibility in a court of law.

Disputes involving different franchisees may not be consolidated into a single arbitration proceeding without our prior written consent

(iii) Consolidated or class action arbitration proceedings will not be permitted. If a court of competent jurisdiction refuses to enforce this prohibition on consolidated or class action arbitration proceedings for any reason: (A) the decision whether an arbitration proceeding should be certified as a class may not be made by an arbitrator, but instead must be made by a court of competent jurisdiction, and (B) if a court of competent jurisdiction determines that the claims may proceed as a class action, any such class claims may not proceed in arbitration and must instead be pursued in a court of competent jurisdiction. If a court of competent jurisdiction disregards or does not enforce the prohibition on class action arbitration proceedings, certifies the claims as a class, and refuses to enforce subsection (B) of this section by allowing the class claims to proceed in arbitration, then the following rules will apply: (1) the class action Dispute will be determined by three arbitrators, (2) the arbitrator may not award damages in excess of compensatory damages, and each party irrevocably waives any right to recover punitive, special, or consequential damages in any class action Dispute, (3) if the amount of the class action arbitration claims do not exceed \$1,000,000 in the aggregate for all members of the class, then the class action proceeding may not be maintained or continue, (4) all members of the class must be given notice of the class action arbitration proceeding and affirmatively "opt in" to the class if they want to be a part of the class action arbitration proceeding, (5) the representative of the class must be a franchise owner and must be a suitable representative of the entire class, and (6) the final arbitration ruling will be subject to full appellate review as if the decision had been made by a court of competent jurisdiction.

(iv) The arbitrator may not award damages in excess of compensatory damages, and each party irrevocably waives any right to recover punitive damages in any Dispute. All expenses and fees of the arbitrator, expenses for hearing facilities and other expenses of the arbitration will be allocated and assessed by the arbitrator. The prevailing party in the arbitration may recover attorneys' fees.

(v) Any provisional remedy that would be available from a court of law will be available from the arbitrator pending arbitration of the Dispute. Either party may apply to the arbitrator seeking injunctive or other interim relief, and the arbitrator may take whatever injunctive or other interim measures they deem necessary concerning the subject matter of the Dispute, including measures to maintain the status quo or safeguard any rights or property that is the subject matter of the arbitration, until such time as the arbitration award is rendered or the Dispute is resolved. Also, before the arbitrator has been selected, either party may seek from any court having jurisdiction any interim, provisional, or injunctive relief that may be necessary to protect the rights or property of any party or maintain the status quo before, during or after the pendency of the arbitration proceeding. The institution and maintenance of any judicial action or proceeding for any such interim, provisional, or injunctive relief will not constitute a waiver of the right or obligation of either party to submit the Dispute to arbitration, including any claims or disputes arising from the exercise of such interim, provisional, or injunctive relief.

33 Caveat The success of the Business is speculative and depends, to a significant extent, upon your efforts and ability as an independent business owner. Your active participation

in the daily affairs of the Business, as well as other factors, will affect the success of the business. We do not make any representation or warranty, expressed or implied, as to the success of the Business. You must make your own independent investigation of our operations.

34 Fair Dealing You acknowledge that in operating the franchise system, we deal with a number of different franchisees, vendors, suppliers, photography businesses, marketing firms, consultants, and others. You recognize that in managing, operating, and maintaining the franchise system we are continually evaluating marketing concepts, market dynamics, photography, system improvements, and a host of other factors that affect or contribute to the success of the franchise system. We undertake to treat our franchisees fairly, which may not necessarily result in equal treatment to every franchisee in every instance. You agree that in making decisions regarding this Agreement with you and your operation of the Business, we might make decisions that you do not fully condone or that you might not fully approve. You agree, nonetheless, that as long as we act in good faith and in a manner in which we reasonably believe to serve the best interests of the franchise system generally, including our interest as franchisor and the interests of franchisees, our decisions, actions, and dealings will be considered to be fair.

35 Control During Crisis Situation If an event occurs that has or, in our judgment, may cause harm or injury to customers or employees or adversely affect the image or reputation of the franchise system or the Marks (such as customer abuse, natural disasters, and violent crimes) (collectively "Crisis Situations"), you will (a) immediately contact appropriate authorities and emergency care providers to assist in addressing the harm or injury, and (b) immediately inform us of the Crisis Situation. You must refrain from making any internal or external announcements, including communications with the news media, regarding the Crisis Situation. To the extent we consider it appropriate, we may control the manner in which the Crisis Situation is handled, including conducting all communications with the news media, providing or arranging care or assistance for injured persons, or even temporarily closing the Business. You acknowledge that, in directing the management of any Crisis Situation, we may engage the services of attorneys, experts, public relations firms, and other professionals as we consider appropriate. You and your employees must cooperate fully with us in these efforts and activities and will be bound by all further Crisis Situation procedures we may develop. The indemnification provisions of this Agreement will include any and all expenses we may incur from our exercise of rights in this section.

36 Entire Agreement This Agreement and our Franchise Disclosure Document (including all attached exhibits and amendments) is our entire agreement concerning the franchise for the Business. This Agreement and our Franchise Disclosure Document supersede any prior or contemporaneous oral or written agreements or representations. This Agreement may not be modified or amended except by a written agreement that is signed by both you and us. There are no conditions, representations, warranties, undertakings, promises, or inducements, whether direct, indirect, collateral, expressed or implied, made by us to you, except as provided in this Agreement or our Franchise Disclosure Document. Nothing in this or any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

This Agreement will be effective on the date we accept and sign it.

(Name of Franchisee)

By _____
(Authorized Signature)

Date _____

Address

Email _____

(Name of Franchisee)

By _____
(Authorized Signature)

Date _____

Address

Email _____

Scheduled opening date _____, 20____

Accepted on _____, 20____
Oklahoma City, Oklahoma

TSS Photography, LLC

By _____

Address
1300 Metropolitan Avenue
Oklahoma City, OK 73108

Email _____

Territory

Exhibit A

Exhibit B

Personal Guaranty and Assumption Agreement

To TSS Photography, LLC

For value received, the undersigned (jointly and severally called "Guarantors") represent and warrant that they are all of the shareholders, members, or partners of the franchisee identified in the Franchise Agreement ("Franchisee") or who otherwise have a direct or indirect beneficial interest in the success of Franchisee. To induce you to enter into the Franchise Agreement, each of the Guarantors agrees to be bound by all provisions of the Franchise Agreement, including all provisions which purport to be binding upon the Guarantors as shareholders, members, or partners of Franchisee. Each of the Guarantors specifically agrees to comply with and be bound by the provisions of the Franchise Agreement relating to confidentiality, restrictions on competition, non-solicitation of customers and employees, and dispute resolution procedures, and acknowledges that such provisions are acceptable and reasonable. Each of the Guarantors unconditionally and absolutely guarantees the due and punctual payment and performance by Franchisee of all obligations of Franchisee under the Franchise Agreement, as well as the due and punctual payment and performance by Franchisee of all obligations to Candid Color Systems, Inc. This Guaranty is specifically intended to benefit Candid Color Systems, Inc., which may also enforce this Guaranty jointly with, or independently of TSS Photography, LLC.

This Guaranty shall remain in effect so long as any obligation under the Franchise Agreement or any obligation of Franchisee guaranteed herein remains unperformed or unsatisfied. To the extent any provisions of the Franchise Agreement survive its termination, this Guaranty shall likewise survive its termination.

The Guarantors jointly and severally waive diligence, protest, notice, demand for payment, extensions of time, notice of acceptance of this Guaranty, and indulgences and notices of every kind and nature and consent to any and all forbearances and extensions of time for payment of any amounts owing under the Franchise Agreement. This Guaranty may be enforced without first resorting to or exhausting any other security or collateral or without first having recourse against the Franchisee, to collection proceedings or otherwise.

The liability under this Guaranty shall not be released, diminished, impaired, reduced, or affected by (i) the taking or accepting of any other security or guaranty for the performance of any or all obligations under the Franchise Agreement, (ii) any release, surrender, exchange, subordination, or loss of any security at any time existing in connection with the performance of any obligations under the Franchise Agreement, (iii) any partial release of the liability of any other Guarantor under this Guaranty or under any other instrument executed in connection with or as security for the performance by Franchisee of its obligations under the Franchise Agreement, (iv) the death, insolvency, bankruptcy, dissolution, liquidation, or disability of any of the Guarantors or any other party at any time liable for the performance of any or all of the obligations under the Franchise Agreement, whether now existing or hereafter occurring, (v) any renewal, extension, or rearrangement of any or all of the indebtedness that may be or become due and owing under the Franchise Agreement, (vi) your neglect, delay, omission, failure, or refusal to take or prosecute any action against Franchisee relating to its performance or nonperformance of its obligations under the Franchise Agreement.

You and Candid Color Systems, Inc may each separately enforce this Guaranty directly against any of the Guarantors without the joinder of any other party or parties and without first having sought relief against the Franchisee or any other party or parties

This Guaranty shall be governed by, and construed in accordance with, Oklahoma law If more than one person is Guarantor, the liability of each Guarantor shall be joint and several

The Guarantors understand and agree that they will not be relieved of any of their obligations under this Guaranty by reason of any permitted sale or other disposition of all or any part of their interest in Franchisee or by any act of any kind or character, other than the full payment and performance by Franchisee of all obligations guaranteed

The Guarantors have executed and delivered this Guaranty contemporaneously with the execution of the Franchise Agreement by Franchisee

(Signature)

Address

(Signature)

Address

(Signature)

Address

Parties in Control

(Beneficially, of Record, and of Operations)

<u>Name</u>	<u>Percentage Interest</u>	<u>Share</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

EXHIBIT B
TO
TSS PHOTOGRAPHY, LLC
FRANCHISE DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS OF FRANCHISOR

EXHIBIT C
TO
TSS PHOTOGRAPHY, LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE-SPECIFIC ADDENDA TO THE
FRANCHISE DISCLOSURE DOCUMENT

ADDENDUM REQUIRED BY THE STATE OF CALIFORNIA

CALIFORNIA CORPORATIONS CODE SECTION 31125 REQUIRES THAT THE FRANCHISOR GIVE THE FRANCHISEE A DISCLOSURE DOCUMENT APPROVED BY THE DEPARTMENT OF BUSINESS OVERSIGHT PRIOR TO A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE

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

Neither we nor any person or franchise broker identified in Item 2 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 these persons from membership in that association or exchange

The California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer and non-renewal of a franchise If the franchise agreement contains a provision that is inconsistent with the law, the law will control

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

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

THE FRANCHISE AGREEMENT REQUIRES APPLICATION OF THE LAW OF OKLAHOMA AND A FORUM OF OKLAHOMA CITY, OKLAHOMA THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW

The Franchise Agreement requires the parties to resolve their disputes through non-binding mediation and, if necessary, litigation The mediation and litigation will occur in Oklahoma City, Oklahoma, and you must reimburse us our costs if we prevail in any litigation proceeding 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

Regarding our website, www.tssphotography.com, please note the following

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

The second paragraph on the cover page of the Franchise Disclosure Document is amended to add the following sentence at the end of the paragraph

All initial fees and payments payable to TSS Photography or its affiliates shall be deferred until such time as TSS Photography has completed its initial obligations to the franchisee and the franchisee has begun operations of the TSS Photography franchise

Item 5 of the Franchise Disclosure Document

(a) Notwithstanding Item 5 – Initial Deposit – of the Franchise Disclosure Document, you are not required to pay us any deposit in order to reserve the territory you want to purchase

(b) Item 5 – Initial Franchise Fee – of the Franchise Disclosure Document is amended and restated in its entirety as follows

Initial Franchise Fee

You must pay an initial franchise fee in the amount of \$7,500. It is payable in cash in full at the time we complete our initial obligations to you under the Franchise Agreement. It is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances.

(c) Item 5 – Territory Fee – of the Franchise Disclosure Document is amended and restated in its entirety as follows

Territory Fee

In addition to the initial franchise fee, you must pay us a territory fee. The amount of the fee is \$0.07 per member of the population in the Territory for up to 99,999 in population, and \$0.05 per member of the population in the Territory in excess of 99,999. If you expand your Territory, you must pay an additional territory fee for the expanded territory, unless we waive this fee in whole or in part. The amount of the additional territory fee is \$0.10 per member of the population in excess of the population in your existing Territory, unless we reduce the additional territory fee in our discretion. The territory fee is payable in cash in full at the time we complete our initial obligations to you under the Franchise Agreement. It is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances.

(d) Item 5 – Additional Initial Fees – of the Franchise Disclosure Document is amended and restated in its entirety as follows

Additional Initial Fees

At the time we complete our initial obligations to you under the Franchise Agreement, you must also pay us up to \$4,000 to cover the cost of computer equipment, software, and accessories required for the operation of your TSS Photography franchise. This fee covers the cost of the items listed in Item 8.

At the time we complete our initial obligations to you under the Franchise Agreement, you must pay us approximately \$15,300 to cover the cost of required camera and photography equipment. The components of this initial photography equipment set-up are listed in Item 8.

At the time we complete our initial obligations to you under the Franchise Agreement, you must pay us approximately \$3,000 to cover the cost of your starter kit, which includes marketing materials, a tent, banners, shirts, display tables, branded table covers, a display board, photo presentation materials, an initial reasonable supply of photo samples covering most activities, and the necessary paper forms to begin operation

(e) The second paragraph of Item 5 – Expansion Program – of the Franchise Disclosure Document is amended and restated in its entirety as follows

Expansion Program

If we offer the expansion program to you and you elect to participate in the program, you must sign and deliver to us the Expansion Addendum attached to the Franchise Disclosure Document as Exhibit L at the time you sign and deliver the Franchise Agreement. Then, at the time we complete our initial obligations to you under the Franchise Agreement, you must pay us \$10,500. You must pay us the balance of the fees that you owe us on the first anniversary of the date of your franchise agreement. The final balance due may be reduced by expansion rebates that you may earn based on the revenues you generate for CCS, the details of which are described in the Expansion Addendum attached to the Disclosure Document as Exhibit L.

Item 7 of the Franchise Disclosure

(a) The following rows of the chart in Item 7 of the Franchise Disclosure Document are amended and restated in their entirety as follows

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ⁽²⁾	\$7,500	Lump sum	Upon completion of our initial obligations to you	Us
Territory Fee ⁽³⁾	\$7,000 - \$27,000	Lump sum	Upon completion of our initial obligations to you	Us
Cameras and Other Photographic Equipment ⁽⁷⁾	\$0 - \$15,300	Lump sum	Upon completion of our initial obligations to you	Us

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Computer Equipment ⁽⁸⁾	\$0 - 4,000	Lump sum	Upon completion of our initial obligations to you	Us
Starter Kit ⁽⁹⁾	\$3,000	Lump sum	Upon completion of our initial obligations to you	Us

(b) The following explanatory notes set forth below the chart in Item 7 of the Franchise Disclosure Document are amended and restated in their entirety as follows

1 All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. All initial fees and payments payable to us shall be deferred until such time as we have completed our initial obligations to you.

2 The initial franchise fee is discussed in detail in Item 5 of this Disclosure Document. See Item 5 of this Disclosure Document.

Exhibit L

Section 1 of the Expansion Addendum (attached as Exhibit L to the Franchise Disclosure Document) is amended and restated in its entirety as follows:

1 Fees Notwithstanding Sections 3 and 4 and any other provision of the Franchise Agreement, Franchisee must pay TSS \$10,500 upon TSS' completion of its initial obligations to Franchisee under the Franchise Agreement. Franchisee must pay TSS the balance of the fees it owes TSS pursuant to the Franchise Agreement or as disclosed in the Franchise Disclosure Document on the first anniversary of the date of this Addendum. Except with respect to the expansion rebate described in Section 2 of this Addendum, this Addendum shall not affect the amount of the fees to which TSS is entitled under the Franchise Agreement. See Attachment 1 to this Addendum for a form schedule of initial fees, rebates, and payments, assuming the population of the Territory is 300,000 and that Franchisee generates revenues for CCS in the first year of the term of the Franchise Agreement in the amount of \$30,000.

Attachment 1 to the Expansion Addendum (attached as Exhibit L to the Franchise Disclosure Document) is amended and restated in its entirety as follows:

Form Schedule of Initial Fees, Payments, and Expansion Rebate

Initial Fees

Franchise Fee	\$7,500	
Starter Kit	\$3,000	
Equipment(1)	\$0	
Territory Fee(2)	<u>\$17,000</u>	
Total Initial Fees		\$27,500

Payments and Rebates

Expansion Payment(3)	(\$10,500)	
Expansion Rebate(4)	<u>(\$15,000)</u>	
Total Payments and Rebates		<u>(\$25,500)</u>

Balance Due(5) \$2,000

- 1 The amount of the equipment fee above assumes that TSS decided, in its discretion, to waive all of the required purchases of equipment in consideration of the existing equipment that Franchisee uses in its Existing Business
- 2 The amount of the territory fee above assumes that the population of the Territory is 300,000. The amount of the fee is \$0.07 per member of the population in the Territory for up to 99,999 in population, and \$0.05 per member of the population in the Territory in excess of 99,999.
- 3 Franchisee must pay the expansion payment at the time TSS completes its initial obligations to Franchisee.
- 4 Franchisee may earn an expansion rebate on the first anniversary of the Expansion Addendum. The amount of the expansion rebate above assumes that Franchisee generates \$30,000 in revenue for CCS during the first year of the term of the Franchise Agreement. If Franchisee generates revenue for CCS in an amount (a) between \$15,000 and \$24,999.99, then the amount of the expansion rebate is 25% of all of the revenue you generate for CCS, (b) between \$25,000 and \$39,999.99, then the amount of the expansion rebate is 50% of all of the revenue you generate for CCS, or (c) equal to or greater than \$40,000, then the amount of the expansion rebate is 60% of all of the revenue you generate for CCS.
- 5 Franchisee must pay the balance on the first anniversary of the date of the Expansion Addendum. The amount of the balance due above is calculated as the total initial monetary obligations (\$27,500) less the expansion payment (\$10,500) and less the expansion rebate (\$15,000).

Our Initial Obligations

For purposes of this addendum, "our initial obligations" shall mean our obligation to designate your exclusive territory, provide you with the required computer hardware and software, photography equipment and camera equipment necessary to begin operating the Franchised Business, provide you with the starter kit, lend you one copy of our Operating Manual or make it available to you electronically, and provide initial sales and marketing training to you.

ADDENDUM REQUIRED BY THE STATE OF HAWAII

THESE FRANCHISES WILL BE/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 COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR 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 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS 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.

The second paragraph on the cover page of the Franchise Disclosure Document is amended to add the following sentence at the end of the paragraph:

All initial fees and payments payable to TSS Photography or its affiliates shall be deferred until such time as TSS Photography has completed its initial obligations to the franchisee and the franchisee has begun operations of the TSS Photography franchise.

Item 5 of the Franchise Disclosure Document

(f) Notwithstanding Item 5 – Initial Deposit – of the Franchise Disclosure Document, you are not required to pay us any deposit in order to reserve the territory you want to purchase.

(g) Item 5 – Initial Franchise Fee – of the Franchise Disclosure Document is amended and restated in its entirety as follows:

Initial Franchise Fee

You must pay an initial franchise fee in the amount of \$7,500. It is payable in cash in full at the time we complete our initial obligations to you under the Franchise Agreement. It is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances.

(h) Item 5 – Territory Fee – of the Franchise Disclosure Document is amended and restated in its entirety as follows:

Territory Fee

In addition to the initial franchise fee, you must pay us a territory fee. The amount of the fee is \$0.07 per member of the population in the Territory for up to 99,999 in population, and \$0.05 per member of the population in the Territory in excess of 99,999. If you expand your Territory, you must pay an additional territory fee for the expanded territory, unless we waive this fee in whole or in part. The amount of the additional territory fee is \$0.10 per member of the population in excess of the population in your existing Territory, unless we reduce the additional territory fee in our discretion. The territory fee is payable in cash in full at the time we complete our initial obligations to you under the Franchise Agreement. It is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances.

(i) Item 5 – Additional Initial Fees – of the Franchise Disclosure Document is amended and restated in its entirety as follows:

Additional Initial Fees

At the time we complete our initial obligations to you under the Franchise Agreement, you must also pay us up to \$4,000 to cover the cost of computer equipment, software, and accessories required for the operation of your TSS Photography franchise. This fee covers the cost of the items listed in Item 8.

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(j) The second paragraph of Item 5 – Expansion Program – of the Franchise Disclosure Document is amended and restated in its entirety as follows:

Expansion Program

If we offer the expansion program to you and you elect to participate in the program, you must sign and deliver to us the Expansion Addendum attached to the Franchise Disclosure Document as Exhibit L at the time you sign and deliver the Franchise Agreement. Then, at the time we complete our initial obligations to you under the Franchise Agreement, you must pay us \$10,500. You must pay us the balance of the fees that you owe us on the first anniversary of the date of your franchise agreement. The final balance due may be reduced by expansion rebates that you may earn based on the revenues you generate for CCS, the details of which are described in the Expansion Addendum attached to the Disclosure Document as Exhibit L.

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Computer Equipment ⁽⁸⁾	\$0 - 4,000	Lump sum	Upon completion of our initial obligations to you	Us
Starter Kit ⁽⁹⁾	\$3,000	Lump sum	Upon completion of our initial obligations to you	Us

(b) The following explanatory notes set forth below the chart in Item 7 of the Franchise Disclosure Document are amended and restated in their entirety as follows

3 All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. All initial fees and payments payable to us shall be deferred until such time as we have completed our initial obligations to you.

4 The initial franchise fee is discussed in detail in Item 5 of this Disclosure Document See Item 5 of this Disclosure Document

Exhibit L

Section 1 of the Expansion Addendum (attached as Exhibit L to the Franchise Disclosure Document) is amended and restated in its entirety as follows

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Total Initial Fees		\$27,500

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Expansion Payment(3)	(\$10,500)	
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Total Payments and Rebates		<u>(\$25,500)</u>

Balance Due(5) \$2,000

- 1 The amount of the equipment fee above assumes that TSS decided, in its discretion, to waive all of the required purchases of equipment in consideration of the existing equipment that Franchisee uses in its Existing Business
- 2 The amount of the territory fee above assumes that the population of the Territory is 300,000 The amount of the fee is \$0.07 per member of the population in the Territory for up to 99,999 in population, and \$0.05 per member of the population in the Territory in excess of 99,999
- 3 Franchisee must pay the expansion payment at the time TSS completes its initial obligations to Franchisee
- 4 Franchisee may earn an expansion rebate on the first anniversary of the Expansion Addendum The amount of the expansion rebate above assumes that Franchisee generates \$30,000 in revenue

for CCS during the first year of the term of the Franchise Agreement. If Franchisee generates revenue for CCS in an amount (a) between \$15,000 and \$24,999.99, then the amount of the expansion rebate is 25% of all of the revenue you generate for CCS, (b) between \$25,000 and \$39,999.99, then the amount of the expansion rebate is 50% of all of the revenue you generate for ~~ESSCCS~~, or (c) equal to or greater than \$40,000, then the amount of the expansion rebate is 60% of all of the revenue you generate for CCS.

- 5 Franchisee must pay the balance on the first anniversary of the date of the Expansion Addendum. The amount of the balance due above is calculated as the total initial monetary obligations (\$27,500) less the expansion payment (\$10,500) and less the expansion rebate (\$15,000).

Our Initial Obligations

For purposes of this addendum, "our initial obligations" shall mean our obligation to designate your exclusive territory, provide you with the required computer hardware and software, photography equipment and camera equipment necessary to begin operating the Franchised Business, provide you with the starter kit, lend you one copy of our Operating Manual or make it available to you electronically, and provide initial sales and marketing training to you.

For Item 17, see the Hawaii Addendum included in Exhibit D to this Disclosure Document for changes to the Franchise Agreement affecting the termination and renewal provisions.

For Item 22, the Hawaii Addendum is included in Exhibit D to this Disclosure Document. We are currently effective or we currently have filed franchise registrations in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin. No state has refused to register, or revoked or suspended the registration of our Franchises.

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

The conditions under which the Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Illinois law (815 ILCS 705/19 and 705/20).

For choice of law purposes, and for the interpretation and construction of the Franchise Agreement, Illinois law governs.

Items 5 and 7 of the Franchise Disclosure Document are amended to add the following sentence at the end of the items:

Because of our financial condition, the Illinois Attorney General has required us to defer collection of all initial franchise fees until you commence doing business.

Notwithstanding Item 5 – Initial Deposit – of the Franchise Disclosure Document, you are not required to pay us any deposit in order to reserve the territory you want to purchase.

ADDENDUM REQUIRED BY THE STATE OF INDIANA

Neither TSS Photography, LLC nor any of its affiliates nor any person identified in Item 2 has any material arbitration proceeding pending, or has during the 10-year period immediately preceding the date of this Disclosure Document been a party to concluded material arbitration proceedings

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

Indiana law makes unilateral termination of a franchise unlawful unless there is a material violation of the Franchise Agreement and the termination is not done in bad faith

Indiana law prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

For franchises and subject to the Maryland Franchise Registration and Disclosure Law, the following information replaces or supplements, as the case may be, the corresponding disclosures in the main body of the text of the TSS Photography LLC Franchise Disclosure Document

The second paragraph on the cover page of the Franchise Disclosure Document is amended to add the following sentence at the end of the paragraph

All initial fees and payments payable to fees paid to TSS Photography by the franchisee, including payments for goods and services received from TSS Photography or its affiliates before the business opens, shall be deferred until such time as pending satisfaction of all TSS Photography has completed its initial's pre-opening obligations to the franchisee and the franchisee has begun operations of the TSS Photography franchise

Item 5 of the Franchise Disclosure Document

(a) Notwithstanding Item 5 – Initial Deposit – of the Franchise Disclosure Document, you are not required to pay us any deposit in order to reserve the territory you want to purchase

(b) Item 5 – Initial Franchise Fee – of the Franchise Disclosure Document is amended and restated in its entirety as follows

Initial Franchise Fee

You must pay an initial franchise fee in the amount of \$7,500. It is payable in cash in full at the time we complete/satisfy our initial/pre-opening obligations to you under the Franchise Agreement. It is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances

(c) Item 5 – Territory Fee – of the Franchise Disclosure Document is amended and restated in its entirety as follows

Territory Fee

In addition to the initial franchise fee, you must pay us a territory fee. The amount of the fee is \$0.07 per member of the population in the Territory for up to 99,999 in population,

and \$0.05 per member of the population in the Territory in excess of 99,999. If you expand your Territory, you must pay an additional territory fee for the expanded territory, unless we waive this fee in whole or in part. The amount of the additional territory fee is \$0.10 per member of the population in excess of the population in your existing Territory, unless we reduce the additional territory fee in our discretion. The territory fee is payable in cash in full at the time we ~~complete~~satisfy our ~~initial pre-opening~~ obligations to you under the Franchise Agreement. It is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances.

(d) Item 5 – Additional Initial Fees – of the Franchise Disclosure Document is amended and restated in its entirety as follows:

Additional Initial Fees

At the time we ~~complete~~satisfy our ~~initial pre-opening~~ obligations to you under the Franchise Agreement, you must also pay us up to \$4,000 to cover the cost of computer equipment, software, and accessories required for the operation of your TSS Photography franchise. This fee covers the cost of the items listed in Item 8.

At the time we ~~complete~~satisfy our ~~initial pre-opening~~ obligations to you under the Franchise Agreement, you must pay us approximately \$15,300 to cover the cost of required camera and photography equipment. The components of this initial photography equipment set-up are listed in Item 8.

At the time we ~~complete~~satisfy our ~~initial pre-opening~~ obligations to you under the Franchise Agreement, you must pay us approximately \$3,000 to cover the cost of your starter kit, which includes marketing materials, a tent, banners, shirts, display tables, branded table covers, a display board, photo presentation materials, an initial reasonable supply of photo samples covering most activities, and the necessary paper forms to begin operation.

(e) The second paragraph of Item 5 – Expansion Program – of the Franchise Disclosure Document is amended and restated in its entirety as follows:

Expansion Program

If we offer the expansion program to you and you elect to participate in the program, you must sign and deliver to us the Expansion Addendum attached to the Franchise Disclosure Document as Exhibit L at the time you sign and deliver the Franchise Agreement. Then, at the time we ~~complete~~satisfy our ~~initial pre-opening~~ obligations to you under the Franchise Agreement, you must pay us \$10,500. You must pay us the balance of the fees that you owe us on the first anniversary of the date of your franchise agreement. The final balance due may be reduced by expansion rebates that you may earn based on the revenues you generate for CCS, the details of which are described in the Expansion Addendum attached to the Disclosure Document as Exhibit L.

Item 7 of the Franchise Disclosure

(a) The following rows of the chart in Item 7 of the Franchise Disclosure Document are amended and restated in their entirety as follows

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ⁽²⁾	\$7,500	Lump sum	Upon completion <u>satisfaction</u> of our initial <u>pre-o</u> <u>pening</u> obligations to you	Us
Territory Fee ⁽³⁾	\$7,000 - \$27,000	Lump sum	Upon completion <u>satisfaction</u> of our initial <u>pre-o</u> <u>pening</u> obligations to you	Us
Cameras and Other Photographic Equipment ⁽⁷⁾	\$0 - \$15,300	Lump sum	Upon completion <u>satisfaction</u> of our initial <u>pre-o</u> <u>pening</u> obligations to you	Us
Computer Equipment ⁽⁸⁾	\$0 - 4,000	Lump sum	Upon completion <u>satisfaction</u> of our initial <u>pre-o</u> <u>pening</u> obligations to you	Us
Starter Kit ⁽⁹⁾	\$3,000	Lump sum	Upon completion <u>satisfaction</u> of our initial <u>pre-o</u> <u>pening</u> obligations to you	Us

(b) The following explanatory notes set forth below the chart in Item 7 of the Franchise Disclosure Document are amended and restated in their entirety as follows

1 All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. All initial fees and payments payable to us shall be deferred until such time as we ~~have completed~~ satisfy our ~~initial~~ pre-opening obligations to you

2 The initial franchise fee is discussed in detail in Item 5 of this Disclosure Document. See Item 5 of this Disclosure Document

Item 17

The Franchise Agreement provides that TSS may terminate these agreements, as applicable, if you voluntarily or involuntarily file for bankruptcy, as described in the "Summary of Cause Defined" (provision (h)). This provision may not be enforceable under federal bankruptcy law.

Any general release signed as a condition to renewal, sale, assignment, or transfer of these agreements shall not release Franchisor from any liability imposed by the Maryland Franchise Registration and Disclosure Law.

The Summary of the Choice of Forum (provision (v)) is amended to provide that you may file a lawsuit alleging a cause of action arising under the Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction within the State of Maryland.

The Maryland Franchise Registration and Disclosure Law provides that any action brought under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

Exhibit G

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.

Exhibit L

Section 1 of the Expansion Addendum (attached as Exhibit L to the Franchise Disclosure Document) is amended and restated in its entirety as follows:

1 Fees. Notwithstanding Sections 3 and 4 and any other provision of the Franchise Agreement, Franchisee must pay TSS \$10,500 upon TSS' ~~completion~~ satisfaction of its ~~initial~~ pre-opening obligations to Franchisee under the Franchise Agreement. Franchisee must pay TSS the balance of the fees it owes TSS pursuant to the Franchise Agreement or as disclosed in the Franchise Disclosure Document on the first anniversary of the date of this Addendum. Except with respect to the expansion rebate described in Section 2 of this Addendum, this Addendum shall not affect the amount of the fees to which TSS is entitled under the Franchise Agreement. See Attachment 1 to this Addendum for a form schedule of initial fees, rebates, and payments, assuming the population of the Territory is 300,000 and that Franchisee generates revenues for CCS in the first year of the term of the Franchise Agreement in the amount of \$30,000.

Attachment 1 to the Expansion Addendum (attached as Exhibit L to the Franchise Disclosure Document) is amended and restated in its entirety as follows

Form Schedule of Initial Fees, Payments, and Expansion Rebate

Initial Fees

Franchise Fee	\$7,500	
Starter Kit	\$3,000	
Equipment(1)	\$0	
Territory Fee(2)	<u>\$17,000</u>	
Total Initial Fees		\$27,500

Payments and Rebates

Expansion Payment(3)	(\$10,500)	
Expansion Rebate(4)	<u>(\$15,000)</u>	
Total Payments and Rebates		<u>(\$25,500)</u>

Balance Due(5) \$2,000

- 1 The amount of the equipment fee above assumes that TSS decided, in its discretion, to waive all of the required purchases of equipment in consideration of the existing equipment that Franchisee uses in its Existing Business
- 2 The amount of the territory fee above assumes that the population of the Territory is 300,000. The amount of the fee is \$0.07 per member of the population in the Territory for up to 99,999 in population, and \$0.05 per member of the population in the Territory in excess of 99,999.
- 3 Franchisee must pay the expansion payment at the time TSS completes satisfaction of its initial pre-opening obligations to Franchisee.
- 4 Franchisee may earn an expansion rebate on the first anniversary of the Expansion Addendum. The amount of the expansion rebate above assumes that Franchisee generates \$30,000 in revenue for CCS during the first year of the term of the Franchise Agreement. If Franchisee generates revenue for CCS in an amount (a) between \$15,000 and \$24,999.99, then the amount of the expansion rebate is 25% of all of the revenue you generate for CCS, (b) between \$25,000 and \$39,999.99, then the amount of the expansion rebate is 50% of all of the revenue you generate for CCS, or (c) equal to or greater than \$40,000, then the amount of the expansion rebate is 60% of all of the revenue you generate for CCS.
- 5 Franchisee must pay the balance on the first anniversary of the date of the Expansion Addendum. The amount of the balance due above is calculated as the total initial monetary obligations (\$27,500) less the expansion payment (\$10,500) and less the expansion rebate (\$15,000).

Our Initial Pre-Opening Obligations

For purposes of this addendum, "our initial pre-opening obligations" shall mean our obligation to designate your exclusive territory, provide you with the required computer hardware and software, photography equipment and camera equipment necessary to begin operating the Franchised Business, provide you with the starter kit, lend you one copy of our Operating Manual or make it available to you electronically, and provide initial sales and marketing training to you.

INFORMATION FOR RESIDENTS OF THE STATE OF MICHIGAN

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 OF 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 A 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 EACH 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 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 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 QUALIFICATION 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 SERVICES

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 DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE, CONSUMER PROTECTION DIVISION, ATTN FRANCHISE SECTION, 670 LAW BUILDING, 525 W OTTAWA STREET, LANSING, MICHIGAN 48913, 517-373-7117

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

In an Addendum to the Franchise Agreement, we agree to indemnify you against losses and liabilities for which you are held liable in any proceeding arising out of your use of the mark "TSS Photography®" or any other trademark, service mark or logotype that you are authorized by us to use with the Franchised Business. This indemnification is contingent upon you using the marks or logotypes in accordance with the provisions of the Franchise Agreement.

We will comply with Minnesota Statute Section 80C 14 subdivisions 3, 4 and 5 which require, except in certain specific cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Minn Stat Sec 80C 21 and Minnesota Rule Part 2860 4400J, prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

The second paragraph on the cover page of the Franchise Disclosure Document is amended to add the following sentence at the end of the paragraph:

All initial fees and payments payable to TSS Photography or its affiliates shall be deferred until such time as TSS Photography has completed its initial obligations to the franchisee and the franchisee has begun operations of the TSS Photography franchise.

Item 5 of the Franchise Disclosure Document

(a) Notwithstanding Item 5 – Initial Deposit – of the Franchise Disclosure Document, you are not required to pay us any deposit in order to reserve the territory you want to purchase.

(b) Item 5 – Initial Franchise Fee – of the Franchise Disclosure Document is amended and restated in its entirety as follows:

Initial Franchise Fee

You must pay an initial franchise fee in the amount of \$7,500. It is payable in cash in full at the time we complete our initial obligations to you under the Franchise Agreement. It is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances.

(c) Item 5 – Territory Fee – of the Franchise Disclosure Document is amended and restated in its entirety as follows:

Territory Fee

In addition to the initial franchise fee, you must pay us a territory fee. The amount of the fee is \$0.07 per member of the population in the Territory for up to 99,999 in population, and \$0.05 per member of the population in the Territory in excess of 99,999. If you expand your Territory, you must pay an additional territory fee for the expanded territory, unless we waive this fee in whole or in part. The amount of the additional territory fee is \$0.10 per member of the population in excess of the population

in your existing Territory, unless we reduce the additional territory fee in our discretion. The territory fee is payable in cash in full at the time we complete our initial obligations to you under the Franchise Agreement. It is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances.

(d) Item 5 – Additional Initial Fees – of the Franchise Disclosure Document is amended and restated in its entirety as follows:

Additional Initial Fees

At the time we complete our initial obligations to you under the Franchise Agreement, you must also pay us up to \$4,000 to cover the cost of computer equipment, software, and accessories required for the operation of your TSS Photography franchise. This fee covers the cost of the items listed in Item 8.

At the time we complete our initial obligations to you under the Franchise Agreement, you must pay us approximately \$15,300 to cover the cost of required camera and photography equipment. The components of this initial photography equipment set-up are listed in Item 8.

At the time we complete our initial obligations to you under the Franchise Agreement, you must pay us approximately \$3,000 to cover the cost of your starter kit, which includes marketing materials, a tent, banners, shirts, display tables, branded table covers, a display board, photo presentation materials, an initial reasonable supply of photo samples covering most activities, and the necessary paper forms to begin operation.

(e) The second paragraph of Item 5 – Expansion Program – of the Franchise Disclosure Document is amended and restated in its entirety as follows:

Expansion Program

If we offer the expansion program to you and you elect to participate in the program, you must sign and deliver to us the Expansion Addendum attached to the Franchise Disclosure Document as Exhibit L at the time you sign and deliver the Franchise Agreement. Then, at the time we complete our initial obligations to you under the Franchise Agreement, you must pay us \$10,500. You must pay us the balance of the fees that you owe us on the first anniversary of the date of your franchise agreement. The final balance due may be reduced by expansion rebates that you may earn based on the revenues you generate for CCS, the details of which are described in the Expansion Addendum attached to the Disclosure Document as Exhibit L.

Item 7 of the Franchise Disclosure

(a) The following rows of the chart in Item 7 of the Franchise Disclosure Document are amended and restated in their entirety as follows:

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ⁽²⁾	\$7,500	Lump sum	Upon completion of our initial obligations to you	Us
Territory Fee ⁽³⁾	\$7,000 - \$27,000	Lump sum	Upon completion of our initial obligations to you	Us
Cameras and Other Photographic Equipment ⁽⁷⁾	\$0 - \$15,300	Lump sum	Upon completion of our initial obligations to you	Us
Computer Equipment ⁽⁸⁾	\$0 - 4,000	Lump sum	Upon completion of our initial obligations to you	Us
Starter Kit ⁽⁹⁾	\$3,000	Lump sum	Upon completion of our initial obligations to you	Us

(b) The following explanatory notes set forth below the chart in Item 7 of the Franchise Disclosure Document are amended and restated in their entirety as follows

1 All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. All initial fees and payments payable to us shall be deferred until such time as we have completed our initial obligations to you.

2 The initial franchise fee is discussed in detail in Item 5 of this Disclosure Document. See Item 5 of this Disclosure Document.

Exhibit L

Section 1 of the Expansion Addendum (attached as Exhibit L to the Franchise Disclosure Document) is amended and restated in its entirety as follows

1 Fees Notwithstanding Sections 3 and 4 and any other provision of the Franchise Agreement, Franchisee must pay TSS \$10,500 upon TSS' completion of its initial obligations to Franchisee under the Franchise Agreement. Franchisee must pay TSS the balance of the fees it owes TSS pursuant to the Franchise Agreement or as disclosed in the Franchise Disclosure Document on the first anniversary of the date of this Addendum. Except with respect to the expansion rebate described in Section 2 of this Addendum, this Addendum shall not affect the amount of the fees to which TSS is entitled under the Franchise Agreement. See Attachment 1 to this Addendum for a form schedule of initial fees, rebates, and payments, assuming the population of the Territory is 300,000 and that Franchisee generates revenues for CCS in the first year of the term of the Franchise Agreement in the amount of \$30,000.

Attachment 1 to the Expansion Addendum (attached as Exhibit L to the Franchise Disclosure Document) is amended and restated in its entirety as follows

Form Schedule of Initial Fees, Payments, and Expansion Rebate

Initial Fees

Franchise Fee	\$7,500	
Starter Kit-	\$3,000	
Equipment(1)	\$0	
Territory Fee(2)	<u>\$17,000</u>	
Total Initial Fees		\$27,500

Payments and Rebates

Expansion Payment(3)	(\$10,500)	
Expansion Rebate(4)	<u>(\$15,000)</u>	
Total Payments and Rebates		<u>(\$25,500)</u>

Balance Due(5) \$2,000

- 1 The amount of the equipment fee above assumes that TSS decided, in its discretion, to waive all of the required purchases of equipment in consideration of the existing equipment that Franchisee uses in its Existing Business.
- 2 The amount of the territory fee above assumes that the population of the Territory is 300,000. The amount of the fee is \$0.07 per member of the population in the Territory for up to 99,999 in population, and \$0.05 per member of the population in the Territory in excess of 99,999.
- 3 Franchisee must pay the expansion payment at the time TSS completes its initial obligations to Franchisee.
- 4 Franchisee may earn an expansion rebate on the first anniversary of the Expansion Addendum. The amount of the expansion rebate above assumes that Franchisee generates \$30,000 in revenue for CCS during the first year of the term of the Franchise Agreement. If Franchisee generates revenue for CCS in an amount (a) between \$15,000 and \$24,999.99, then the amount of the expansion rebate is 25% of all of the revenue you generate for CCS, (b) between \$25,000 and

\$39,999.99, then the amount of the expansion rebate is 50% of all of the revenue you generate for ~~ESSCCS~~, or (c) equal to or greater than \$40,000, then the amount of the expansion rebate is 60% of all of the revenue you generate for CCS

- 5 Franchisee must pay the balance on the first anniversary of the date of the Expansion Addendum. The amount of the balance due above is calculated as the total initial monetary obligations (\$27,500) less the expansion payment (\$10,500) and less the expansion rebate (\$15,000).

Our Initial Obligations

For purposes of this addendum, "our initial obligations" shall mean our obligation to designate your exclusive territory, provide you with the required computer hardware and software, photography equipment and camera equipment necessary to begin operating the Franchised Business, provide you with the starter kit, lend you one copy of our Operating Manual or make it available to you electronically, and provide initial sales and marketing training to you.

ADDENDUM REQUIRED BY THE STATE OF NEW YORK

All references to "Disclosure Document" shall be deemed to include the term "Offering Prospectus" as used under New York law.

Item 3 of this Offering Prospectus is supplemented with the following: "Neither TSS Photography, our affiliates, nor any person identified in Item 2 of this Disclosure Document 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 a misdemeanor or pleaded *nolo contendere* to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations."

Item 4 of this Offering Prospectus is supplemented with the following: "During the 10-year period immediately preceding the date of this Offering Prospectus, neither TSS Photography, LLC, the affiliates, nor any predecessor, officer or general partner of TSS Photography, LLC has been adjudged bankrupt or reorganized due to insolvency or been a principal officer of any company or general partner in any partnership that was adjudged bankrupt or reorganized due to insolvency during or within one year after the period that such officer or general partner of TSS Photography, LLC held such position in such company or partnership, or is subject to any pending bankruptcy or reorganization proceeding."

Modifications that we make to our Operating Manual as permitted by the Franchise Agreement will not impose an unreasonable economic burden on you.

Provisions of general releases are mentioned in the Offering Prospectus and specified in the Franchise Agreement. These releases are limited by the following: all rights enjoyed by you 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 under this law shall remain in force, it being the intent that the non-waiver provisions of the General Business Law of the State of New York Sections 687.4 and 687.5 be satisfied.

No assignment of the Franchise Agreement by us will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement

The choice of law of the Franchise Agreement should not be considered a waiver of any right conferred upon either you or us by the General Business Law of the State of New York, Article 33

ADDENDUM REQUIRED BY THE STATE OF NORTH DAKOTA

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

Although the Franchise Agreement provides that the place of mediation and arbitration will be in Oklahoma City, Oklahoma, we agree that the place of mediation or arbitration shall be a location that is in close proximity to the site of your business

The Franchise Agreement requires that you consent to the jurisdiction of a court in Oklahoma. This provision may not be enforceable under North Dakota law because North Dakota law precludes you from consenting to jurisdiction of any court outside of North Dakota

Although the Franchise Agreement provides that the Franchise Agreement will be governed by and construed in accordance with the laws of the State of Oklahoma, we agree that the laws of the State of North Dakota shall govern the Franchise Agreement

A contractual requirement that you sign a general release may be unenforceable under the laws of North Dakota

Item 17 of this Disclosure Document, the summary column of part (c) for the Franchise Agreement, is modified as follows

To the extent that Section 6(b) of the Franchise Agreement is in violation of Section 51-19-09 of the North Dakota Franchise Investment Law, such provision will be deleted from the Franchise Agreement

To the extent any provision of the Franchise Agreement requires you to consent to a waiver of exemplary or punitive damages, the provision shall be deemed null and void

The second paragraph on the cover page of the Franchise Disclosure Document is amended to add the following sentence at the end of the paragraph

All initial fees and payments payable to TSS Photography or its affiliates shall be deferred until such time as TSS Photography has completed its initial obligations to the franchisee and the franchisee has begun operations of the TSS Photography franchise

Item 5 of the Franchise Disclosure Document

(a) Notwithstanding Item 5 – Initial Deposit – of the Franchise Disclosure Document, you are not required to pay us any deposit in order to reserve the territory you want to purchase

(b) Item 5 – Initial Franchise Fee – of the Franchise Disclosure Document is amended and restated in its entirety as follows

Initial Franchise Fee

You must pay an initial franchise fee in the amount of \$7,500. It is payable in cash in full at the time we complete our initial obligations to you under the Franchise Agreement. It is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances.

(c) Item 5 – Territory Fee – of the Franchise Disclosure Document is amended and restated in its entirety as follows:

Territory Fee

In addition to the initial franchise fee, you must pay us a territory fee. The amount of the fee is \$0.07 per member of the population in the Territory for up to 99,999 in population, and \$0.05 per member of the population in the Territory in excess of 99,999. If you expand your Territory, you must pay an additional territory fee for the expanded territory, unless we waive this fee in whole or in part. The amount of the additional territory fee is \$0.10 per member of the population in excess of the population in your existing Territory, unless we reduce the additional territory fee in our discretion. The territory fee is payable in cash in full at the time we complete our initial obligations to you under the Franchise Agreement. It is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances.

(d) Item 5 – Additional Initial Fees – of the Franchise Disclosure Document is amended and restated in its entirety as follows:

Additional Initial Fees

At the time we complete our initial obligations to you under the Franchise Agreement, you must also pay us up to \$4,000 to cover the cost of computer equipment, software, and accessories required for the operation of your TSS Photography franchise. This fee covers the cost of the items listed in Item 8.

At the time we complete our initial obligations to you under the Franchise Agreement, you must pay us approximately \$15,300 to cover the cost of required camera and photography equipment. The components of this initial photography equipment set-up are listed in Item 8.

At the time we complete our initial obligations to you under the Franchise Agreement, you must pay us approximately \$3,000 to cover the cost of your starter kit, which includes marketing materials, a tent, banners, shirts, display tables, branded table covers, a display board, photo presentation materials, an initial reasonable supply of photo samples covering most activities, and the necessary paper forms to begin operation.

(e) The second paragraph of Item 5 – Expansion Program – of the Franchise Disclosure Document is amended and restated in its entirety as follows:

Expansion Program

If we offer the expansion program to you and you elect to participate in the program, you must sign and deliver to us the Expansion Addendum attached to the Franchise Disclosure Document as Exhibit L at the time you sign and deliver the Franchise Agreement. Then, at the time we complete our initial obligations to you under the Franchise Agreement, you must pay us \$10,500. You must pay us the balance of the fees that you owe us on the first anniversary of the date of your franchise agreement. The final balance due may be reduced by expansion rebates that you may earn based on the revenues you generate for CCS, the details of which are described in the Expansion Addendum attached to the Disclosure Document as Exhibit L.

Item 7 of the Franchise Disclosure

(a) The following rows of the chart in Item 7 of the Franchise Disclosure Document are amended and restated in their entirety as follows:

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ⁽²⁾	\$7,500	Lump sum	Upon completion of our initial obligations to you	Us
Territory Fee ⁽³⁾	\$7,000 - \$27,000	Lump sum	Upon completion of our initial obligations to you	Us
Cameras and Other Photographic Equipment ⁽⁷⁾	\$0 - \$15,300	Lump sum	Upon completion of our initial obligations to you	Us
Computer Equipment ⁽⁸⁾	\$0 - 4,000	Lump sum	Upon completion of our initial obligations to you	Us
Starter Kit ⁽⁹⁾	\$3,000	Lump sum	Upon completion of our initial obligations	Us

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
			to you	

(b) The following explanatory notes set forth below the chart in Item 7 of the Franchise Disclosure Document are amended and restated in their entirety as follows

1 All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. All initial fees and payments payable to us shall be deferred until such time as we have completed our initial obligations to you.

2 The initial franchise fee is discussed in detail in Item 5 of this Disclosure Document. See Item 5 of this Disclosure Document.

Exhibit L

Section 1 of the Expansion Addendum (attached as Exhibit L to the Franchise Disclosure Document) is amended and restated in its entirety as follows:

1 Fees Notwithstanding Sections 3 and 4 and any other provision of the Franchise Agreement, Franchisee must pay TSS \$10,500 upon TSS' completion of its initial obligations to Franchisee under the Franchise Agreement. Franchisee must pay TSS the balance of the fees it owes TSS pursuant to the Franchise Agreement or as disclosed in the Franchise Disclosure Document on the first anniversary of the date of this Addendum. Except with respect to the expansion rebate described in Section 2 of this Addendum, this Addendum shall not affect the amount of the fees to which TSS is entitled under the Franchise Agreement. See Attachment 1 to this Addendum for a form schedule of initial fees, rebates, and payments, assuming the population of the Territory is 300,000 and that Franchisee generates revenues for CCS in the first year of the term of the Franchise Agreement in the amount of \$30,000.

Attachment 1 to the Expansion Addendum (attached as Exhibit L to the Franchise Disclosure Document) is amended and restated in its entirety as follows:

Form Schedule of Initial Fees, Payments, and Expansion Rebate

Initial Fees

Franchise Fee	\$7,500	
Starter Kit	\$3,000	
Equipment(1)	\$0	
Territory Fee(2)	<u>\$17,000</u>	
Total Initial Fees		\$27,500

Payments and Rebates

Expansion Payment(3)	(\$10,500)	
Expansion Rebate(4)	<u>(\$15,000)</u>	
Total Payments and Rebates		<u>(\$25,500)</u>

Balance Due(5)

\$2,000

- 1 The amount of the equipment fee above assumes that TSS decided, in its discretion, to waive all of the required purchases of equipment in consideration of the existing equipment that Franchisee uses in its Existing Business
- 2 The amount of the territory fee above assumes that the population of the Territory is 300,000. The amount of the fee is \$0.07 per member of the population in the Territory for up to 99,999 in population, and \$0.05 per member of the population in the Territory in excess of 99,999.
- 3 Franchisee must pay the expansion payment at the time TSS completes its initial obligations to Franchisee.
- 4 Franchisee may earn an expansion rebate on the first anniversary of the Expansion Addendum. The amount of the expansion rebate above assumes that Franchisee generates \$30,000 in revenue for CCS during the first year of the term of the Franchise Agreement. If Franchisee generates revenue for CCS in an amount (a) between \$15,000 and \$24,999.99, then the amount of the expansion rebate is 25% of all of the revenue you generate for CCS, (b) between \$25,000 and \$39,999.99, then the amount of the expansion rebate is 50% of all of the revenue you generate for ~~CCS~~CCS, or (c) equal to or greater than \$40,000, then the amount of the expansion rebate is 60% of all of the revenue you generate for CCS.
- 5 Franchisee must pay the balance on the first anniversary of the date of the Expansion Addendum. The amount of the balance due above is calculated as the total initial monetary obligations (\$27,500) less the expansion payment (\$10,500) and less the expansion rebate (\$15,000).

Our Initial Obligations

For purposes of this addendum, "our initial obligations" shall mean our obligation to designate your exclusive territory, provide you with the required computer hardware and software, photography equipment and camera equipment necessary to begin operating the Franchised Business, provide you with the starter kit, lend you one copy of our Operating Manual or make it available to you electronically, and provide initial sales and marketing training to you.

ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND

Even though our Franchise Agreement says the laws of Oklahoma apply, the Rhode Island Franchise Investment Law may supersede the Franchise Agreement because the Rhode Island Franchise Investment Law provides that "a provision in a franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of laws of another state is void with respect to a claim otherwise enforceable under the Act."

ADDENDUM REQUIRED BY THE STATE OF SOUTH DAKOTA

The second paragraph on the cover page of the Franchise Disclosure Document is amended to add the following sentence at the end of the paragraph.

All initial fees and payments payable to TSS Photography or its affiliates shall be deferred until such time as the TSS Photography franchise becomes operational.

Item 5 of the Franchise Disclosure Document.

(f) Notwithstanding Item 5 – Initial Deposit – of the Franchise Disclosure Document, you are not required to pay us any deposit in order to reserve the territory you want to purchase.

(g) Item 5 – Initial Franchise Fee – of the Franchise Disclosure Document is amended and restated in its entirety as follows.

Initial Franchise Fee

You must pay an initial franchise fee in the amount of \$7,500. It is payable in cash in full at the time your TSS Photography franchise becomes operational. It is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances.

(h) Item 5 – Territory Fee – of the Franchise Disclosure Document is amended and restated in its entirety as follows.

Territory Fee

In addition to the initial franchise fee, you must pay us a territory fee. The amount of the fee is \$0.07 per member of the population in the Territory for up to 99,999 in population, and \$0.05 per member of the population in the Territory in excess of 99,999. If you expand your Territory, you must pay an additional territory fee for the expanded territory, unless we waive this fee in whole or in part. The amount of the additional territory fee is \$0.10 per member of the population in excess of the population in your existing Territory, unless we reduce the additional territory fee in our discretion. The territory fee is payable in cash in full at the time your TSS Photography franchise becomes operational. It is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances.

(i) Item 5 – Additional Initial Fees – of the Franchise Disclosure Document is amended and restated in its entirety as follows.

Additional Initial Fees

At the time your TSS Photography franchise becomes operational, you must also pay us up to \$4,000 to cover the cost of computer equipment, software, and accessories required for the operation of your TSS Photography franchise. This fee covers the cost of the items listed in Item 8.

At the time your TSS Photography franchise becomes operational, you must pay us approximately \$15,300 to cover the cost of required camera and photography equipment. The components of this initial photography equipment set-up are listed in Item 8.

At the time your TSS Photography franchise becomes operational, you must pay us approximately \$3,000 to cover the cost of your starter kit, which includes marketing materials, a tent, banners, shirts, display tables, branded table covers, a display board, photo presentation materials, an initial reasonable supply of photo samples covering most activities, and the necessary paper forms to begin operation.

(i) The second paragraph of Item 5 – Expansion Program – of the Franchise Disclosure Document is amended and restated in its entirety as follows.

Expansion Program

If we offer the expansion program to you and you elect to participate in the program, you must sign and deliver to us the Expansion Addendum attached to the Franchise Disclosure Document as Exhibit L at the time you sign and deliver the Franchise Agreement. Then, at the time your TSS Photography franchise becomes operational, you must pay us \$10,500. You must pay us the balance of the fees that you owe us on the first anniversary of the date of your franchise agreement. The final balance due may be reduced by expansion rebates that you may earn based on the revenues you generate for CCS, the details of which are described in the Expansion Addendum attached to the Disclosure Document as Exhibit L.

Item 7 of the Franchise Disclosure.

(a) The following rows of the chart in Item 7 of the Franchise Disclosure Document are amended and restated in their entirety as follows.

<u>Type of Expenditure</u>	<u>Amount</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment is to be Made</u>
<u>Initial Franchise Fee⁽²⁾</u>	<u>\$7,500</u>	<u>Lump sum</u>	<u>Upon your franchise becoming operational</u>	<u>Us</u>
<u>Territory Fee⁽³⁾</u>	<u>\$7,000 - \$27,000</u>	<u>Lump sum</u>	<u>Upon your franchise becoming operational</u>	<u>Us</u>
<u>Cameras and Other Photographic Equipment⁽⁷⁾</u>	<u>\$0 - \$15,300</u>	<u>Lump sum</u>	<u>Upon your franchise becoming operational</u>	<u>Us</u>
<u>Computer Equipment⁽⁸⁾</u>	<u>\$0 - 4,000</u>	<u>Lump sum</u>	<u>Upon your franchise becoming operational</u>	<u>Us</u>
<u>Starter Kit⁽⁹⁾</u>	<u>\$3,000</u>	<u>Lump sum</u>	<u>Upon your franchise becoming operational</u>	<u>Us</u>

(b) The following explanatory notes set forth below the chart in Item 7 of the Franchise Disclosure Document are amended and restated in their entirety as follows.

3. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. All initial fees and payments payable to us shall be deferred until such time as the franchisee's TSS Photography franchise has become operational.

4. The initial franchise fee is discussed in detail in Item 5 of this Disclosure Document. See Item 5 of this Disclosure Document.

Exhibit L

Section 1 of the Expansion Addendum (attached as Exhibit L to the Franchise Disclosure Document) is amended and restated in its entirety as follows.

1. Fees. Notwithstanding Sections 3 and 4 and any other provision of the Franchise Agreement, Franchisee must pay TSS \$10,500 upon the Franchisee's TSS Photography franchise becoming operational. Franchisee must pay TSS the balance of the fees it owes TSS pursuant to the Franchise Agreement or as disclosed in the Franchise Disclosure Document on the first anniversary of the date of this Addendum. Except with respect to the expansion rebate described in Section 2 of this Addendum, this Addendum shall not affect the amount of the fees to which TSS is entitled under the Franchise Agreement. See Attachment 1 to this Addendum for a form schedule of initial fees, rebates, and payments, assuming the population of the Territory is 300,000 and that Franchisee generates revenues for CCS in the first year of the term of the Franchise Agreement in the amount of \$30,000.

Attachment 1 to the Expansion Addendum (attached as Exhibit L to the Franchise Disclosure Document) is amended and restated in its entirety as follows.

Form Schedule of Initial Fees, Payments, and Expansion Rebate

Initial Fees

Franchise Fee	\$7,500
Starter Kit	\$3,000
Equipment(1)	\$0
Territory Fee(2)	\$17,000
Total Initial Fees	\$27,500

Payments and Rebates

Expansion Payment(3)	(\$10,500)
Expansion Rebate(4)	(\$15,000)
Total Payments and Rebates	(\$25,500)

Balance Due(5) \$2,000

1. The amount of the equipment fee above assumes that TSS decided, in its discretion, to waive all of the required purchases of equipment in consideration of the existing equipment that Franchisee uses in its Existing Business.

2. The amount of the territory fee above assumes that the population of the Territory is 300,000. The amount of the fee is \$0.07 per member of the population in the Territory for up to 99,999 in population, and \$0.05 per member of the population in the Territory in excess of 99,999.

3. Franchisee must pay the expansion payment at the time the Franchisee's TSS Photography franchise becomes operational.
4. Franchisee may earn an expansion rebate on the first anniversary of the Expansion Addendum. The amount of the expansion rebate above assumes that Franchisee generates \$30,000 in revenue for CCS during the first year of the term of the Franchise Agreement. If Franchisee generates revenue for CCS in an amount (a) between \$15,000 and \$24,999.99, then the amount of the expansion rebate is 25% of all of the revenue you generate for CCS, (b) between \$25,000 and \$39,999.99, then the amount of the expansion rebate is 50% of all of the revenue you generate for CCS, or (c) equal to or great than \$40,000, then the amount of the expansion rebate is 60% of all of the revenue you generate for CCS.
5. Franchisee must pay the balance on the first anniversary of the date of the Expansion Addendum. The amount of the balance due above is calculated as the total initial monetary obligations (\$27,500) less the expansion payment (\$10,500) and less the expansion rebate (\$15,000).

Neither TSS Photography, LLC, our affiliates, nor any person identified in Item 2 has any material arbitration proceeding pending, or has during the 10-year period immediately preceding the date of this Disclosure Document been a party to concluded material arbitration proceedings

Although the Franchise Agreement requires all mediation and arbitration proceedings to be held in Oklahoma City, Oklahoma, the site of any mediation or arbitration started pursuant to the Franchise Agreement will be at a site mutually agreed upon by you and us

We may not terminate the Franchise Agreement for a breach, for failure to meet performance and quality standards and/or for failure to make royalty payments unless you receive 30 days prior written notice from us and you are provided with an opportunity to cure the defaults

Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota

The laws of the State of South Dakota will govern matters pertaining to franchise registration, employment, covenants not to compete, and other matters of local concern, but as to contractual and all other matters, the Franchise Agreement will be subject to the applications, construction, enforcement and interpretation under the governing law of Oklahoma

Any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside of the State of South Dakota or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Act

Any provision that provides that the parties waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota law

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13 1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for TSS Photograph, LLC for use in the Commonwealth of Virginia shall be amended as follows

Cover Page The following statements are added to the cover page

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 or grant. **Note, however, that no governmental agency has verified the information contained in this document.**

Item 8 The following disclosure is added to Item 8

The following is a list of Approved Suppliers in which TSS Photography, LLC or its officers own an interest

TSS Photography, LLC
CCS

Item 17 The following statements are added to Item 17 h

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 ground 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.

Receipts The Receipts attached as Exhibit N are amended as follows

If TSS Photography, LLC offers you a franchise it must provide this disclosure document to you within 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 or grant.

ADDENDUM REQUIRED BY THE STATE OF WASHINGTON

An Addendum to the Franchise Agreement provides that we shall not terminate the Franchise Agreement before expiration of its initial term or any renewal term except for good cause. Good cause shall include, without limitation, your failure to comply with lawful material provisions of the Franchise Agreement or any other agreement between us, and to cure the default after being given written notice of the default and a reasonable opportunity, which need be more than thirty days, to cure such default, or if the default cannot reasonably be cured within thirty days, your failure to initiate within thirty days substantial and continuing action to cure the default. After three willful and material breaches of the same term of the Franchise Agreement occurring within a 12-month period, for you have been given notice and an opportunity to cure as provided in the Addendum, we may terminate the Franchise Agreement upon any subsequent willful and material breach of the same term within the 12-month period without providing notice or opportunity to cure. We may terminate the Franchise Agreement without giving prior notice or opportunity to cure a default if you (i) are adjudicated a bankrupt or insolvent, (ii) make an assignment for the benefit of creditors or similar disposition of the assets of the franchised business, (iii) voluntarily abandon the franchised business, or (iv) are convicted of or plead guilty or no contest to a charge of violating any law relating to the franchised business. Upon termination for good cause, the Addendum to the Franchise Agreement provides that we shall purchase from you at fair market value at the time of termination, your inventory and supplies, exclusive of (i) personalized materials which have no value to us, (ii) inventory and supplies not reasonably required in the conduct of the Franchised Business, and (iii) if you are to retain control of the premises of the Franchised Business, any inventory and supplies not purchased from us or upon our express requirement. Provided, that we may offset against amounts owed to Franchisee under this provision any amounts owed by you to us.

If any of the provisions in the Franchise Disclosure Document or Franchise Agreement are inconsistent with the relationship provisions of RCW 19 100 180 or other requirements of the Washington Franchise Investment Protection Act (the "Act"), the provisions of the Act will prevail over the inconsistent provisions of the Franchise Disclosure Document and Franchise Agreement with regard to any Franchise sold in Washington

The Securities Administrator has concluded that litigation between a franchisor and franchisee must take place either in the State of Washington or as may be mutually agreed upon by the parties or as may be determined by the judge

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

Transfer fees are collectible to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer

A release or waiver of rights signed by you will not include rights under the Act except when signed under a negotiated settlement after the agreement is in effect and where you are represented by independent counsel Provisions like those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act, like a right to jury trial, may not be enforceable

EXHIBIT D
TO
TSS PHOTOGRAPHY, LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE-SPECIFIC AMENDMENTS
TO THE FRANCHISE AGREEMENT

State Addenda

ADDENDUM REQUIRED BY THE STATE OF CALIFORNIA

The California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer and non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

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

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.

THE FRANCHISE AGREEMENT REQUIRES APPLICATION OF THE LAW OF OKLAHOMA AND A FORUM OF OKLAHOMA CITY, OKLAHOMA. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.

The Franchise Agreement requires non-binding mediation followed by arbitration. The mediation and arbitration will occur in Oklahoma City, Oklahoma, with the prevailing party's costs and expenses to be borne by the other 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.

Section 3 of the Franchise Agreement is amended and restated in its entirety as follows:

3 Franchise Fee You agree to pay us an initial franchise fee in the amount of \$7,500, which is payable in cash in full at the time we complete our initial obligations to you under this Agreement. The fee is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances.

Section 4 of the Franchise Agreement is amended and restated in its entirety as follows:

4 Territory Fees In addition to the initial franchise fee, you must pay us a Territory Fee. The amount of the fee is \$0.07 per member of the population in the Territory for up to 99,999 in population, and \$0.05 per member of the population in the Territory in excess of 99,999. If you expand your Territory, you must pay an additional Territory Fee, unless we waive this fee in whole or in part. The amount of the additional Territory Fee is \$0.10 per member of the population in excess of the population in your existing Territory, unless we waive this fee in whole or in part. We will determine the Territory and population (and all fees, minimum productivity levels, and other requirements based on the Territory or population) using mapping and geographic data software, programs, and compilations that we select, which may include or

incorporate information from the U S Census Bureau or other nationally recognized sources relating to population statistics and estimates The Territory Fee is payable in cash in full at the time we complete our initial obligations to you under this Agreement It is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances

ADDENDUM REQUIRED BY THE STATE OF HAWAII

Section 3 of the Franchise Agreement is amended and restated in its entirety as follows

3 Franchise Fee You agree to pay us an initial franchise fee in the amount of \$7,500, which is payable in cash in full at the time we complete our initial obligations to you under this Agreement The fee is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances

Section 4 of the Franchise Agreement is amended and restated in its entirety as follows

4 Territory Fees In addition to the initial franchise fee, you must pay us a Territory Fee The amount of the fee is \$0 07 per member of the population in the Territory for up to 99,999 in population, and \$0 05 per member of the population in the Territory in excess of 99,999 If you expand your Territory, you must pay an additional Territory Fee, unless we waive this fee in whole or in part The amount of the additional Territory Fee is \$0 10 per member of the population in excess of the population in your existing Territory, unless we waive this fee in whole or in part We will determine the Territory and population (and all fees, minimum productivity levels, and other requirements based on the Territory or population) using mapping and geographic data software, programs, and compilations that we select, which may include or incorporate information from the U S Census Bureau or other nationally recognized sources relating to population statistics and estimates The Territory Fee is payable in cash in full at the time we complete our initial obligations to you under this Agreement It is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances

Section 16 of the Franchise Agreement, under the heading "Termination", shall be supplemented by the addition of the following Section 16(e)

(e) Hawaii Law Pursuant to Section 482E-6(3) of the Hawaii Revised Statutes, for so long as such statute remains in effect and so provides, upon termination or refusal to renew the franchise, Franchisee shall be compensated for the fair market value, at the time of termination or expiration of the franchise, of Franchisee's inventory, supplies, equipment and furnishings purchased from TSS or a supplier designated by TSS, exclusive of personalized materials which have no value to TSS If TSS refuses to renew a franchise for the purpose of converting the franchised business to one owned by TSS, TSS, in addition to the remedies provided in this paragraph, shall compensate Franchisee for the loss of goodwill TSS may deduct from such compensation reasonable costs incurred in removing, transporting, and disposing of Franchisee's inventory, supplies, equipment, and furnishings pursuant to this paragraph, and may offset from such compensation any moneys due to TSS

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

Section 3 of the Franchise Agreement is amended and restated in its entirety as follows

3 Franchise Fee You agree to pay us an initial franchise fee in the amount of \$7,500, which is payable in cash in full at the time you commence doing business. The fee is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances. You are not required to pay us any deposit in order to reserve the Territory you want to purchase.

Section 4 of the Franchise Agreement is amended and restated in its entirety as follows

4 Territory Fees In addition to the initial franchise fee, you must pay us a Territory Fee. The amount of the fee is \$0.07 per member of the population in the Territory for up to 99,999 in population, and \$0.05 per member of the population in the Territory in excess of 99,999. If you expand your Territory, you must pay an additional Territory Fee, unless we waive this fee in whole or in part. The amount of the additional Territory Fee is \$0.10 per member of the population in excess of the population in your existing Territory, unless we waive this fee in whole or in part. We will determine the Territory and population (and all fees, minimum productivity levels, and other requirements based on the Territory or population) using mapping and geographic data software, programs, and compilations that we select, which may include or incorporate information from the U.S. Census Bureau or other nationally recognized sources relating to population statistics and estimates. The Territory Fee is payable in cash in full at the time we complete our initial obligations to you under this Agreement. It is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances.

Notwithstanding Section 16 of the Franchise Agreement, the conditions under which the Franchise Agreement can be terminated and the parties' rights upon non-renewal may be affected by Illinois law, (815 ILCS 705/19 and 705/20)

Notwithstanding Section 29 of the Franchise Agreement, Illinois law shall govern the Franchise Agreement.

Nothing in the Franchise Agreement shall limit or prevent the enforcement of any cause of action otherwise enforceable in Illinois or arising under the Illinois Franchise Disclosure Act of 1987, as amended.

Any condition, stipulation, or provision of the Franchise Agreement purporting to bind Franchisee to a waiver of compliance with Illinois law including the Illinois Franchise Disclosure Act of 1987, as amended, is void.

ADDENDUM REQUIRED BY THE STATE OF INDIANA

The first sentence of Section 18(a) of the Franchise Agreement is modified by adding the word "seek" after the phrase "we will be entitled to" and before the phrase "an injunction restraining you."

Section 16 of the Franchise Agreement, under the heading "Termination", shall be supplemented by the addition of the following Section 16(e)

(e) Indiana Law The conditions under which this Agreement can be terminated may be affected by Indiana law (IC Stat Sec 23-2-2 5 and 23-2-2 7) which provides Franchisee with certain termination rights

Notwithstanding anything to the contrary in Section 29 of the Franchise Agreement, the laws of the State of Indiana shall govern the construction and enforcement of the Franchise Agreement

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

Section 3 of the Franchise Agreement is amended and restated in its entirety as follows

3 Franchise Fee You agree to pay us an initial franchise fee in the amount of \$7,500, which is payable in cash in full at the time we ~~complete~~satisfy our ~~initial pre-opening~~ obligations to you under this Agreement The fee is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances

Section 4 of the Franchise Agreement is amended and restated in its entirety as follows

4 Territory Fees In addition to the initial franchise fee, you must pay us a Territory Fee The amount of the fee is \$0 07 per member of the population in the Territory for up to 99,999 in population, and \$0 05 per member of the population in the Territory in excess of 99,999 If you expand your Territory, you must pay an additional Territory Fee, unless we waive this fee in whole or in part The amount of the additional Territory Fee is \$0 10 per member of the population in excess of the population in your existing Territory, unless we waive this fee in whole or in part We will determine the Territory and population (and all fees, minimum productivity levels, and other requirements based on the Territory or population) using mapping and geographic data software, programs, and compilations that we select, which may include or incorporate information from the U S Census Bureau or other nationally recognized sources relating to population statistics and estimates The Territory Fee is payable in cash in full at the time we ~~complete~~satisfy our ~~initial pre-opening~~ obligations to you under this Agreement It is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances

Any general release required by the terms and conditions of the Franchise Agreement as a condition of renewal, assignment, or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

No representation or disclaimer by the Franchisee in the Franchise Agreement is intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

Attached to this Exhibit as Attachment 1 is the form of the general release that you and your owners will sign, as, and if, required in connection with the renewal, sale, assignment, or transfer

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

Section 5 of the Franchise Agreement is modified by adding a new Section 5(j) as follows

(j) We agree to indemnify you from and against any losses, liabilities, and damages for which you are held liable by a court of competent jurisdiction in any proceeding arising out of your use of the marks "The Sports Section" and "TSS Photography" and all other trademarks, service marks, and associated marks and symbols you utilize pursuant to this Agreement, provided such use is in accordance with and pursuant to the provisions of this Agreement. The foregoing indemnification is conditioned upon the following: you must (i) provide written notice to us of any claims subject to indemnification pursuant to this Agreement within 20 days of your receipt of any written information pertaining to such claims, (ii) tender the defense of the claims to us if we so desire, and (iii) permit us to have sole control of the defense and settlement of any such claim.

Section 16 of the Franchise Agreement is modified by adding a new Section 16(e) as follows

(e) Minnesota Law. The conditions under which this Agreement can be terminated or not renewed may be affected by Minnesota law which provides Franchisee with certain termination and non-renewal rights. Minnesota Statute Section 80C 14, subdivisions 3, 4, and 5 require, except in certain specified cases, that the Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

The first sentence of Section 18(a) of the Franchise Agreement is modified by adding the word "seek" after the phrase "we will be entitled to" and before the phrase "an injunction restraining you."

Section 32 of the Franchise Agreement is modified by adding the following text as the last sentence of Section 32

Pursuant to Minnesota Statute Section 80C 21, this provision shall not in any way abrogate or reduce any rights of Franchisee as provided for in Minnesota Statute Chapter 80C, including, but not limited to, the right to submit matters to the jurisdiction of the courts of Minnesota.

Nothing in the Franchise Agreement is intended to abrogate or reduce any rights of the Franchisee as provided in for Minnesota Statutes, Chapter 80C.

ADDENDUM REQUIRED BY THE STATE OF NEW YORK

Notwithstanding any provision of the Franchise Agreement, all rights enjoyed by Franchisee and any causes of action arising in its 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 the General Business Law of the State of New York Sections 687 4 and 687 5 be satisfied

Section 19(b) of the Franchise Agreement is modified by adding the following sentence after the last sentence of Section 19(b) "However, you shall not be required to indemnify for any claims arising out of a breach of the Agreement or other civil wrong of ours "

No new or different requirements imposed on you as a result of any changes made by us to the Confidential Operating Manual pursuant to Section 7(d) of the Franchise Agreement or otherwise shall place an unreasonable economic burden on you

Notwithstanding any provision of the Franchise Agreement to the contrary, we will not transfer and assign our rights and obligations under the Franchise Agreement unless the transferee will be able to perform our obligations under the Franchise Agreement, in our good faith judgment, so long as it remains subject to Article 33 of the General Business Law of the State of New York

The first sentence of Section 18(a) of the Franchise Agreement is modified by adding the word "seek" after the phrase "we will be entitled to" and before the phrase "an injunction restraining you "

Notwithstanding Sections 29 and 32 of the Franchise Agreement, the choice of law and dispute resolution procedures should not be construed as a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the General Business Law of the State of New York

ADDENDUM REQUIRED BY THE STATE OF NORTH DAKOTA

Section 3 of the Franchise Agreement is amended and restated in its entirety as follows

3 Franchise Fee You agree to pay us an initial franchise fee in the amount of \$7,500, which is payable in cash in full at the time we complete our initial obligations to you under this Agreement. The fee is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances

Section 4 of the Franchise Agreement is amended and restated in its entirety as follows

4 Territory Fees In addition to the initial franchise fee, you must pay us a Territory Fee. The amount of the fee is \$0.07 per member of the population in the Territory for up to 99,999 in population, and \$0.05 per member of the population in the Territory in excess of 99,999. If you expand your Territory, you must pay an additional Territory Fee, unless we waive this fee in whole or in part. The amount of the additional Territory Fee is \$0.10 per member of the population in excess of the population in your existing Territory, unless we waive this fee in whole or in part. We will determine the Territory and population (and all fees, minimum

productivity levels, and other requirements based on the Territory or population) using mapping and geographic data software, programs, and compilations that we select, which may include or incorporate information from the U S Census Bureau or other nationally recognized sources relating to population statistics and estimates. The Territory Fee is payable in cash in full at the time we complete our initial obligations to you under this Agreement. It is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances.

To the extent that Section 6(b) of the Franchise Agreement is in violation of Section 51-19-09 of the North Dakota Franchise Investment Law, such provision will be deleted from the Franchise Agreement.

Section 18 of the Franchise Agreement relating to non-competition covenants may be contrary to Section 9-08-06 of the North Dakota Century Code, and may not be enforceable in North Dakota.

Any waiver of exemplary or punitive damages specified in Section 32 of the Franchise Agreement shall be deemed null and void and of no force or effect.

Notwithstanding Sections 32 of the Franchise Agreement, the Franchisee does not consent to the jurisdiction of any court outside of North Dakota. Although Sections 29 and 32 of the Franchise Agreement provide that the Franchise Agreement will be governed by and construed in accordance with the laws of the State of Oklahoma, TSS agrees that the laws of the State of North Dakota shall govern the Franchise Agreement.

ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND

Notwithstanding Sections 29 and 32 of the Franchise Agreement, Section 19-28 1-14 of the Rhode Island Franchise Investment Act (the "Act") provides that a provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Act.

ADDENDUM REQUIRED BY THE STATE OF SOUTH DAKOTA

Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota.

Section 3 of the Franchise Agreement is amended and restated in its entirety as follows.

3. Franchise Fee. You agree to pay us an initial franchise fee in the amount of \$7,500, which is payable in cash in full at the time the Franchisee's TSS Photography franchise becomes operational. The fee is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances.

Section 4 of the Franchise Agreement is amended and restated in its entirety as follows.

4. Territory Fees. In addition to the initial franchise fee, you must pay us a Territory Fee. The amount of the fee is \$0.07 per member of the population in the Territory for up to

99,999 in population, and \$0.05 per member of the population in the Territory in excess of 99,999. If you expand your Territory, you must pay an additional Territory Fee, unless we waive this fee in whole or in part. The amount of the additional Territory Fee is \$0.10 per member of the population in excess of the population in your existing Territory, unless we waive this fee in whole or in part. We will determine the Territory and population (and all fees, minimum productivity levels, and other requirements based on the Territory or population) using mapping and geographic data software, programs, and compilations that we select, which may include or incorporate information from the U.S. Census Bureau or other nationally recognized sources relating to population statistics and estimates. The Territory Fee is payable in cash in full at the time the Franchise's TSS Photography franchise becomes operational. It is considered fully earned when paid and is not refundable, in whole or in part, under any circumstances.

Nothing in Section 32 shall be deemed to bar the right of either party to obtain injunctive relief from any court of competent jurisdiction against threatened conduct that will cause loss or damages under the usual equity rules, including the applicable rules for obtaining preliminary injunctions

Section 29 of the Franchise Agreement is amended to add the following as the last sentence of Section 29

“Notwithstanding the foregoing, the law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota, but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the applications, construction, enforcement, and interpretation under the governing law of Oklahoma Any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside of South Dakota or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Law ”

Pursuant to S D C L 37-5B-26(8), any acknowledgment provision, disclaimer, or integration clause or a provision having a similar effect in the Franchise Agreement does not negate or act to remove from judicial review any statement, misrepresentation, or action that would violate the South Dakota Franchise Law (S D C L 37-5B), or any administrative regulations promulgated thereunder

Any provision that provides that the parties waive their right to claim punitive, exemplary, incidental, indirect, special, or consequential damages may not be enforceable under South Dakota law

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for TSS Photography, LLC for use in the Commonwealth of Virginia shall be amended as follows

Cover Page The following statements are added to the cover page

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 or grant. Note, however, that no governmental agency has verified the information contained in this document.

Additional Disclosure The following statements are added to Item 17 h

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the franchise agreement involves the use of undue influence by the franchisor to induce the franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

The Receipt attached as Exhibit H to this Disclosure Document is amended as follows:

If TSS Photography, LLC offers you a franchise it must provide this disclosure document to you within 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 or grant.

ADDENDUM REQUIRED BY THE STATE OF WASHINGTON

Notwithstanding any other provision of the Franchise Agreement to the contrary, we shall not terminate the Franchise Agreement prior to expiration of its initial term or any renewal term except for good cause. Good cause shall include your failure to comply with lawful material provisions of the Franchise Agreement or any other agreement between you and us, and to cure such default after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such default, or if such default cannot reasonably be cured within 30 days, your failure to initiate within 30 days substantial and continuing action to cure such default. After 3 willful and material breaches of the same term of the Franchise Agreement occurring within a 12-month period, for which you have been given notice and an opportunity to cure as provided in this subsection, we may terminate the Franchise Agreement upon any subsequent willful and material breach of the same term within the 12-month period without providing notice or opportunity to cure. We may terminate the Franchise Agreement without giving prior notice or opportunity to cure a default if you (i) are adjudicated a bankrupt or insolvent, (ii) make an assignment for the benefit of creditors or similar disposition of the assets of the franchised business, (iii) voluntarily abandon the franchised business, or (iv) are convicted of or pleads guilty or no contest to a charge of violating any law relating to the franchised business. Upon termination for good cause, we shall purchase from you at fair market value at the time of termination, your inventory and supplies, exclusive of (i) personalized materials which have no value to us, (ii) inventory and supplies not reasonably required in the conduct of the franchised business, and (iii), if you are to retain control of the premises of the

franchised business, any inventory and supplies not purchased from us or upon our requirement, provided, that we may offset against amounts owed to you under this paragraph any amounts you owe to us

In any litigation involving a franchise purchased in Washington, the litigation site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the litigation, or as determined by the judge

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

If any provision of the Franchise Agreement is inconsistent with the relationship provisions of RCW 19 100 180 or other requirements of the Washington Franchise Investment Protection Act (the "Act"), the provisions of the Act will prevail

Notwithstanding Section 15 of the Franchise Agreement, transfer fees are collectible to the extent that they reflect TSS' reasonable estimated or actual costs in effecting a transfer

A release or waiver of rights executed the Franchisee shall not include rights under the Act except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel Provisions 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 trial by jury, may not be enforceable

ADDENDUM REQUIRED BY THE STATE OF WISCONSIN

Section 16 of the Franchise Agreement, under the heading "Termination", shall be supplemented by the addition of the following Section 16(e)

(e) Wisconsin Law The conditions under which this Agreement can be terminated or not renewed may be affected by Wisconsin law, Chapter 135, Wisc Stats , the Wisconsin Fair Dealership Law

Section 29 of the Franchise Agreement is modified by adding the following to Section 29

"The Wisconsin Fair Dealership Law supersedes any provision of this Agreement which is inconsistent with that law "

FOR RESIDENTS OF ALL STATES LISTED IN THIS ADDENDUM

Notwithstanding Section 36 of the Franchise Agreement to the contrary, this Addendum shall not be merged with or into, or superseded by, the Franchise Agreement In the event of any conflict between the Franchise Agreement and this Addendum, this Addendum shall be controlling Except as otherwise set forth in this Agreement, no other amendments or modifications of the Franchise Agreement are intended or made by the parties

Applicable State _____

The parties have duly executed and delivered this Addendum on the day and year first above written

Franchisee

By _____
Name _____
Title _____

TSS

TSS Photography, LLC

By _____
Name _____
Title _____

General Release

This General Release is made effective this ____ day of _____, 20____ In consideration for the grant by TSS Photography, LLC, an Oklahoma limited liability company ("TSS"), to the undersigned of certain rights in connection with the operation of a TSS franchise or the transfer or renewal of such rights, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the undersigned, individually and collectively, unconditionally release, discharge, and acquit TSS, its past and present subsidiaries and affiliates, and its and their shareholders, owners, directors, officers, managers, members, partners, employees, agents, representatives, successors, and assigns, from any and all liabilities, damages, claims, demands, costs, expenses, debts, indemnities, suits, disputes, controversies, actions, and causes of action of any kind whatsoever, whether known or unknown, fixed or contingent, regarding or arising out of any prior or existing franchise relationship, development agreement, franchise agreement, or any other agreement executed by any of the undersigned and TSS (or any subsidiary or affiliate of TSS), any TSS franchise (whether currently or previously owned or operated by the undersigned or any of them), or any other prior or existing business relationship between any of the undersigned and TSS (or any subsidiary or affiliate of TSS), which the undersigned or any of them individually or collectively has asserted, may have asserted, or could have asserted against TSS (or any of the aforementioned related parties) at any time up to the date of this General Release, including claims arising from contract, written or oral communications, alleged misrepresentations, and acts of negligence, whether active or passive. This General Release shall survive the assignment or termination of any of the franchise agreements or other documents entered into by and between TSS and any of the undersigned. This General Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws nor is it intended to relieve TSS or any other person, directly or indirectly, from liability imposed by the Maryland Franchise Registration and Disclosure Law. This General Release shall be governed by and construed in accordance with the laws of the State of Oklahoma without regard to its conflicts of law provisions.

Dated _____

Franchisee

By _____
Name _____
Title _____

Franchisee Owner

Name _____

EXHIBIT E
TO
TSS PHOTOGRAPHY, LLC
FRANCHISE DISCLOSURE DOCUMENT
LIST OF FRANCHISEES

**LIST OF CURRENT FRANCHISEES
AS OF DECEMBER 31, ~~2017~~2018**
(Alphabetical Order by City & State Abbreviation)

***VANDERWOUE, Earle**
110 Pleasant Valley Drive
Midland City, AL 36350
334-671-3913

WAY, Emery
1920 South Main Street, Suite 106
Stuttgart, AR 72160
501-772-3688

***COGAN, Adam**
3363 West Via Del Sol Drive
Phoenix, AZ 85027
623-587-7678

~~**MAR, Ken and Laurie**~~
~~P.O. Box 580180~~
~~Elk Grove, CA 95758~~
~~916-801-4954~~

PALOS, Guillermo
4785 Condor Avenue
Fontana, CA 92336
909-371-0123

JOYCE, Joseph
34 Bonnywick Drive
Harrisburg, PA 17111
Long Beach, CA 90803
570-490-5406

***TAM, Ellen**
307 San Leandro Way
San Francisco, CA 94127
415-969-1220

RIVAS, Joseph
12620 Haddon Avenue
Sylmar, CA 91342
818-482-5819

***SMITH, Rolena & Lance**
13410 Eastonville Road
Elbert, CO 80106
719-495-4077
AVINASH, Senthil
9534 S Dolton Way
Highlands Ranch, CO 80126
720-460-0877

TYLER, Brad
284 Ironwood Drive
Davenport, FL 33837
863-326-0793

FREEMAN, Dawn
1437 Marsh Meadow Lane
Davenport, FL 33896
863-256-5044

***SHERMAN, Rachel**
2000 Banks Road, Suite E-1
Margate, FL 33063
954-933-0986

JORDAN, Gerald
3163 Glenridge Circle
Merritt Island, FL 32953
321-305-8006

***JUDGE, Claudine**
27107 Winged Elm Drive
Wesley Chapel, FL 33544
813-579-7521

***RAINES, Bill**
340 University Circle
Athens, GA 30605
706-255-6097

~~*HALL, Jeff~~ COCHRAN, Francis & Connie
~~5040 Greystone Place~~
~~5377 Mountain Trail~~
Douglasville, GA 30135
~~770-947-8500~~ 778-8862

*LAMBERTZ, Jennifer
311 Thornbush Trace
Lawrenceville, GA 30046
678-360-2468

CIRILLO, Jennifer
41-727 Kamanaoio Place
Kailua, HI 96734
(808) 263-7888

VERDUN, Steve/ANDERSON, Aaron
1080 Spring Bay Road
East Peoria, IL 61611
309-670-0310

WILL, Tim
3112 Lakeview Drive
Marion, IL 62959
618-998-8999

*GREENE, Lori
8507 W 191st Street, Unit 25W
Mokena, IL 60448
815-464-3171

*DEPOORTER, Margaret
1839 22nd Street
Rock Island, IL 61201
309-721-1498

*BANNING, Sandra
4364 Radio Tower Rd
Salem, IL 62881
618-548-5758

*PARKINSON, John & Karen
SANDQUIST, Kate
902 S Randall Road, Suite #C312
St Charles, IL 60174
630-762-9440

*POOLE, George & Gail
10306 Long Barn Court
Louisville, KY 40291
502-417-3859

WHIGHAM, James
1620 Belle Chasse Highway, Suite A
Gretna, LA 70056
504-393-0014

~~BROWN-COLLINS, Nicole~~
~~119 Kimberly Avenue~~
~~Springfield, MA 01108~~
~~413-391-0721~~

PARKER, Chris
26280 Hobbs Road
Denton, MD 21629
410-253-3566

~~BEVARD, Alan~~
~~508 Bridleweath Way~~
~~Mount Airy, MD 21771~~
~~301-639-8272~~

*SHORT, Eldridge
5938 Michael Road
Waldorf, MD 20601
301-645-8879

VARNON, Winona
1809 Sparrows Drive
Woodbine, MD 21797
410-402-0529

~~MaeVICAR, Kristen~~
~~18163 Wilson Court~~
~~Brownstown, MI 48192~~
~~734-285-6511~~

*KOTTKE, Mike
2936 Parkway Circle
Sterling Heights, MI 48310
586-268-4587

*JOHNSON, Fred

25940 Twin Oaks Drive
Taylor, MI 48180
313-724-6706

*OSENTOSKI, Jerry & Debra
5350 Stambaugh Road
Ubly, MI 48475
989-658-8113

*EINHEUSER, Rick
798 Beachway
White Lake, MI 48383
248-431-5671

~~TUCKNER, Michael~~
~~3863 Bailey Ridge Drive~~
~~Woodbury, MN 55125~~
~~651-245-9508~~

HALLIWELL, Allan & Jeanne
332 S Ridge Street
Ridgeland, MS 39157
601-853-9598

*GRIFFIN, Patrick
3010 New Yarmouth Way
Apex, NC 27502
919-387-3980

SPLAIN, Brennan
47 Virginia Avenue
Asheville, NC 28806
828-505-1109

*BARLOWE, Ashley
P O Box 2185
Cornelius, NC 28031
704-895-2200

BUFFKIN, Crystal
1032 Jones Hill Drive
Stanley, NC 28164
704-200-5769

*JOHNSON, Wendy

P O Box 755
Waxhaw, NC 28173
704-243-0584

*ORAMA, Ismael
85 Van Nostrand Avenue
Dover, NJ 07801
973-668-5463

*BOWRING, Wayne
39 Church Street
High Bridge, NJ 08829
908-312-3996

FERREIRA, George
265 Bartley Road
Jackson, NJ 08527
732-665-6815

~~PALAFIX, Victoria~~
~~2067 Chatterton Avenue~~
~~Bronx, NY 10472~~
~~646-425-1127~~

SALMON, Simone & Keith
18604 Nashville Boulevard
Jamaica, ~~New York~~ NY 11413
845-842-0097

ORSETTI, JoAnn
6 Willow Way
Morrisonville, NY 12962
518-643-0852

FABER, Kathy
2283 E Lake Rd , County Route 22
Richfield Springs, NY 13439
315-858-3401

*BISCOTTO, Michael
5225 Sheridan Drive
Williamsville, NY 14221
716-604-8117

BAUGH, Samuel

4835 Buckhaven Road
Reno, NV 89519
775-240-1640

SCHAFER, Victoria
145 West 2nd Street
Chillicothe, OH 45601
740-637-3200

*PASCO, Jack
1388 Bristol Downs Road
Newark, OH 43055
877-816-6100

*THORNBERRY, Ron
1306 Kenyon S W
Massillon, OH 44647
330-833-6554

*REASON, Tim
2713 NW 31st Street
New Castle, OK 73065
405-392-3030

*MEIER, Terry
6325 E 86th Place
Tulsa, OK 74137
918-252-3394

TAYLOR, Kim
16725 NE Hillside Drive
Newberg, OR 97132
503-538-1022

*GEERTSON, Mike
4444 Lorna Lane
Erie, PA 16506
814-838-1177

*HEALY, Kellie
818 Linda Lane
Pittsburgh, PA 15243
412-344-3100

WHEELER, Michael

333 Warrick Drive
Seven Fields, PA 16046
724-591-1558

SAMIT, Adam
3959 Welsh Road #220
Willow Grove, PA 19090
215-305-8549

TWOMEY, Marie
15 King Road
Middletown, RI 02842
401-849-8100

GARVER, Claudine
4369 McCorsley Avenue
Little River, SC 29566
843-273-0328

WOOD, Mary & Shane
345 Silver Wolf Drive
Collierville, TN 38017
901-422-0166

ALONGI, Vince
1404 Leeds Drive
Franklin, TN 37067
615-794-7427

*DUNHAM, Brock
5724 Capeside Lane
Knoxville, TN 37931
865-567-0637

WALLINGFORD, John
312 Lakeview Cove Road
Loudon, TN 37774
865-988-9212

GEYER, Rebecca
10003 Shinnecock Hills Drive
Austin, TX 78747
512-969-9116

*HOLLANDER, Joan

2021 Hearthstone
Carrollton, TX 75010
972-712-3489

JACKSON, Jason/RAUEN, Michael
2509 Ellie Drive
Corpus Christi, TX 78418
361-434-0464

*EVENSON, Martin
6119 Greenville Avenue, Suite 411
Dallas, TX 75206
217-373-9898

FENTON, Felipe
1517 Glourie Drive
Houston, TX 77055
713-678-0229

DENNY, Sandy
721 Bodega Bay Drive
Keller, TX 76248
682-333-9483

*TELAROLI, Steve
32509 Decker Prairie Road
Magnolia, TX 77355
832-794-1046

BRADEN, Jack & Sandy
8800 Tradeway
San Antonio, TX 78217
210-428-7993

*STROUD, Andray
14019 SW Freeway 301512
Sugarland, TX 77478
713-359-8728

COHEN, Tod
1140 E Market Street, Suite 201
Charlottesville, VA 22903
434-973-2960

*BROLIN, Cindy/SINDELL, Steve

9606 Ladue Road
Richmond, VA 23237
804-425-6041

NULL, Curtis
455 Biltmore Drive
McGaheysville, VA 22840
540-560-9678

~~KING, Kathia~~
~~318 Charity Lane~~
~~Newport News, VA 23602~~
~~757-320-6553~~

*ZIPPERER, Scott
10516 Lange Road
Newton, WI 53063
920-901-0959

SIMPKIN, Jessica
846 Northside Drive, Suite 19
Summersville, WV 26651
304-619-6865

(*Indicates Franchisee owns multiple
franchised businesses in one or more states)

EXHIBIT F
TO
TSS PHOTOGRAPHY, LLC
FRANCHISE DISCLOSURE DOCUMENT
LIST OF FORMER FRANCHISEES

EXHIBIT F

**LIST OF FORMER FRANCHISEES
AS OF DECEMBER 31, ~~2017~~2018**

Transferred

~~*ZIFFER, Mitch~~HALL, Jeff
~~2000 Banks Road, E-1~~
~~Margate, FL 33063~~
~~954-933-0986~~

~~*DeGARMO, Lauren~~
~~3816 E 117th Place~~5040 Greystone Place
~~Tulsa, OK 74137~~
~~918-408-3666~~
Douglasville, GA 30135
770-947-8500

MacVICAR, Kristen
18163 Wilson Court
Brownstown, MI 48192
734-285-6511

Canceled, Terminated, or Not Renewed

~~TEIFKE, Jessica~~
~~285 County Route 57A~~
~~Phoenix, NY 13135~~
~~315-934-4043~~

~~DOWDELL, Megan~~
~~9723 New California Drive~~
~~Plain City, OH 43064~~
~~614-460-0871~~

~~POWELL, Mary/MAGGARD, Marc~~
~~3232 Gravett Street~~
~~Murphreesboro, TN 37129~~
~~270-855-1363~~
BROWN-COLLINS, Nicole
119 Kimberly Avenue
Springfield, MA 01108
413-391-0721

KING, Kathia
318 Charity Lane
Newport News, VA 23602

757-320-6553

Ceased Operations Other Reasons

MAR, Ken and Laurie
P.O. Box 580180
Elk Grove, CA 95758
916-801-4954

BEVARD, Alan
508 Bridlewreath Way
Mount Airy, MD 21771
301-639-8272

TUCKNER, Michael
3863 Bailey Ridge Drive
Woodbury, MN 55125
651-245-9508

HUI, Raymond
200 Channi Loop
Danville, CA 94506
925-984-2808

HAMMETT, Sarah
1001 W Webster Avenue
Chicago, IL 60614
773-332-8394

Ceased Operations Other Reasons (Cont'dContinued)

PALAFIX, Victoria
2067 Chatterton Avenue
Bronx, NY 10472
646-425-1127

~~*WHITMAN, Glenn
721 North Valleyview
Wichita, KS 67212
316-722-0982~~

~~TAYLOR, Steven
2114 Partridge Lane
Kalamazoo, MI 49009
269-532-4962~~

~~RIVERA, Marjon & Rachel
1103 Joseph Court
South Plainfield, NJ 07080
732-790-5624~~

~~*MARGOLIS, Tod
3336 Brittany Drive
Flower Mound, TX 75022
972-539-9125~~

(*Indicates Franchisee owned multiple franchised businesses in one or more states)

EXHIBIT G
TO
TSS PHOTOGRAPHY, LLC
FRANCHISE DISCLOSURE DOCUMENT
STATEMENT OF PROSPECTIVE FRANCHISEES

STATEMENT OF PROSPECTIVE FRANCHISEES

A Representations and Other Matters

Each undersigned hereby acknowledges the following

- 1 No promises, commitments, representations, understandings, options, rights-of-first-refusal or otherwise have been made to or with me with respect to any matter in connection with the purchase of a TSS Photography franchise nor have I relied in any way on any such, except as explicitly set forth in the Franchise Agreement executed with TSS Photography, LLC Initials _____
- 2 No oral, written, visual or other claim or representation, which stated or suggested any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise (or from which such items might be ascertained) was made to me by any person or entity affiliated with TSS Photography, LLC Initials _____ [Not applicable to Illinois residents]
- 3 No oral, written, visual or other claim or representation, promise, commitment, understanding or otherwise was made to me by any person or entity affiliated with TSS Photography, LLC which contradicted or was inconsistent with the Disclosure Document distributed by TSS Photography, LLC Initials _____

B The following dates are true and correct

- 1 The date of my first personal meeting with a representative of TSS Photography, LLC to discuss the possible purchase of a TSS Photography franchise _____, 20____
Initials _____
- 2 The date on which I received the Disclosure Document about the purchase of a TSS Photography franchise _____, 20____
Initials _____
- 3 The earliest date on which I delivered cash, check or other consideration to TSS Photography, LLC in connection with the purchase of a TSS Photography franchise _____, 20____
Initials _____

The following are applicable to all prospective franchisees except those in the State of Illinois

The undersigned acknowledges and agrees that TSS Photography, LLC does not make or endorse, nor does it allow any representative or other individual to make or endorse any oral, written, visual or other claim or representation that states or suggests any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise with respect to a TSS Photography franchise

In addition, TSS Photography, LLC does not permit any promises, agreements, contracts, commitments, representations, understandings, options, rights-of-first-refusal or otherwise or changes in the Franchise Agreement except by means of a written Addendum signed by all parties to the Franchise Agreement

Each undersigned understands and agrees to all of the foregoing and certifies that all of the above statements are true, correct and complete

The foregoing statements 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

Date _____, 20____

Prospective Franchisee

Prospective Franchisee

Prospective Franchisee

Approved

TSS PHOTOGRAPHY, LLC

By _____

Title _____

EXHIBIT H
TO
TSS PHOTOGRAPHY, LLC
FRANCHISE DISCLOSURE DOCUMENT
OPERATING MANUAL TABLE OF CONTENTS

TSS PHOTOGRAPHY, LLC

OPERATING MANUAL

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Understanding the Histogram	9
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What Causes Over/Underexposed Images	1
Basic Camera Functions	2
Outdoor Exposure Guidelines	12
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Light Meter Explanation	3
How to Maximize the Efficiency of Your Flash	3
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Group Posing Formats	4
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Outdoor Group Photography Guidelines	3
Indoor Group Photography Guidelines	1
Chroma-Key Group Photography Guidelines	1
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Enhanced Chroma-Key Setup	5
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**EXHIBIT I
TO
TSS PHOTOGRAPHY, LLC
FRANCHISE DISCLOSURE DOCUMENT
FINDERS AGREEMENT**

FINDERS AGREEMENT

This Agreement, dated _____, is between TSS Photography, LLC, an Oklahoma limited liability company ("TSS") and _____ ("Seller")

Seller is a TSS Photography franchisee pursuant to that certain Franchise Agreement dated _____ ("Franchise Agreement") and Seller has requested TSS's assistance in locating a qualified purchaser to purchase its TSS Photography franchise. TSS has agreed to provide Seller with such assistance under the terms and conditions of this Agreement.

NOW, THEREFORE, the parties agree as follows:

1 **Engagement** Seller does hereby engage TSS on a non-exclusive basis for TSS to use its reasonable efforts to find prospective purchasers for the TSS Photography franchise owned by Seller (the "Business"). Seller understands that TSS's efforts will be limited to contacting prospects in TSS's current prospect database or who otherwise come to TSS's attention in the course of its regular business activities or through industry resources available to TSS. Seller understands that TSS is not obligated to conduct any general solicitation on Seller's behalf or to undertake specific tasks to locate prospective purchasers. TSS does not guarantee that TSS will locate a prospective purchaser or that any prospect TSS refers or introduces to Seller will be qualified or otherwise able to purchase the Business. Seller agrees that under no circumstances will TSS have any liability to Seller for TSS's failure to find a qualified purchaser or for any problems or disputes Seller may have with any prospect TSS introduces or refers to Seller. Capitalized terms used and not otherwise defined herein shall have the meaning set forth in the Franchise Agreement.

2 **Disclosure of Information** To facilitate TSS's efforts hereunder, Seller shall provide to TSS, and to any prospect TSS introduces or refers to Seller, any pertinent information about the Business that TSS or the prospect request or that Seller provides generally to those individuals or entities that may be interested in purchasing the Business, including without limitation, tax returns, financial statements, shoot analyses, customer lists, schedules of future committed photo shoots and similar information. Seller agrees that any information provided to TSS or the prospect will be complete, accurate and not misleading in any way. Seller agrees that TSS is authorized to distribute such information as it deems appropriate to locate qualified prospects.

3 **Additional Assistance** TSS shall be available, at Seller's request, to provide reasonable consultation and assistance in the following areas:

- (i) Structuring the sale of the Business, or
- (ii) Reviewing and providing comments on any documentation to be prepared for the sale of the Business.

The Seller understands and agrees that TSS provides no representation, warranty or other assurances regarding the content or quality of any consultation or advice provided in connection with (i) and (ii) above, and Seller acknowledges that TSS does not provide legal or accounting advice.

4 **Prospective Purchasers** Upon locating a prospective purchaser, TSS will provide Seller in writing with the prospect's name, address and telephone number. Unless Seller notifies TSS in writing within 10 days of its receipt of information that the prospective purchaser is a former or currently active prospect for the Business with whom Seller has a pre-existing relationship, each prospective candidate submitted by TSS shall be deemed accepted by Seller for the purpose of determining TSS's eligibility to receive commissions should Seller sell the Business to the prospect. If requested by TSS in

writing, Seller shall promptly provide TSS with evidence substantiating the fact that a prospective purchaser submitted by TSS is a former or currently active prospect for the Business

5 **TSS Compensation** If Seller sells the Business to any prospect referred or introduced to Seller by TSS, TSS shall be entitled to the Transfer Fee under the Franchise Agreement plus a commission in the amount of \$5,000. Payment of TSS's compensation shall be made directly from the purchaser of the Business as a deduction from the first portion of the Purchase Price and payment shall occur contemporaneously with such purchaser and Seller signing TSS's standard form of documents evidencing the transfer of the TSS Photography franchise. The purchaser shall make payment of the Purchase Price directly to TSS. TSS will deduct its share of consideration due hereunder and forward to Seller the remainder within 10 business days of TSS's receipt of such consideration. TSS's right to receive compensation hereunder shall survive the termination of this Agreement.

6 **Obligations of Purchaser and Seller** The parties agree to undertake and perform their respective obligations as set forth on Exhibit A, attached hereto.

7 **Representation of Seller** Seller hereby represents and warrants the following to TSS:

- (i) it will continue to operate the Business in full compliance with the Franchise Agreement pending any sale,
- (ii) by entering into this Agreement, TSS is not waiving any rights it has to require Seller to comply strictly with the Franchise Agreement, and
- (iii) Seller understands that TSS may terminate Seller's TSS Photography franchise and the Franchise Agreement prior to any sale of the Business if there are grounds for termination under the Franchise Agreement and upon such termination TSS has the right to sell a franchise to any prospect previously referred or introduced to Seller by TSS hereunder for all or part of the territory within which Seller previously operated its franchise.

8 **Indemnification** Seller agrees to save, hold harmless and indemnify TSS and any of TSS's officers, directors, owners, representatives, agents, employees and independent contractors from any and all claims, damages and liability and any and all incidental costs, fees and expenses (including attorneys' fees) arising out of or in connection with the performance of TSS's duties hereunder or any attempt to sell, or the sale of, the Business. In connection therewith, Seller agrees to reimburse TSS for any attorneys' fees incurred by TSS in connection with defending any claims or disputes hereunder or which relate to Seller's sale of the Business, and Seller agrees that TSS shall be entitled to engage any counsel of its choice in connection with its right of indemnification. This Section shall survive the termination of this Agreement.

9 **Non-Exclusive Agreement** Seller may market and sell the Business to any purchaser, provided such purchaser meets the qualifications TSS has established for new franchisees and TSS approves such purchaser in accordance with the transfer provisions of the Franchise Agreement. Notwithstanding this Agreement, Seller is not limited to selling its TSS Photography franchise to a prospective purchaser referred or introduced to Seller by TSS. In fact, TSS encourages the engagement of a local business broker to lead Seller's efforts to sell the Business. In the event Seller does retain a business broker or sales agent, Seller must file with TSS a copy of Seller's agreement with the business broker or sales agents within three business days of its signing. If Seller sells the Business to a purchaser not referred or introduced to it by TSS, Seller will not be required to pay compensation hereunder, however, TSS shall still be entitled to the applicable Transfer Fee as provided in the Franchise Agreement.

10 **No Legal or Accounting Services** The Seller understands and acknowledges that TSS is not being engaged to perform any legal or accounting services on behalf of Seller, and shall not render any such services in connection with TSS's engagement hereunder or in connection with Seller's sale of its Business. Seller acknowledges that TSS has recommended to Seller that Seller retain the services of appropriate professionals to assist Seller with the legal and accounting aspects of the sale of the Business.

11 **Applicable Law** This Agreement shall be construed under the laws of the State of Oklahoma regardless of where it is executed or delivered.

12 **Termination** This Agreement will terminate upon the earlier of the following: (i) the closing of the sale of the Business, (ii) the termination of Seller's Franchise Agreement, or (iii) 30 days following written notice of termination from either party to the other. Seller's obligation to pay TSS compensation under Section 5 with respect to a sale of the Business to any prospective purchaser referred or introduced to Seller by TSS will survive any termination hereof.

13 **Entire Agreement** This Agreement constitutes the entire agreement between the parties concerning the subject matter hereof and shall not be amended or modified except by an amendment in writing executed by TSS and the Seller. No party has made, or relied upon, any statements, representations, warranties, "side deals" or other agreements or undertakings in connection with the subject matter of this Agreement other than as expressly set forth herein. This Agreement does not supersede or amend Seller's Franchise Agreement, which will remain in full force and effect. Nothing in this Agreement or any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

14 **Mediation, Litigation** Any dispute between TSS or Seller arising in connection with this Agreement or the sale of the Business which cannot be resolved through good faith negotiation, shall be resolved through non-binding mediation in Oklahoma City, Oklahoma in accordance with the Commercial Mediation Rules of the American Arbitration Association and then litigation in Oklahoma City, Oklahoma if not resolved through non-binding mediation.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first
set forth above

"SELLER"

"TSS"

Print Name of Seller

TSS PHOTOGRAPHY, LLC

By _____
Title _____

By _____
Title _____

As a shareholder, member or partner of Seller, as the case may be, I hereby guarantee the full and prompt payment of TSS's compensation hereunder

Signature

Signature

Printed Name

Printed Name

EXHIBIT A

Seller and TSS Obligations

Seller's Obligations

- Provide complete listing of current equipment used in the franchise along with what is included in the sale of the franchise
- Give detailed listing of accounts (will be cross-referenced with our software) including
 - League Name
 - Contact Name
 - Phone # (2 if possible)
 - Summary Sheets (of at least the past 12 months)
 - Receipts from shoot (total dollars collected, rebates paid, sponsorships made)
 - Files on each league (copies of envelopes used, letters to and from leagues)
- Complete sample collection including
 - Presentation materials
 - Display Boards
 - Digital files and images and paperwork from leagues shot within the past 12 months
 - Sample photographs with any photo releases
- Provide the following sales training to the new franchisee (within first 2 weeks of closing of the sale of the Business)
 - This is to include introducing the new franchisee in person to leagues ("We are expanding our business, and I wanted you to meet my partner _____")
 - (*At the New Franchisee's Option*) Spend at least 2 hours going through the product codes, product descriptions, and getting them familiarized with industry "Jargon"
 - (*At the New Franchisee's Option*) Going on at least one outdoor shoot, and one indoor shoot as a consultant (new franchisee should have proper staffing available to be trained)
- Provide instruction of office support, this should include (*at the New Franchisee's Option* within first week of closing of the sale of the Business)
 - Our software overview and orientation
 - Order entry of no less than one complete order (or approx 100 heads)
 - Customer Service procedures (re-orders, corrections, customer complaints, re-shoots)

- Checking-in of the one order processed together (QC order, include follow-up slips of paper)
- Delivery of photos to league with new owner (personally deliver the order to show continuity of transition)

TSS's Obligations

- Provide telephone support to prospect during investigation process
- Supply Seller and prospect with all forms of documentation for sale, including
 - FDD & Application for Ownership (at least 30 days prior to closing)
 - Purchases and Sales Agreement (optional)
 - Transfer & Assumption Agreement
 - Franchise Agreement for new franchisee to sign
- TSS will provide a complete "Pre-Trip Kit", and "Starter Kit", containing over \$3,000 worth of samples, including
 - Presentation materials with samples
 - Initial supply of letterhead, operational forms, business cards
 - Complete inventory of TSS products (one of each item offered by product code)
 - New Software
- TSS will provide complete sales training of new franchisee, including
 - Four day corporate sales training trip within the first month of the closing of the sale of the Business with the new franchisee During this trip, sales product and service introductions will be covered in addition to overall business operations
- TSS will provide complete photography training of new franchisee, including
- Two days developing the basic skills needed to conduct quality group and individual picture day programs During this trip, observation and participation in actual picture day programs will occur
- The new franchisee will qualify as a "rookie" for award levels, including President's Club

Complete sales, photography, and franchise support via telephone, e-mail and Internet from the first day as the new franchisee

EXHIBIT J
TO
TSS PHOTOGRAPHY, LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS
AND
AGENTS FOR SERVICE OF PROCESS

I State Administrators

CALIFORNIA

Department of Business Oversight
320 West 4th Street
Suite 750
Los Angeles, California 90013
(866) 275-2677 or (213) 576-7500

FLORIDA

Department of Agriculture and Consumer
Services
Division of Consumer Services
Mayo Building
407 South Calhoun Street
Tallahassee, FL 32399
(850) 488-2221

HAWAII

Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

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

INDIANA

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

MARYLAND

Office of the Attorney General
Maryland Securities Division
200 Saint Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

MICHIGAN

Michigan Department of Attorney General
Consumer Protection Division
G Mennen Williams Building, 7th Floor
525 W Ottawa Street
P O Box 30212
Lansing, Michigan 48909
(517) 373-7117

MINNESOTA

Minnesota Department of Commerce
Registration and Licensing Division
85 7th Place, Suite 500
St Paul, Minnesota 55101
(651) 296-4026

NEBRASKA

Department of Banking and Finance
Commerce Court
1230 'O' Street, Suite 400
Lincoln, NE 68508-1402
(402) 471-3445

NEW YORK

New York State Department of Law
~~Bureau of Investor Protection and~~
~~Securities Bureau~~
~~120 Broadway, 23rd Floor~~
28 Liberty St., 21st FL
New York, ~~New York~~ NY ~~10271~~ 10005
(212) 416-8211

NORTH DAKOTA

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol - 5th Floor, Dept 414
Bismarck, North Dakota 58505
(701) 328-4712

OREGON

Department of Consumer
and Business Services
Division of Finance
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

RHODE-ISLAND

Director, Department of Business Regulation
Division of Securities
233 Richmond Street, Suite 232
Providence, Rhode Island 02903-4232
(401) 277-3048

SOUTH DAKOTA

~~South Dakota Department of Labor and~~
~~—Regulation~~
Division of Insurance
Securities Regulation
124 S Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-4823

TEXAS

Secretary of State
Statutory Document Section
P O Box 12887
Austin, Texas 78711
(512) 475-1769

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

Securities Administrator
Department of Financial Institutions
Securities Division
150 Israel Road
Tumwater, Washington 98501
(360) 902-8700

WISCONSIN

Department of Financial Institutions
Division of Securities
P O Box 1768
Madison, Wisconsin 53701
(608) 266-8557

II Agents for Service of Process

CALIFORNIA

California Commissioner of Business Oversight
California Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013

GEORGIA

National Registered Agents, Inc
1201 Peachtree Street, N E
Atlanta, Georgia 30361

HAWAII

Hawaii Securities Commissioner
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

INDIANA

Secretary of State of Indiana
201 State House
200 West Washington Street
Indianapolis, Indiana 46204

MARYLAND

Maryland Securities Commissioner
200 Saint Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Department of Commerce
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, Michigan 48910

MINNESOTA

Minnesota Commissioner of Commerce
Department of Commerce
85 7th Place, Suite 500
St Paul, Minnesota 55101

NEW YORK

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

NORTH DAKOTA

North Dakota Securities Commissioner
600 East Boulevard Avenue
State Capitol - 5th Floor, Dept 414
Bismarck, North Dakota 58505

OREGON

Director
Department of Insurance and Finance
700 Summer Street, N E
Suite 120
Salem, Oregon 97310

RHODE ISLAND

Director of Department of Business Regulation
233 Richmond Street, Suite 232
Providence, Rhode Island 02903-4232

SOUTH DAKOTA

~~Director, Division of Insurance~~
Securities
~~South Dakota Department of Labor and~~
Regulation
124 S Euclid- Suite 104
Pierre, South Dakota 57501

VIRGINIA

Clerk of the State Corporation Commission
1300 East Main Street, First Floor
Richmond, Virginia 23219

WASHINGTON

Securities Administrator
Washington State Department of Financial
Institutions

150 Israel Road
Tumwater, Washington 98501
WISCONSIN

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

EXHIBIT K
TO
TSS PHOTOGRAPHY, LLC
FRANCHISE DISCLOSURE DOCUMENT

CONSENT TO INDEPENDENT
REPRESENTATIVE AGREEMENT

Consent to Independent Representative Agreement

This Consent to Independent Representative Agreement (this "Agreement") is entered into this _____ day of _____, _____ by and between _____, ("Franchisee") and TSS Photography, LLC, an Oklahoma limited liability company ("TSS")

TSS and its principals and affiliates have developed and continue to develop methods of operating a business that promotes, markets, and sells specialty photographic products to individuals and groups participating in youth sports and social and school events under the "TSS Photography®" name and mark

On _____, TSS and Franchisee entered into a Franchisee Agreement (the "Franchise Agreement"), pursuant to which Franchisee was granted the right and undertook the obligation to develop a TSS Photography® (the "Franchised Business") within the following territory _____ (the "Territory")

Franchisee wishes to engage the services of _____, an individual with an address at _____ ("Independent Representative"), to serve as an independent representative to assist Franchisee in generating leads for customers and performing contracts with customers within the Territory

The parties acknowledge that the Franchise Agreement to operate a Franchised Business in the Territory is personal to Franchisee and was granted in reliance upon Franchisee's representations and covenants within its franchise application

TSS is willing to permit Franchisee to engage the services of Independent Representative in reliance on Franchisee and Independent Representative's representations contained in the request for Independent Representative status, subject to the terms and conditions of this Agreement

In consideration of the mutual promises, commitments, and understandings in this Agreement, the parties agree as follows

1 **Consent** TSS grants to Franchisee, upon the terms and conditions contained in this Agreement, and Franchisee accepts, the right to engage the services of Independent Representative to assist Franchisee in performing the following types of contracts _____ within the following portion of the Territory _____

2 **Scope of Grant** Independent Representative's responsibilities will be limited to assisting Franchisee in performing contracts with customers within the Territory This Agreement does not grant, and Franchisee may not grant, Independent Representative the right to enter into contracts directly with customers within the Territory on behalf of Franchisee, the Franchised Business, or otherwise This Agreement does not grant, and Franchisee may not sublicense, Independent Representative the right to use TSS' proprietary Marks

3 Term The term of this Agreement will be for three years, commencing with the date of this Agreement. This Agreement may be renewed for two additional three-year terms, provided that Franchisee submits a written request for renewal at least 90 days before the end of the current term. Consent will be conditioned upon Franchisee's compliance with the terms of the Franchise Agreement and this Agreement at the time of requesting renewal, and substantial compliance with all such agreements during their respective terms. In the event of renewal, Franchisee must forward a letter of renewal to Independent Representative 120 days prior to the renewal date, and such letter is to be signed and returned by Independent Representative within 30 days.

4 Fees and Training In consideration for the right to engage the services of Independent Representative, Independent Representative agrees to pay a fee of \$5,000 (the "Independent Representative Fee"), which includes a \$500 deposit due upon submitting a request for authority to engage an Independent Representative, and the remaining \$4,500 due upon execution of this Agreement. Prior to commencing any projects on behalf of Franchisee, Independent Representative must complete to TSS' satisfaction TSS' then-current initial franchisee training program, including attendance at TSS University according to Attachment 1. The Independent Representative Fee includes the cost of TSS University, field sales training, additional sample products and marketing materials for Franchisee, training guides for Independent Representative, software, and business cards denoting Independent Representative's affiliation with Franchisee. The Independent Representative Fee also includes the cost of a TSS email address for Independent Representative. The Independent Representative Fee, including the initial deposit, is fully earned and non-refundable upon payment. Franchisee and Independent Representative must pay for travel, meal, and lodging expenses associated with attending TSS University. In addition, Independent Representative must pay Franchisee a \$500 fee to operate within Franchisee's Territory.

5 Equipment Franchisee must ensure that Independent Representative uses only designated and approved equipment in connection with performing any contracts on behalf of Franchisee. Based on the parties' review of Franchisee's current stock of equipment and inventory, the parties mutually agree that Franchisee must purchase the following additional equipment, which must be purchased from a supplier approved by TSS. The parties estimate the cost of the additional equipment will be \$_____.

6 Additional Performance Requirements During the first 12 months that this Agreement is in effect, Franchisee must generate an additional \$_____ in photofinishing, print production and imaging (P&D) fees. For each consecutive 12-month period that this Agreement is in effect, Franchisee must generate the following additional minimum P&D fees: (a) \$_____ (or _____% increase of first year minimum) the second year, and (b) \$_____ (or _____% increase of second year minimum) the third year. These performance requirements are in addition to the Minimum Performance Requirements set forth in Franchisee's Franchise Agreement. If Franchisee fails to meet any of the foregoing minimums, Franchisee or TSS may exercise its option to terminate this Agreement and Independent Representative's services under this Agreement. Minimums for any consecutive years thereafter will be

established at renewal by Franchisee and upon review of the Franchisee's productivity levels at such time

7 Product and Development If TSS and Franchisee have signed and delivered the Expansion Addendum attached to the Franchise Disclosure Document, Independent Representative's P&D fees will be combined with that of Franchisee for purposes of volume rebate totals. The Franchisee and Independent Representative have agreed to an override of ___% on all P&D fees submitted to TSS. TSS will program the Independent Representative's software to automatically calculate the percentage override paid to Franchisee and will remit the funds to Franchisee on a monthly basis.

8 Compliance and Quality Control Franchisee must ensure that Independent Representative complies with the standards of performance and operation mandated in the Franchise Agreement and TSS' Operating Manual, as amended, including the utilization of TSS' software to schedule shoots, keep constant records of contacts, and enter and process orders through TSS, and the utilization of a website and TSS e-mail address established and maintained by TSS. Franchisee must conduct biannual reviews of Independent Representative in the manner specified by TSS, which will include an evaluation of performance in terms of the number of heads Independent Representative has signed and photographed, as well as office organization, picture day techniques, staff training, and other areas of operation as deemed appropriate. Franchisee will submit the results of such reviews to TSS within 30 days after the end of each six-month period. TSS retains the right to conduct its own review of Independent Representative's activities.

9 Independent Representative Remuneration Independent Representative Remuneration is the sole responsibility of Franchisee.

10 Financial Performance Representations Franchisee will make no earnings claims, promises, representations, or commitments to any prospective Independent Representative regarding the actual or potential profitability of the Franchised Business or Independent Representative's revenue from providing select lead generation and photography services on behalf of Franchisee.

11 Confidential Information and Non-Compete Franchisee acknowledges that TSS has given or will give Independent Representative access to valuable trade secrets, proprietary data, techniques, and supplier and customer information confidential and proprietary to TSS to enable Independent Representative to perform certain activities for Franchisee. Franchisee agrees to require Independent Representative and all of Independent Representative's officers, directors, managers, and employees and their immediate family members to execute TSS' form of Non-Solicitation and Non-Disclosure Agreement, attached as Attachment 2. Franchisee must maintain an original executed copy of such agreement and provide copies to TSS and Independent Representative.

12 Default and Termination

(a) Immediate Termination This Agreement will automatically terminate upon termination of the Franchise Agreement

(b) Termination with Notice and 30 Day Cure TSS has the right to terminate this Agreement with 30 days' written notice if Franchisee fails to perform or comply with any one or more of the terms or conditions of this Agreement or any ancillary agreements between Franchisee and TSS, or if Franchisee and TSS agree that Independent Representative is not managing or working the territory in the best interest of Franchisee or TSS

13 Transfer This Agreement is non-transferable by Franchisee TSS has the right to sell, transfer, assign, and encumber all or any part of TSS' assets and TSS' interest in, and rights and obligations under, the Franchise Agreement, and this Agreement in TSS' sole discretion

14 Indemnification Franchisee and Franchisee's principals agree to indemnify, defend, and hold harmless TSS, TSS' affiliates, and their respective shareholders, directors, officers, members, managers, employees, agents, successors, and assignees ("Indemnitees") against and to reimburse them for all claims, obligations, liabilities, and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part from (a) Independent Representative's activities, (b) any claims regarding potential or actual earnings related to the operation of the Franchised Business and the Independent Representative generated by Franchisee or provided by Franchisee to Independent Representative, (c) the infringement, alleged infringement, or any other violation or alleged violation by Independent Representative or any of Independent Representative's principals of any patent, mark, copyright, or other proprietary right owned or controlled by third parties, or (d) libel, slander, or any other form of defamation of TSS, the franchise system or any franchisee or developer operating under the franchise system, by Independent Representative or Independent Representative's principals For purposes of this indemnification, "Claims" shall mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses TSS may defend any such claim against it in such manner as TSS deems appropriate or desirable in TSS' sole discretion Such an undertaking by TSS shall, in no manner or form, diminish Franchisee's and each of Franchisee's principals' obligations to indemnify the Indemnitees and to hold them harmless This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement

15 Franchisee Release Franchisee, for itself and all persons and entities claiming by, through or under Franchisee, release, acquit, and forever discharge TSS Photography, LLC and its present and former officers, employees, shareholders, directors, managers, members, agents, servants, representatives, affiliates, successors, and assigns (the "TSS Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions, or causes of action whatsoever, whether known or unknown, which she, by herself, on behalf of, or in conjunction with any other person, persons, partnership,

or corporation, have, had or claim to have against the TSS Releasees arising out of or related to the offer and sale of the Franchised Business through the date of this Agreement

16 Entire Agreement The Franchise Agreement and this Agreement constitute the entire, full, and complete agreement between TSS and Franchisee concerning the Franchisee Business, and supersede any and all prior agreements. If there is a conflict between the terms of the Franchise Agreement and the terms of this Agreement, the terms of this Agreement will control. Except as amended by this Agreement, all the other terms and conditions of the Franchise Agreement are ratified and confirmed.

17 Injunctive Relief The terms outlined in this Agreement are independent and are to be construed and applied independently. All rights and restrictions contained in this Agreement shall be applicable and binding only to the extent that they do not violate any applicable laws and are intended to be limited to the extent necessary so as not to render this Agreement illegal, invalid or unenforceable. If any terms of this Agreement shall be held to be illegal, invalid, or unenforceable by a court of competent jurisdiction, the remaining terms of this Agreement shall remain in full force and effect. In the event of a breach of this Agreement, Franchisee shall be entitled to an injunction before any court of competent jurisdiction against Franchisee and Independent Representative in order to prevent any existing or subsequent breach of this Agreement. This Agreement is governed by the laws of the State of Oklahoma. Any disputes arising out of or related to this Agreement must be resolved pursuant to the dispute resolution procedures set forth in Franchisee's Franchise Agreement.

Dated _____

Franchisee

By _____
Name _____
Title _____

TSS

TSS Photography, LLC

By _____
Name _____
Title _____

TSS University

Background

We established TSS University to help support TSS Franchisees. This support includes the training and Franchisees and their Employees and Independent Representatives. Offered on a regular basis throughout the year at our headquarters, TSS University is a three and one half day sales, marketing, and photography program.

Requirements to Attend

From the date of execution of the Independent Representative Agreement, Independent Representatives of Franchisees are required to attend the first scheduled TSS University.

If an Independent Representative does not attend the first scheduled TSS University, Independent Representative shall be in inactive status until the obligation is met, and any photofinishing, print production, and imaging charges Independent Representative incurs with TSS or its designee will not count toward any special pricing or award level considerations until Independent Representative attends TSS University.

Fees

Independent Representatives must pay a \$5,000 Independent Representative Fee, which covers the cost of TSS University Training, plus a \$500 to the Franchisee so that the Independent Representative can operate within the Franchisee's Territory. Attendees must pay for their own travel, food, and lodging expenses incurred in connection with attending TSS University.

TSS University is available on a first-come, first-served basis, however, TSS will charge a fee of \$600 for each attendee other than Independent Representative and one guest who attend at the same time. As a special incentive, two additional attendees attending at the same time will only be charged \$600. In addition, attendees who participate in TSS University with you must sign a Non-Disclosure Agreement and other similar documents ensuring that our confidential information and trade secrets are not disclosed to unauthorized third parties.

Independent Representative Non-Solicitation and Non-Disclosure Agreement

The undersigned is an Independent Representative of _____ (“Franchisee”), a Franchisee of TSS Photography (“TSS”) under the TSS Photography Franchise Agreement entered into by Franchisee and TSS dated _____ (the “Franchise Agreement”)

In connection with my association with the Franchisee, I will have access to certain confidential information and trade secrets pertaining to TSS, Franchisee, and the TSS franchise system, and I understand and acknowledge that it is necessary that I agree not to take unfair advantage of my access to this information which may be detrimental to TSS, Franchisee or TSS franchise system. For purposes of this Agreement, I acknowledge that TSS is engaged in the business of offering and selling franchises for the operation of a business which entails marketing for sale, selling, and promoting still videographic or digital images for financial gain (the “Business”). I also acknowledge that the Business is identified and distinguished by uniform image and high quality products and services.

“Confidential Information” shall mean data or information relating to the Business (which may not rise to the level of a trade secret under applicable law) which is or has been disclosed to me or of which I became aware of as a consequence of my association with TSS or Franchisee and which has value to TSS or Franchisee and is not generally known to their competitors. Confidential Information shall not include any data or information that has been voluntarily disclosed to the public by TSS or Franchisee (except if such public disclosure has been made by me without authorization), or that has been independently developed or disclosed by others, or that otherwise enters the public domain through lawful means. “Trade Secrets” means information, without regard to form, including technical or non-technical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, or a list of actual or potential customers or suppliers belonging to TSS or Franchisee which is not commonly known by or available to the public and which information (1) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use and (2) is the subject of efforts that are reasonable under the circumstances to maintain secrecy. I understand and acknowledge that Confidential Information and Trade Secrets include TSS Operating Manual, product price lists, franchisee lists, customer lists, customer databases, market research studies, tests and techniques, advertising strategies, business strategies, financial information pertaining to TSS and Franchisee, the products, services, and practices of TSS or Franchisee and business plans of the Franchisee and TSS.

I agree that during the term of my association with or service to the Franchisee and for a period of two years after such term, I will not divulge, communicate, transmit, disseminate, or use any Confidential Information except as necessary to perform my duties for the Franchisee. I further agree not to divulge, communicate, transmit, disseminate, or use any Trade Secrets at any time except as necessary to perform my duties for the Franchisee. I will at no time copy, duplicate, record, or otherwise reproduce any of the Confidential Information or Trade Secrets or material containing it, in whole or in part, or otherwise make them available to any unauthorized person except as necessary to perform any duties for the Franchisee. On the request of TSS or Franchisee or on the expiration or other termination for any reason of my association with or

service to the Franchisee, I will return to TSS or Franchisee, as the case may be, all memoranda, notes, records, drawings, manuals, or other data, documents, or things and all copies thereof pertaining to the Business and all materials, books, records, and manuals constituting Confidential Information or Trade Secrets which are in my possession, custody or control

During my association with or service to the Franchisee, I will not take any action, directly or indirectly, the purpose of which would be to divert any business from TSS or Franchisee to any competitors of TSS or Franchisee. And, further, I will not take any action which is injurious or prejudicial to the goodwill associated with the TSS franchise system, TSS, or Franchisee

I agree that during the term of my association with or service to the Franchisee and for a period of two years immediately following its expiration or termination for any reason, I will not, on my own behalf, or on behalf of any person or entity, solicit for financial gain any customer or league or group, or any representative of any customer or league or group, for, with or through whom Franchisee did business or solicited business as a franchisee of TSS during the two years immediately preceding the expiration or termination of my association with or service to the Franchisee with a view to marking for sale, selling or providing any of the type of products or services provided by Franchisee during the two-year period immediately preceding the termination or expiration of my association with or service to the Franchisee. The foregoing prohibition only applies to customers, leagues, or groups or representatives of customers or leagues or groups with whom I had actual contact with or with whom I had dealings during the two-year period immediately preceding the expiration or termination of my association with or service to the Franchisee

I further agree that during the term of my association with or service to the Franchisee and for a period of two years immediately following its expiration or termination for any reason, I will not, directly or indirectly, on my own behalf or on behalf of any person or entity, solicit or in any manner encourage employees of TSS or Franchisee to leave the employ of TSS or Franchisee. The foregoing prohibition applies only to employees with whom I had actual contact with or with whom I had dealings during the two-year period immediately preceding the expiration or termination of my association with or service to the Franchisee

If I am an owner, officer, director, executive employee, or manager of Franchisee, I further agree that I have read Sections 7, 17, 18, 22, and 23 of the Franchise Agreement and I agree to be personally bound by all of the obligations and covenants of Franchisee contained in Sections 7, 17, 18, 22, and 23 as if such obligations and covenants were made and given personally by me directly to TSS and such obligations and covenants are fair and reasonable and will not deprive me of my livelihood

I acknowledge and understand that violation of the covenants contained in this Agreement would result in immediate and irreparable harm to TSS and Franchisee for which compensation by monetary damages alone would be insufficient and, accordingly, I consent to the entry of an injunction procured by TSS or Franchisee prohibiting me from violating the terms of these covenants. I agree that any claims I may have against TSS or Franchisee will not constitute a defense to either party's enforcement of the covenants set forth in this Agreement. I further agree to pay all costs and expenses (including reasonable attorneys' fees, experts' fees, and court costs) incurred by TSS and Franchisee in connection with the enforcement of this Agreement. I understand and agree that TSS is a third party beneficiary of this Agreement

I agree that the covenants contained in this Agreement shall be construed as agreements severable from and independent of each other and of any other provision of this or any other contract or agreement between me and TSS or Franchisee. I agree that the covenants are fair and reasonable and that the limitations and restrictions placed on me in this Agreement will not prevent me from earning a living. If the scope of any limitation or restriction imposed by the covenants in this Agreement are found by a court or tribunal having valid jurisdiction over this Agreement are too broad to permit enforcement of the covenants as written, then I agree that the court or tribunal may revise and construe the covenants to fall within permissible legal limits and to not invalidate the covenant or covenants. I agree to be bound by any lesser covenant as if the resulting covenant were separately stated in and made a part of this Agreement. These covenants are for the benefit of both TSS and Franchisee and may be enforced by either of them.

I agree that this Agreement and all relations and disputes between myself and TSS or Franchisee are to be exclusively construed in accordance with and governed by the laws of the state where I reside at the end of my employment or relationship with Franchisee. I agree that nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, unfair competition, fiduciary, or any other doctrine of law of the State of Oklahoma or the implied covenant of good faith and fair dealing.

Dated _____

Name _____

EXHIBIT L
TO
TSS PHOTOGRAPHY, LLC
FRANCHISE DISCLOSURE DOCUMENT
EXPANSION ADDENDUM

Expansion Addendum

This Expansion Addendum is entered into this _____ day of _____, _____ by and between _____, ("Franchisee") and TSS Photography, LLC, an Oklahoma limited liability company ("TSS")

On _____, TSS and Franchisee entered into a Franchise Agreement (the "Franchise Agreement"), pursuant to which TSS granted Franchisee the right to use the Marks in the operation of the Business in the Territory. Capitalized terms used but not otherwise defined in this Addendum shall have the same meaning given to those terms in the Franchise Agreement

Immediately before entering into the Franchise Agreement, Franchisee operated a photography business located at _____ under the trade name _____ (the "Existing Business"), had operated the Existing Business for _____ years, generated \$_____ and \$_____ of annual revenue through the Existing Business in the last two years, respectively, and owned the following computer, camera, and other photography equipment, software, and accessories that Franchisee used in the operation of the Existing Business, if any _____

Due to Franchisee's professional photography experience, prior production revenues, and ownership of equipment, software, and accessories, Franchisee and TSS wish to enter into this Addendum to amend certain terms of the Franchise Agreement

The parties, in consideration of the undertakings and commitments of each party to the other set forth in this Addendum and in the Franchise Agreement, mutually agree as follows

1 Fees Franchisee paid TSS \$1,000 as an initial deposit to reserve the Territory. Notwithstanding Sections 3 and 4 and any other provision of the Franchise Agreement, Franchisee must pay TSS \$9,500 upon execution of this Addendum (in addition to the \$1,000 deposit Franchisee paid to TSS to reserve the Territory). Franchisee must pay TSS the balance of the fees it owes TSS pursuant to the Franchise Agreement or as disclosed in the Franchise Disclosure Document on the first anniversary of the date of this Addendum. Except with respect to the expansion rebate described in Section 2 of this Addendum, this Addendum shall not affect the amount of the fees to which TSS is entitled under the Franchise Agreement. See Attachment 1 to this Addendum for a form schedule of initial fees, rebates, and payments, assuming the population of the Territory is 300,000 and that Franchisee generates revenues for CCS in the first year of the term of the Franchise Agreement in the amount of \$30,000.

2 Expansion Rebates On the first anniversary of this Addendum, you may earn an expansion rebate if you are not in default under this Addendum or the Franchise Agreement and you have submitted to CCS digital files and images for photofinishing, print production, or other imaging work in amounts sufficient to generate a minimum of \$15,000 in revenue for CCS for the year. If you generate revenue for CCS in an amount (a) between \$15,000 and \$24,999.99, then the amount of the expansion rebate is 25% of all of the revenue you generate for CCS, (b) between \$25,000 and \$39,999.99, then the amount of the expansion rebate is 50% of all of the revenue you generate for ~~CCS~~CCS, or (c) equal to or greater than \$40,000, then the amount of the expansion rebate is 60% of all of the revenue you generate for CCS. If you earn the expansion rebate, we will credit any outstanding territory fees you owe us in an amount equal to the

expansion rebate you earned (and if the amount of the expansion rebate exceeds the amount of the outstanding territory fees you owe us, we will credit future monetary obligations you may owe us in an amount equal to the lesser of (i) such excess or (ii) \$1,000) You are eligible for the expansion rebate only with respect to revenue you generate for CCS during the first year of the term of the Franchise Agreement See Attachment 1 to this Addendum for a form schedule of initial fees, rebates, and payments, assuming the population of the Territory is 300,000 and that Franchisee generates revenues for CCS in the first year of the term of the Franchise Agreement in the amount of \$30,000

3 Equipment Notwithstanding anything in the Franchise Agreement to the contrary, if Franchisee has computer equipment, software, accessories, and camera and photography equipment that it uses in its Existing Business that is comparable to that which TSS otherwise requires its franchisees to purchase from TSS, TSS may, in its discretion, waive some or all of the required purchases of equipment and reduce the costs Franchisee must pay TSS for that equipment accordingly

4 Limitation on Competition Franchisee intends to expand the Existing Business into the youth sports, school, and portrait photography market using the Marks Notwithstanding the non-competition covenants of the Franchise Agreement, Franchisee may continue engaging in the Existing Business as long as Franchisee (a) continues to operate the Existing Business as it operates the Existing Business as of the date of this Addendum, (b) sends all photofinishing, print production, and other imaging work to TSS' designated supplier, whether such work is related to the Existing Business or the Franchised Business, and (c) operates the Existing Business and Franchised Business in a manner otherwise consistent with the Franchise Agreement TSS may, in its sole discretion, determine whether Franchisee's operation of the Existing Business complies with this Addendum and the Franchise Agreement

5 Maintenance of Separate Business Franchisee must maintain as separate the Existing Business and Franchised Business Franchisee shall operate the Franchised Business in a manner that will not give the public the impression that the Existing Business is in any respect licensed by or affiliated with TSS Accordingly, Franchisee shall, with respect to the Franchised Business and Existing Business (except with respect to aspects of the Existing Business that Franchisee intends to expand into the Franchised Business or as TSS may otherwise permit, in writing and in its sole discretion), maintain separate business bank accounts, business phone lines, letterhead, stationery, business cards, printed materials, advertising, websites, and e-mail accounts Annually, Franchisee shall provide to TSS a list of products and services it is offering that TSS does not presently offer

6 Entire Agreement The Franchise Agreement and this Addendum constitute the entire agreement between TSS and Franchisee concerning the Business, and supersede any and all prior agreements If there is a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum will control Except as amended by this Addendum, all the other terms and conditions of the Franchise Agreement are ratified and confirmed

[Signature Page Follows]

Franchisee

_____, 20____

By _____

Name _____

Title _____

TSS

TSS Photography, LLC

By _____

Name _____

Title _____

Form Schedule of Initial Fees, Payments, and Expansion Rebate**Initial Fees**

Initial Deposit	\$1,000	
Franchise Fee(1)	\$6,500	
Starter Kit	\$3,000	
Equipment(2)	\$0	
Territory Fee(3)	<u>\$17,000</u>	
Total Initial Fees		\$27,500

Payments and Rebates

Initial Deposit(4)	(\$1,000)	
Expansion Payment(5)	(\$9,500)	
Expansion Rebate(6)	<u>(\$15,000)</u>	
Total Payments and Rebates		<u>(\$25,500)</u>

Balance Due(7) \$2,000

- 1 The amount of the franchise fee above is calculated as the franchise fee of \$7,500 less the initial deposit of \$1,000
- 2 The amount of the equipment fee above assumes that TSS decided, in its discretion, to waive all of the required purchases of equipment in consideration of the existing equipment that Franchisee uses in its Existing Business
- 3 The amount of the territory fee above assumes that the population of the Territory is 300,000. The amount of the fee is \$0.07 per member of the population in the Territory for up to 99,999 in population, and \$0.05 per member of the population in the Territory in excess of 99,999.
- 4 Franchisee must pay the initial deposit before signing the Franchise Agreement and the Expansion Addendum to reserve the Territory.
- 5 Franchisee must pay the expansion payment at the time of signing the Franchise Agreement and the Expansion Addendum.
- 6 Franchisee may earn an expansion rebate on the first anniversary of the Expansion Addendum. The amount of the expansion rebate above assumes that Franchisee generates \$30,000 in revenue for CCS during the first year of the term of the Franchise Agreement. If Franchisee generates revenue for CCS in an amount (a) between \$15,000 and \$24,999.99, then the amount of the expansion rebate is 25% of all of the revenue you generate for CCS, (b) between \$25,000 and \$39,999.99, then the amount of the expansion rebate is 50% of all of the revenue you generate for CCS, or (c) equal to or greater than \$40,000, then the amount of the expansion rebate is 60% of all of the revenue you generate for CCS.
- 7 Franchisee must pay the balance on the first anniversary of the date of the Expansion Addendum. The amount of the balance due above is calculated as the total initial monetary obligations (\$27,500) less the initial deposit (\$1,000), less the expansion payment (\$9,500), and less the expansion rebate (\$15,000).

EXHIBIT M
TO
TSS PHOTOGRAPHY, LLC
FRANCHISE DISCLOSURE DOCUMENT
PROMISSORY NOTE

Form of Promissory Note

\$ _____, 20__

For value received, the undersigned (the "Maker") promises to pay to the order of TSS Photography, LLC, an Oklahoma limited liability company ("TSS") at 1300 Metropolitan Avenue, Oklahoma City, OK 73108 or at such other place as may be designated in writing by the holder of this Note, the principal amount of _____ (\$ _____), with interest at a per annum rate equal to the sum of 2% and the Prime Rate, in lawful money of the United States of America, until the balance of this Note is paid in full in accordance with its terms

This Note is being made by Maker in favor of TSS in connection with Maker's purchase of a TSS Photography® franchise from TSS for the operation of a TSS Photography® business pursuant to the terms of the Franchise Agreement dated the same date as this Note between Maker and TSS (the "Franchise Agreement")

The "Prime Rate" is the rate of interest designated as the Prime Rate in the "Money Rates" section of *The Wall Street Journal*. If the Prime Rate is designated as a range of rates, the Prime Rate for purposes of this Note shall be the highest rate designated in the range. The interest rate under this Note shall be adjusted on January 1, April 1, July 1, and October 1 of each year (the "Adjustment Date") to equal the sum of 2% and the Prime Rate published on the last business day of the month preceding each Adjustment Date. The Prime Rate on the date of execution of this Note is _____% per annum, and the initial interest rate of this Note is _____% per annum.

Maker shall pay principal and interest in equal monthly installments on the 10th day of each month in the amount of _____ (\$ _____), commencing on the 10th day of the month immediately following the month in which this Note is made, and concluding on the _____ month anniversary hereof, at which time the balance of unpaid principal and accrued but unpaid interest, if any, then owing shall be due and payable in full. All payments will be applied first to interest due and any balance shall be applied to reduce the principal. Maker may prepay this Note, in whole or in part, at any time without penalty or premium.

Payment and performance of the obligations of Maker under this Note are jointly and severally guaranteed by _____ ("Guarantors") in accordance with the terms of their Personal Guaranty and Assumption Agreements that is dated the same date as this Note in favor of TSS (collectively the "Guarantees"). The term "Guarantor(s)" also includes any and all persons that execute a personal guarantee of this Note after the date of this Note, and the term "Guarantees" shall also include all such other Guarantees.

Any amount that is not paid when due shall bear interest at a rate equal to the lesser of (a) 15% per annum, or (b) the maximum amount that may be collected under law, until paid.

If Maker fails to timely and fully pay any installment due under this Note on its due date, or if Maker is in default under the Franchise Agreement, TSS may declare the entire indebtedness evidenced by this Note to be immediately due and payable. Maker waives notice of the exercise

of such option TSS may exercise the option to accelerate upon default regardless of any prior forbearance

The acceptance by the holder of any payment that is less than the total of all amounts due and payable at the time of such payment will not constitute a waiver of the right to exercise any remedies or options at that time or any subsequent time, or nullify any prior exercise of such remedy or option, without the prior written consent of the holder

Maker agrees to pay to the holder reasonable attorney's fees and costs of collection of amounts owing under this Note, whether or not the holder institutes an action to enforce or collect amounts owing under this Note

The Maker and the endorsers, sureties, guarantors, and all other persons who may become liable for all or any part of this obligation severally waive presentment for payment, protest and notice of nonpayment Such parties consent to any extension of time of payment, whether one or more, any renewal, whether one or more, release of all or any part of the security for payment and any release of any party liable for payment of this obligation Any such extension, renewal or release may be made at any time without notice to any such party and without discharging such party's liability

This Note is governed by, and construed in accordance with, Oklahoma law Maker consents to the jurisdiction of the District Court of Oklahoma County, Oklahoma, and the United States District Court for the Western District of Oklahoma for any action to enforce or collect under this Note Maker waives any right to assert the doctrine of forum non conveniens or to object to the venue in any action instituted by the holder in such courts in any such action

Franchisee

By _____

EXHIBIT N
TO
TSS PHOTOGRAPHY, LLC
FRANCHISE DISCLOSURE DOCUMENT
DISCLOSURE DOCUMENT RECEIPTS

RECEIPTS

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 TSS Photography, LLC offers you a franchise, it must provide this disclosure document to you within 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 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 execution of the franchise or other agreements or payment of any consideration that relates to the franchise relationship.

Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or at least 14 calendar days before the execution of the franchise or other agreements or payment of any consideration that relates to the franchise relationship.

Michigan, Oregon, and Wisconsin require 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.

Washington requires that we give you this disclosure document at least 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.

If TSS Photography, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit J of this Franchise Disclosure Document. A list of franchisor's agents registered to receive service of process is listed as Exhibit J to this Franchise Disclosure Document.

I have received a Franchise Disclosure Document with an issuance date of April 24, ~~2018~~ 26, 2019. Effective Dates for this Franchise Disclosure Document in the registration states are listed on the Effective Date Page following the State Cover Page. This Franchise Disclosure Document included the following Exhibits:

- A Franchise Agreement
- B Financial Statements
- C State-Specific Addenda to the Franchise Disclosure Document
- D State-Specific Amendments to the Franchise Agreement
- E List of Franchisees
- F List of Former Franchisees
- G Statement of Prospective Franchisees
- H Operating Manual Table of Contents
- I Finders Agreement
- J List of State Administrators and Agents for Service of Process
- K Consent to Independent Representative Agreement
- L Expansion Addendum
- M Promissory Note
- N Disclosure Document Receipts

RECEIPTS

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 TSS Photography, LLC offers you a franchise, it must provide this disclosure document to you within 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 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 execution of the franchise or other agreements or payment of any consideration that relates to the franchise relationship.

Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or at least 14 calendar days before the execution of the franchise or other agreements or payment of any consideration that relates to the franchise relationship.

Michigan, Oregon, and Wisconsin require 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.

Washington requires that we give you this disclosure document at least 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.

If TSS Photography, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit J of this Franchise Disclosure Document. A list of franchisor's agents registered to receive service of process is listed as Exhibit J to this Franchise Disclosure Document.

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Document comparison by Workshare 9 on Monday, April 29, 2019 2 32 27 PM

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Document 1 ID	interwovenSite //mtokcvworksite1/iManageOKC/20912742/1
Description	#20912742v1<iManageOKC> - TSS Photography - 2018 Franchising - Franchise Disclosure Document - FDD
Document 2 ID	interwovenSite //MTOKCVWORKSITE1/iManageOKC/23408679/4
Description	#23408679v4<iManageOKC> - TSS Photography - 2019 Franchise Disclosure Document - FDD
Rendering set	Standard

Legend	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics	
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Insertions	807
Deletions	772
Moved from	3
Moved to	3
Style change	0
Format changed	0
Total changes	1585