

- 7) defer, waive and/or compromise claims for current/future contributions to, and/or claims against or with respect to, the Master Marketing Fund and fund the same with the Master Marketing Fund;
- 8) take legal or other action against any Master Franchisee in default of their obligations to the Master Marketing Fund;
- 9) maintain Master Marketing Fund assets in one or more accounts designated as "trust accounts" for purposes of protecting such assets from claims of third-party creditors, (but such action shall not be deemed to create any "trust," "fiduciary relationship" or similar special arrangement);
- 10) incorporate the Master Marketing Fund or operate it through an entity separate from us, which is subject to all rights and duties of ours relating to the Master Marketing Fund;
- 11) share a proportionate amount of expenses with other Marketing Funds and/or entities, such as a Unit Franchise Marketing Fund, related to promotions, materials and any other matters involving shared benefits/promotions (e.g., a web site, lead fulfillment services, advertising, marketing materials, and communications directories/sites);
- 12) take such other actions in connection with the Fund as we consider to be appropriate and as are consistent with the provisions of this Section 10.01.

F. You acknowledge and agree that we have no obligation to ensure that expenditures by the Master Marketing Fund are or will be proportionate or equivalent to contributions to the Master Marketing Fund by Master Franchises operating in any geographic Territory or in any particular country, or that any Master Franchise will benefit directly, indirectly or in proportion to its contribution to the Master Marketing Fund. We have no obligation to cause other Master Franchises to contribute to the Master Marketing Fund or engage in local marketing, and we may permit a Master Franchisee to make direct advertising expenditures in place of contributions to the Master Marketing Fund. You understand that some Master Franchisees may have Master Marketing Fund obligations that are different from yours, if any.

G. Neither we (nor any of the Franchisor-Related Persons/Entities) will be liable for any act or omission in connection with the Master Marketing Fund which is consistent with this Agreement. You and we expressly agree that none of the relationships with you in connection with the Master Marketing Fund are in the nature of a "trust," "fiduciary" or similar special arrangement.

H. Subject to the express requirements of this Agreement that your contributions will only be spent as authorized herein, you agree that we may deny access to any and all programs and/or materials created by, and benefits of, the Master Marketing Fund to you and to any Master Franchisees who are in default in any obligations to the Master Marketing Fund and/or otherwise in default under this Agreement.

Section 10.02 Your Participation in the Master Marketing Fund. You agree to participate in all Master Marketing Fund programs. You have the right to set your own prices, except that we may specify maximum prices for fees, payments, goods or services to the greatest degree permitted by law. You will fully honor all coupons, price reduction and other promotions/programs as directed by us. We can choose for the Master Marketing Fund to furnish you with marketing, advertising and promotional materials and also can choose to require that you pay the cost of producing, shipping and handling for such materials.

Section 10.03 Your Local Franchise Marketing Activities.

A. You must spend a minimum of One Thousand Dollars (\$1,000) each calendar quarter for local advertising and the promotion of new Unit Franchise awards in your Territory, subject to inflation adjustment as set forth in Section 4.05. You agree to submit upon our request verification of your expenditures in a form prescribed by us in our Business Judgment. Such amount must be expended commencing with the opening of your Master Franchised Business (with appropriate pro rated adjustments made in the first quarter of your operations based upon your opening date). We may adjust the payment period in our Business Judgment (with corresponding payment amount adjustments made on a pro rated basis).

B. Your advertising will be in good taste and conform to ethical and legal standards, including all applicable Franchise laws regarding content, disclosure, filing and other requirements. You agree to comply with our then current franchise marketing and award methods and processes, including the use of any letters or intent and other pre-sale documentation. You acknowledge and agree that we may in our Business Judgment establish franchise award policies that we believe to be appropriate or prudent as circumstances may dictate, such as, by way of illustration only, limitations on the number of initial franchises to be awarded to a new Unit Franchisee. We may require that samples of all advertising and promotional materials for any media, including the Internet, be submitted to us for our review and approval prior to use. You agree not to use any materials or programs disapproved by us at any time in our Business Judgment. You are solely responsible for legal compliance and any costs incurred by us in connection with any legal reviews or other compliance costs. You will fully indemnify us in accordance with Section 12.02 below, regardless of whether or not any material is or is not approved by us.

C. You agree to comply with the Manuals and any other specifications we give to you regarding your use of the Internet, World Wide Web or other electronic media in connection with your Master Franchised Business, including but not limited to, any requirement that any such use be only through us and/or a designated Internet/Intranet Service Provider (which can be us or an Affiliate), and/or that all web pages related to your Master Franchised Business be accessed through a designated site and/or meet our specifications. **You agree that you will not establish and/or maintain without our prior written consent any independent website, domain name, e-mail address or other such presence for use in connection with your Master Franchised Business, and may not use the CARTRIDGE WORLD name or marks in connection with any of the foregoing.** You further agree to require your Unit Franchisees to comply with a similar requirement in their Unit Franchise Agreement regarding their Unit Franchised Business. We have implemented an internet/intranet system to enhance communications by and among us and Franchisees, to help support various system maintenance services, and to permit the efficient/economic delivery of a variety of information, such as Manuals, System bulletins, marketing materials, financial data, reporting information, technical instructions, etc. You agree to participate in any such intranet/internet activities as we may require from time to time and to maintain the necessary hardware, software, POS Systems, equipment, High-Speed Internet Service (Cable, DSL) (based on availability) or dial-up modem and other items as we require to enable you to do so on an ongoing basis at your expense. We have implemented, and you agree to pay by credit card, bank autodraft, or other method required by us, an Internet/Intranet Service Fee in an amount to support such Systems and programs, which Fee is \$100 per month as of the date of this Agreement and is subject to adjustment by us based upon product/service vendor price increases and/or the formula provided in Section 4.05, above. In addition to any other rights and remedies we may have, if you are not in Good Standing we may limit or suspend your access to and/or use of systems and programs related to this Fee until any defaults by you are cured or we are otherwise satisfied, and you return to Good Standing.

Section 10.04 Unit Franchise Marketing Fund(s). We intend to implement one or more national, regional or other marketing funds for the promotion of Unit Franchised Businesses. Such marketing fund(s) will have as their primary source of income contributions by Unit Franchisees. We will have sole and absolute discretion over all matters related in any way to such marketing fund(s) and as provided in the approved form of Unit Franchise Agreement, including (but not limited to) its management, financial matters, expenditures, receipts and/or investments, timing of expenditures, creative concepts, content, materials and endorsements for any marketing programs, together with the geographic, market, and media placement and allocation thereof. We anticipate that the approved form of agreement that you will use in granting Unit Franchises in your Territory will provide for national marketing fund contributions by such Unit Franchisees in an amount not to exceed four percent (4%) of their Gross Volume (or 4% of Gross Profit for hardware and any other product sales specified in the applicable unit franchise agreement). We may change the terms of the form unit franchise agreements in our Business Judgment. We do not and cannot ensure that any benefit(s) to be received by any Unit Franchisee(s) will be in proportion to contributions made to such funds by any Unit Franchisee(s) or any Territory(ies) or any countries. You agree to fully cooperate with us in all matters related to such marketing fund(s) and to comply with any requirements we may establish from time to time. We may require that marketing fund contributions be paid directly to us. We also may choose in our Business Judgment to delegate to you certain functions (such as collection and/or administration) with respect to such marketing fund(s). You agree to perform any such activities under terms and conditions to be established by us in our Business Judgment.

Section 10.05 Franchisee Marketing Group(s) ("FMG"). We can elect in our Business Judgment to form one or more associations and/or sub-associations of Traditional CARTRIDGE WORLD Store Unit Franchisees to conduct various marketing related activities on a cooperative basis (an "FMG"). If an FMG (local, regional or national) is formed covering your area, then Unit Franchisees may be required to contribute such amounts as are determined from time-to-time by the FMG. The FMG can adopt its own bylaws, rules, regulations and procedures, subject to our consent in our Business Judgment. We also may choose in our Business Judgment to delegate to you certain functions (such as administrative support) with respect to such FMG(s). You agree to perform any such activities under terms and conditions to be reasonably established by us in our Business Judgment.

Section 10.06 Master Franchisee Advisory Council and Selection. We may elect in our Business Judgment to form a "Master Franchisee Advisory Council" or "FAC," to provide input to us. The FAC will consist of Master Franchisees in Good Standing. FAC members will be elected for a term or terms by Master Franchisees with due regard given for regional representation. The number of FAC members will be subject to adjustment from time to time to reflect growth and Store population changes, among other appropriate factors. Each Master Franchisee will be entitled to one vote. We will always have the right to appoint one representative to participate in all FAC meetings and any other FAC activities, but such representative will be a non-voting participant. The FAC may adopt its own bylaws, rules, regulations and procedures, subject to our consent in our/their Business Judgment. While we are not required to do so, if we submit any matters for approval to an FAC and approval is granted, the approval will be binding on you.

ARTICLE 11. CARTRIDGE WORLD MARKS AND SYSTEM

Section 11.01 Representations, Ownership, Limitations, Infringements and Discontinuance.

A. CWNA represents and warrants to Master Franchisee that as of the Effective Date of this Agreement, CWNA has no actual knowledge (i) of any reason why any third party should challenge the validity in the Territory of the CARTRIDGE WORLD Marks or our or our licensor's rights or ownership

therein or (ii) of any conflict or potential conflict in the Territory between the CARTRIDGE WORLD Marks or any prior existing third party trademarks. The Master Franchisee acknowledges that while application has been made for registration of certain of the CARTRIDGE WORLD Marks in the Territory, registration of certain CARTRIDGE WORLD Marks in the Territory has not been finalized as of the date of this Agreement. We cannot make any assurance as to the outcome of these application(s) or the current or future status of the CARTRIDGE WORLD Marks in the Territory.

B. You have a non-exclusive right to use the Marks and only as expressly authorized by us under this Agreement. We or our licensor has all rights in and to the Marks. All goodwill belongs exclusively to them/us, and you will not obtain any goodwill in the Marks as a result of this Agreement, your operation of the Franchise or for any other reason. Any unauthorized use of the Marks is a breach of this Agreement and an infringement of proprietary rights. You agree that if you breach any obligation regarding the Marks, we/CW International would have no adequate remedy at law and that we/CW International will be entitled to equitable relief. You won't oppose, or engage in any acts or omissions inconsistent with, our/CW International rights in and to the Marks. This Agreement applies to all trademarks, service marks and other commercial symbols you are authorized to use during the term of this Agreement.

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

D. You'll take such actions as we consider important in our Business Judgment to protect the Marks. You will not take any action that jeopardizes our interests in, or the validity or enforceability of, the Marks. You agree to immediately notify us of any apparent or actual infringement of, or of any challenge to your use of, the Marks. You will not communicate with any third party with respect to such a claim. We will take such action as we deem appropriate in our Business Judgment. We and/or our licensor have the exclusive right to control any settlement, litigation or proceeding arising out of or related to any such matters. You will cooperate fully with us in connections with any such proceedings/claims and agree to be named a party in any such action if so requested by us, provided, however, that the prosecution or defense of any such action shall be at our sole cost and expense. Neither we nor any Franchisor Related Persons/Entities will be obligated to indemnify you from costs, expenses, attorneys' fees, damages or otherwise suffered or incurred by you arising out of any such (or other) action and/or any related matter.

E. You agree to comply at your expense with any directions from us to discontinue, modify, substitute or add Marks. We cannot and do not make any guaranty that a modification, discontinuance or otherwise may not be required for any reason. In such event, we (and Franchisor Related Persons/Entities) will have no liability or obligation to you. You agree to make no claim in connection with any modification, discontinuance or other action, and/or with any dispute regarding the Marks. There is always a possibility that there might be one or more businesses using a name and/or marks similar to ours and with superior rights. We strongly urge you to research this possibility, using telephone directories, local filings and other means, prior to your signing any documents, expending or paying any sums or making any commitments and you understand that if you fail to do so, you're at risk. Master Franchisee agrees that it shall not be

entitled to receive any damages from us or any Franchisor Related Person/Entity (or any other remedy, including, but not limited to, rescission and/or other equitable relief) because of such modification and/or discontinuance of the use of, or inability to use, any of the CARTRIDGE WORLD Marks.

F. As between us and Master Franchisee (and/or any Unit Franchisee), we will have all ownership and other rights with respect to any websites, along with any URLs, domain names and/or other electronic forms of address and/or identity, using any of the Marks and/or otherwise related to the Master Franchisee or Unit Franchised Businesses. Any such websites, along with any such URLs, domain names and/or other electronic forms of address and/or identity, shall only be owned by and registered, etc. (including any registrations, etc. in the Territory) in the name of CARTRIDGE WORLD.

G. Master Franchisee shall execute any documents that are deemed necessary or appropriate by us and/or our counsel to obtain protection for the CARTRIDGE WORLD Marks and/or to maintain their validity and enforceability in any Territory in which a Unit Franchisee is located. Master Franchisee shall not make any application for registration anywhere of any CARTRIDGE WORLD Mark, other mark, name or indicia used by CW International and/or CWNA, or any mark confusingly similar thereto. Upon the termination or expiration of this Agreement, the parties will do everything necessary to ensure that Master Franchisee ceases to have any other right to use the CARTRIDGE WORLD Marks. Master Franchisee hereby appoints CARTRIDGE WORLD as its attorney to execute any documents and to do such things as may be necessary for this purpose.

H. You shall incorporate in its agreements with your Unit Franchisees, and cause your Unit Franchisees to comply with, similar provisions to this Section 11.01.

ARTICLE 12. INSURANCE, INDEMNIFICATION AND RELATIONSHIP OF PARTIES

Section 12.01 Insurance.

A. You agree to maintain in force policies of insurance issued by carriers approved by us covering various risks, as specified by us from time-to-time. We may specify the types and amounts of coverage required under such policies and require different and/or additional kinds of insurance at any time, including excess liability insurance. Each insurance policy must: i) name us and our Affiliates as additional named insureds; ii) contain a waiver of all subrogation rights against us, our Affiliates and any Successors and assigns; iii) and provide thirty (30) days' prior written notice to us of any material modifications, cancellation, or expiration of such policies.

B. If you fail to maintain required insurance coverage, we may obtain such insurance coverage on your behalf. You will pay us on demand any costs and premiums incurred by us.

C. Current insurance requirements include the following and are subject to change by us: (i) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, your Master Franchised Business and any Master-Owned Stores; (ii) all risk property and casualty insurance for the replacement value of your Master Franchised Business and any Master-Owned Stores and all associated items; and (iii) business interruption insurance providing for continued payment of all amounts due us and/or any Affiliate of ours under this Agreement.

D. Master Franchisee agrees to secure and pay premiums on a worker's compensation (or similar) policy covering its employees as required by law and shall be solely liable for all payments to be made to its employees, including, without limitation, annual holiday pay, sick leave entitlements, and long service leave (where applicable).

E. Master Franchisee agrees to deliver to CWNA, within ten (10) days of any incident involving injury, illness or death of any person arising out of or in connection with operation of the Master Franchise and/or each Store within the Territory, a statement in such form as CWNA may specify from time to time of the circumstances of the incident and the action taken.

F. The Master Franchisee shall report to CWNA, within ten (10) days of receipt, any written complaints or other adverse communications received from Unit Franchisees, retail customers or otherwise, which are not resolved to the reasonable satisfaction of the complaining party within seven (7) days of receipt.

G. Master Franchisee agrees to cause its Unit Franchisees to comply with a provision to similar to this Section 12.01 including, without limitation, the requirement that CWNA (and its Affiliates) be named as an additional insured on any public or product liability insurance policies covering the Unit Franchised Stores.

Section 12.02 Losses and Indemnification.

A. Master Franchisee acknowledges and agrees that Master Franchisee and its Unit Franchisees, and not CWNA, will be responsible, and shall forever indemnify CWNA and each of the Franchisor-Related Persons/Entities, for any and all losses, damages and/or liabilities arising out of or in connection any acts and/or omissions of Master Franchisee and/or its Unit Franchisees, including but not limited to the operation of CARTRIDGE WORLD Stores within the Territory, and for all claims or demands for damages to property or for injury or death of persons resulting therefrom. Master Franchisee agrees, and shall cause its Unit Franchisees to agree, to defend, indemnify and save CWNA, its agents and employees, and each of the Franchisor-Related Persons/Entities harmless of, from and with respect to any such claims, demands, losses, obligations, liabilities, or debts together with costs, expenses, and attorneys' fees in defending same.

B. CWNA (and its Affiliates) shall have no liability for any payments or any taxes related thereto to be made to employees of Master Franchisee or its Unit Franchisees or their employees including, without limitation, Social Security taxes, annual holiday pay, sick leave entitlements, and long service leave.

C. Master Franchisee shall provide a similar provision to this Section 12.02 in its Unit Franchise Agreements.

I have read Sec. 12.02, understand it, and agree with it.

Your Initials: _____ / _____

Section 12.03 Relationship of Parties.

A. You will always identify yourself to all persons and in all dealings of your CARTRIDGE WORLD Master Franchise/Store as an independent owner under a CARTRIDGE WORLD Master/Unit Franchise,

as applicable, clearly indicating that your Franchised Business is separate and distinct from our business and that of our Affiliates. You will include notices of independent ownership on such forms, business cards, stationery, advertising, signs and other materials as we require from time-to-time. Subject to the requirements of this Agreement and mandatory provisions of the Manuals, you will have complete operational control of your business, including the right to hire and fire each employee.

B. You will not represent that your and our relationship is other than that of independent Franchisor and Franchisee. Neither you nor we will have any liability under any acts, omissions, agreements or representations made by the other that are not expressly authorized in writing.

C. Payment of all taxes related to your Master Franchised Business is your sole responsibility. We have no liability for any taxes on the sales made and/or business conducted by you (except for any taxes we are required by law to collect from you with respect to purchases from us and/or Affiliates of ours).

ARTICLE 13. INITIAL TERM; RENEWAL TERMS

Section 13.01 Initial Term. The Initial Term of a Master Franchise awarded hereunder is fifteen (15) years, commencing on the Effective Date of this Agreement. If this Master Franchise is granted as a Renewal Master Franchise Agreement, then the term shall be governed by the provisions of the initial Master Franchise Agreement and shall expire on the Expiration Date stated on the first page of this Agreement. This Agreement Terminates at the expiration of the Initial Term or on the Expiration Date, as applicable.

Section 13.02 Renewal Master Franchises. At the expiration of the Initial Term, as provided in Section 13.01, above, and subject to the provisions of this Article 13, you will be eligible to be awarded a Renewal Master Franchise for a ten (10) year term, without any further terms or Renewal rights. The Renewal Master Franchise Agreement(s) may differ materially from this one in financial and other ways and terms. You have no right to an additional renewal term if this Agreement is being awarded to you as a renewal franchise agreement.

Section 13.03 Renewal Master Franchises - Your Obligations. Any award of the Renewal Franchise must meet all of the following conditions, together with the then current standards applicable to Renewal Master Franchisees, each of which are agreed to be reasonable:

- A. You (and each Affiliate of yours) must be in Good Standing;
- B. Your Master Franchise operations and the operations of any Master owned Stores must fully comply with all specifications and standards then-applicable for new Master Franchises/CARTRIDGE WORLD Stores and with the applicable Manuals by the expiration of this Agreement;
- C. You (and each Affiliate of yours) must have paid all amounts owed to us and any Franchisor Related Persons/Entities;
- D. You must have executed our then-current form of Master Franchise Agreement and related documents then customarily used by us (with appropriate modifications to reflect the fact that the Master Franchise Agreement to be awarded relates to a single Renewal Master Franchise as contemplated by this Agreement). You will not be required to pay the then-current initial Franchise fee, and we will not be required to provide you any initial training or other "start-up" services in connection with the award of any Renewal Franchise;

E. You must have complied with our then-current qualification and training requirements. We may require your Designated Individual and other key personnel to successfully complete any retraining program(s), at such times and location(s) as we then specify and at your sole expense;

F. You (and each owner and/or Affiliate of yours) must have executed a General Release, except for any claims exclusively related to the Renewal Franchise (where expressly so required by applicable law). If you, your owners and your Affiliates comply with all of the requirements of this Article 13, including providing us with a General Release, then we will provide you with a Limited Release; and

G. You must have paid us a Renewal fee equal to twenty percent (20%) of the Initial Franchise Fee that you would pay at such time if you were first acquiring a Master Franchise for your Territory [but not less than Twenty Thousand Dollars (\$20,000), which minimum amount is subject to adjustment as described in Section 4.05.] The fee must be received from you at the time of your election and is non-refundable unless we do not grant a Renewal Agreement to you.

H. You must pay your and our legal costs and other expenses in connection with granting the Renewal Master Franchise.

Failure by you and/or your owners to timely complete such requirements will be deemed an election by you not to obtain the Renewal Master Franchise.

ARTICLE 14. CONFIDENTIALITY

Section 14.01 Confidential Information and Non-Disclosure.

A. "Confidential Information" includes all information relating to the operation of a CARTRIDGE WORLD Master Franchise/Store or the System, including, among other things, all current and future: i) Manuals, training, Trade Secrets, techniques, processes, policies, procedures, systems, data and know how regarding the development, marketing, operation and franchising of CARTRIDGE WORLD Master Franchises/Stores; ii) specifications and information about Products and Services; iii) all information regarding Master/Unit Franchisee customers and suppliers, including any statistical and/or financial; information and all lists; iv) methods of refilling printer cartridges; and v) our engineered jigs. We own and control all Confidential Information, specifically, and without limitation, domain names and URLs ("Uniform Resource Locator") relating to any and all Master Franchises/CARTRIDGE WORLD Stores, as well as all information, lists and data related to past, present and future customers of all CARTRIDGE WORLD Master/Unit Franchises. Your only interest in any of this Confidential Information is the right to use it pursuant to this Agreement. You have the burden of proof and of going forward in any dispute between you and us involving the proprietary or confidential nature of any information.

B. Both during and after the term of this Agreement, you agree i) to use the Confidential Information only for the operation of your CARTRIDGE WORLD Master Franchise/Store under a CARTRIDGE WORLD Master/Unit Franchise Agreement; ii) to maintain the confidentiality of the Confidential Information; iii) not to make or distribute, or permit to be made or distributed, any unauthorized copies of any portion of the Confidential Information; and iv) to implement all prescribed procedures for prevention of unauthorized use or disclosure of the Confidential Information.

C. You agree to have each of your employees, agents, principals and Affiliates sign a form of confidentiality agreement approved by us. The current approved form of nondisclosure is attached as

Master Franchise Agreement – CWNA — 03.2006

Exhibit B. We may from time to time provide you with template or sample forms/agreements and other materials and/or require through the Manuals or other written instruction that agreement forms used by you in the Franchised Business contain certain terms and/or protections for us. We do not warrant the legal sufficiency or quality of any such documents that we may approve or provide, and you are responsible to have all such items reviewed and modified for compliance with local law by an attorney licensed to practice in the state(s) where your Franchised Business will be located. You also agree to ensure that the collection, input, storage and use of your Franchised Business data using the Cartridge World systems complies with any applicable privacy laws and regulations within your jurisdiction and any Manuals requirements. You are solely responsible for ensuring that any confidentiality agreement used by you is in compliance with and enforceable under local law. You will give us copies of your confidentiality agreements upon request.

D. Master Franchisee shall insert a similar provision in its Unit Franchise Agreements requiring Unit Franchisees to comply with similar confidentiality restrictions and requiring Unit Franchisees' employees to sign a nondisclosure agreement essentially as provided in 14.01 C, above.

ARTICLE 15.
TERMINATION, EVENTS OF DEFAULT AND POST TERMINATION OBLIGATIONS

Section 15.01 Termination by CWNA.

Defaults with No Right to Cure. This Agreement will automatically Terminate upon delivery of our written notice of Termination to you in compliance with Article 22 (without further action by us and without opportunity to cure) if you (or any of your owners):

- A. fail to timely meet the Development Standards within the applicable time period as provided in Section 5.01, above;
- B. abandon or fail to operate your CARTRIDGE WORLD Master Franchise for more than seven (7) consecutive calendar days;
- C. make any material misrepresentation or omission in your application for the Master Franchise;
- D. are judged bankrupt, become insolvent, make an assignment for the benefit of creditors, are unable to pay his or her debts as they become due, or a petition under any bankruptcy law is filed by or against you or any of your owners or a receiver or other custodian is appointed for a substantial part of the your assets;
- E. are convicted of, or plead no contest to, a felony, or to any crime or offense that is likely to adversely affect the reputation of the Master Franchisee or any owner, your CARTRIDGE WORLD Unit Franchisees, us, or the goodwill associated with the Marks;
- F. engage in any misconduct which unfavorably affects the reputation of the Master Franchisee or any owner, CARTRIDGE WORLD Unit Franchisees, us, or the goodwill associated with the Marks (including, but not limited to, child abuse, health or safety hazards, drug or alcohol abuse, or permitting unlawful activities at your Business);
- G. make, or attempt to make, an unauthorized "transfer" as defined in this Agreement or surrender control without our prior written approval;
- H. make an unauthorized use of the Marks/Intellectual Property or any unauthorized copy, use or disclosure of any Confidential Information;
- I. violate any of the In Term or Post Term Restrictions against competition provided in Section 19.01, below (or any other person identified therein commits such a violation);
- J. commit any act or omission of fraud or misrepresentation, whether with respect to us, any of the Franchisor-Related Persons/Entities and/or any third party, including (but not limited to) any misrepresentation of Gross Revenue, Gross Volume, Royalties, initial fees or any other amounts due us;
- K. fail to permit or cooperate with us or our designee in any audit or inspection or fail to retain (or to produce on request) any records required to be maintained by you;
- L. have any license or permission necessary for the use or operation of the Master Franchised Business revoked or terminated;

M. are the subject of persistent substantiated complaints to us as to the quality of your service to Unit Franchisees and others, and we reasonably determine that such complaints are well founded;

N. are engaged in unlawful franchise marketing activities or other unlawful franchise practices as determined by us in our Business Judgment;

O. repeatedly fail to enforce Unit Franchise Agreements, the Manual requirements and other System standards/policies/specifications published by us, as determined by us in our Business Judgment.

Section 15.02 Defaults with Right to Cure. This Agreement will automatically Terminate on delivery of our written notice of Termination to you without further action by us and without further opportunity to cure beyond that set forth in this Section:

A. 10 Day Cure If within ten (10) calendar days after delivery of our written notice to you, you (or any of your owners) do not cure any:

- 1) failure to maintain required insurance;
- 2) failure to correct any condition that, in our reasonable judgment, might pose a danger to public health and/or safety;
- 3) failure to report accurately fees, Gross Volume, Gross Revenues, Royalties or other amounts received from Unit Franchisees or others, or fail to submit any other report due under this Agreement in accurate and complete form and when required;
- 4) failure to make payments of any amounts due us, any Franchisor-Related Person/Entity, any designee of ours and/or any supplier/creditor of yours, and do not correct such failure(s);
- 5) failure to comply with any of the dispute resolution provisions of this Agreement, including (but not limited to) failure to pay/deposit any amounts or otherwise and/or unexcused failure to appear or respond to any dispute resolution proceedings.

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

B. 30 Day Cure If within thirty (30) calendar days after delivery of our written notice to you, you (or any of your owners) do not cure any:

- 1) delinquency in your obligations to taxing authorities, equipment lessors, suppliers or others;
- 2) unauthorized promoting, offering, marketing or selling of any product or service in connection with the CARTRIDGE WORLD System without our prior written approval;
- 3) failure to have operating each Traditional Cartridge World Store required to be opened in your Territory for at least 45 weeks per calendar year at a level of operation consistent with Cartridge World's then-current policies.
- 4) failure to enforce Unit Franchise Agreements, the Manual requirements and other System standards/policies/specifications published by us.

5) failure to comply with any other provision of this Agreement, any other agreement with us and/or any Affiliate of ours, or any specification, standard or operating procedure or rule prescribed by us in the Manuals or by other writing which does not provide for a shorter notice period.

If any such default under this Section 15.02 B cannot reasonably be corrected within such thirty (30) day period, then you must undertake diligent efforts within such thirty (30) day period to come into full compliance. You must furnish, at our request, proof acceptable to us of such efforts and the date full compliance will be achieved. In any event, all such defaults must be fully cured within ninety (90) days after delivery of the initial written notice to you of Termination.

Section 15.03 Repeated Defaults. This Agreement will automatically Terminate upon delivery of our written notice of Termination to you (without further action by us and without opportunity to cure) if you or any Affiliate has committed two or more applicable defaults within any twelve (12) consecutive months, or three or more applicable defaults within any twenty-four (24) consecutive months. An "applicable default" is a single breach of any obligation under this Agreement and/or the Manuals, or under any other agreement with us and/or any of our Affiliates, whether or not such default is cured, or is the same as or similar to a prior event of default.

Section 15.04 Cross-Defaults. Any default by you (or any owner or Affiliate of yours) under this Agreement may be regarded by us as a default under any other agreement between us (or any Franchisor Related Persons/Entities) and you (or any owner or Affiliate of yours). Any such default under any other agreement or any other obligation between us (or any Franchisor Related Persons/Entities) and you (or any owner or Affiliate of yours) may be regarded as a default under this Agreement. Any default by you (or any owner or Affiliate of yours) under any lease, sublease, loan agreement, or security interest relating to the Master Franchise may be regarded as a default under this Agreement, regardless of whether or not any such agreements are between you (or any owner or Affiliate of yours) and us (or any Franchisor Related Persons/Entities).

Section 15.05 Non Exclusive Remedies. Whenever we have a right to Terminate this Agreement, we (and any Franchisor Related Person/Entity) will have all remedies allowed at law and in equity. No right or remedy which we may have (including Termination) is exclusive of any other right or remedy, and we may pursue any rights and/or remedies available. In every instance in which we have the right to Terminate this Agreement under this Article 15, we may elect in our Business Judgment to cancel any and/or all of your territorial or similar rights (including, but not limited to, any rights-of-first-refusal), whether arising under this Agreement or in any other manner or document.

Section 15.06 No Equity on Termination, etc. Your rights regarding the Master Franchise are controlled by the provisions of this Agreement. You will have no equity or any other continuing interest in the Franchise, any goodwill associated with it, or any right to compensation or refunds at the expiration and/or Termination of the term of the Franchise.

Section 15.07 Extended Cure Period. Notwithstanding anything to the contrary in this Agreement, we reserve the right to grant to you in our Business Judgment an extended cure period for any breach. You acknowledge that our decision to grant such an extended cure period shall not operate as a waiver of any of our rights and that we may choose to condition any such extension upon the signing of a General Release by you, each owner and Affiliates of yours.

Section 15.08 Management of the Master Franchise/Master-Owned Stores After Issuance of Notice of Default.

A. If we issue a notice of default, we will have the right (but not the obligation) to (a) receive directly from your Unit Franchisees all amounts due, or to become due, to you and/or any Affiliate of yours, and to thereafter remit to you such amounts less all amounts owed, or to become owed, to us and/or any of the Franchisor-Related Persons/Entities; and/or (b) manage your Cartridge World Master Franchise/Store(s) until you have cured all defaults. All revenues received by the Cartridge World Master Franchise/Store(s) while we (or our designee) are managing it will be kept in a separate fund. All Cartridge World Master Franchise/Store(s) expenses, including compensation, travel and living expenses for our appointed manager, may be paid out of such fund. We shall be paid Five Hundred Dollars (\$500.00)/day as a management fee (subject to adjustment as provided in Section 4.05). If such fund is insufficient to pay Cartridge World Master Franchise/Store(s) expenses, we shall notify you. You shall, within five (5) business days, deposit such amounts as shall be required by us to attain a reasonable fund balance.

B. Operation of the Cartridge World Master Franchise/Store(s) by us during any such period shall be on your behalf; provided that we shall only have a duty to use reasonable efforts and shall not be liable to any creditor of yours or for any debts, losses or obligations incurred by the Master Franchise/Store(s). This Section 15.08 shall not limit our right to Terminate this Agreement as herein provided or affect any of our indemnity or other rights under this Agreement.

Section 15.09 Our Right To Discontinue Supplying Items Upon Default. We and any Franchisor Related Persons/Entities have the right, in addition to all other rights and remedies, to require upon the issuance of a default that you pay C.O.D (i.e., cash on delivery) or by certified check for any goods/services related to the operation of your Franchised Business. We and any Franchisor Related Persons/Entities also have the right to stop selling and/or providing any goods and/or services to you until you have cured all defaults.

Section 15.10 Rights and Duties on Termination and/or Expiration.

A. You must pay all initial fees, Royalties, marketing contributions, notes and all amounts of any kind owed to us and/or any Franchisor Related Persons/Entities within ten (10) days after the Repurchase, Termination or expiration of the Master Franchise, or from a later date when the amounts due can be determined.

B. In the event of Termination for any default, said sums shall include all damages, costs and expenses, including attorneys' fees, incurred by us as a result of the default, and late payment charges thereon until paid at the lower of (i) the highest rate permitted by applicable law; or (ii) 1 1/2% per month.

Section 15.11 Intellectual Property, Confidential Information, Trade Dress, etc. After any Transfer, Repurchase, Termination or expiration of the Master Franchise:

A. You agree to immediately and permanently discontinue your Cartridge World business(s) and any use of the Intellectual Property and/or the Confidential Information, as defined in Article 2.01, and will not use any similar or derivative marks, or materials, or colorable imitations of any of the Intellectual Property in any medium or manner or for any purpose;

B. You will return to us or (at our option) destroy all software, Manuals, forms, materials, signage and any other items containing any Intellectual Property or Marks, or otherwise identifying or relating to a

Cartridge World Master Franchise/Store(s) (to the extent they have not been assigned in connection with an authorized Transfer or a Repurchase);

C. You will take such actions as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark which have not been assigned in connection with an authorized Transfer or a Repurchase;

D. You must de-identify the Premises in every manner and remove any distinctive signage, physical and/or structural features associated with the Trade Dress of Cartridge World Master Franchise/Store(s), so that the Premises are clearly distinguished from other Cartridge World Master Franchise/Store(s) and do not create any public confusion (to the extent the Premises have not been assigned in connection with an authorized Transfer or a Repurchase);

E. You agree not to identify yourself, or any business you may operate or in which you may become involved, or to advertise or promote yourself in any manner, as a present or former Cartridge World Master Franchisee/Unit Franchisee.

F. You will furnish to us within thirty (30) days satisfactory evidence of your compliance with the obligations described in this Section 15.11 and in Section 15.12, below. If you operate any business using any of the Intellectual Property, Marks, Confidential Information or any aspect of the System, our remedies will include (but will not be limited to) recovery of the greater of i) all profits earned by you in the operation of such business, or ii) all Royalties, advertising contributions and other amounts which would have been due if this Agreement remained in effect with you.

Section 15.12 Telephone and Other Directory Listings, Internet Sites.

A. You understand and agree that we own all telephone numbers, domain names, Internet addresses/sites and/or other communications services links (collectively, the "Numbers"), and any related directory listings/advertising, used in connection with the operation of your Cartridge World Master Franchise/Unit Franchise(s). We may in our Business Judgment require you to sign an assignment of such Numbers prior to training or at another time. After any Termination, Repurchase and/or expiration of the Franchise, you will promptly transfer, call-forward, discontinue or otherwise deal with the Numbers and any related directory listings/advertising as we direct. You agree to sign any documents and/or pay any amounts required by a telephone/communication services provider as a condition to our dealing with the Numbers and any related directory advertising/listings. By signing this Agreement, you irrevocably appoint us your attorney in fact to take any such actions regarding the Numbers and any related directory listings/advertising if you do not do so yourself within ten (10) days after the Termination, Repurchase or expiration of this Franchise. Such companies may accept this Agreement as conclusive evidence of our exclusive rights in such Numbers and related directory listings, web pages and advertising/marketing.

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

Section 15.13 Continuing Obligations.

A. All obligations and rights which expressly or by their nature survive the Transfer, Repurchase, expiration or Termination of this Agreement will continue in full force and effect until they are satisfied or

by their nature expire (including but not limited to indemnity, non-competition, audit and confidentiality rights and obligations; obligations to pay and the provisions of Articles 22 and 23). These obligations continue notwithstanding any rejection of this Agreement in a bankruptcy proceeding or otherwise.

B. If this Agreement is Terminated because of a default of yours, you will not be released or discharged from your obligations, including payment of all amounts then due and other amounts which would have become due under this Agreement if you had continued in operation as a Cartridge World Master Franchise/Store(s) for the full term. Our remedies will include (but are not limited to) the right to collect the present value of these amounts and to receive the benefit of our bargain with you, as well as to accelerate the balances of any promissory notes owed and to receive any other unpaid amounts owed to us or any Affiliates of ours. You and we agree that it would be commercially unreasonable and damaging to the integrity of the Cartridge World system if a Cartridge World Franchisee could default and then escape the financial consequences of his contractual commitment to meet payment obligations for the term of the Agreement. You (and each of your owners/Affiliates) agree to sign a General Release if we choose in our Business Judgment to waive our rights to collect any amounts that would have become due if you had continued in operation as a Cartridge World Master/Unit Franchisee.

Section 15.14 Unit Franchises. On any Repurchase, Termination or expiration of this Agreement:

A. We or our designee may require that all payments due to the Master Franchisee from its Unit Franchisees be paid to (and retained by) us or our designee.

B. We may terminate all rights of Master Franchisee under any Unit Franchise Agreement or other agreement and may, at our option:

1) succeed to all rights of Master Franchisee under any Unit Franchise Agreements or other agreements between Master Franchisee and its Unit Franchisees; or

2) terminate any or all Unit Franchise Agreements (the Unit Franchisees to observe all post-term obligations), if we do not continue to regularly award Franchises and maintain a Franchise program for Cartridge World Stores in your state/country/Territory. If we (1) make an announcement (at any time) that we have made a determination that continued franchising (on a national, regional or other basis) is not appropriate in our Business Judgment and that we do not intend to continue to regularly award franchises and maintain a franchise program for CARTRIDGE WORLD Stores in your state/Territory and (2) do not open or award franchises for CARTRIDGE WORLD Stores in your state/Territory for 12 months after the date of such announcement (provided that we can award renewal or renewal franchises where an older form of Franchise Agreement or otherwise requires us to do so, and/or continue to service existing Franchisees under outstanding agreements), then we will be considered to have made a general market withdrawal and will have no liability to you or your Unit Franchisees with respect thereto (a "General Market Withdrawal"). In such event, Unit Franchisees in Good Standing in your Territory will not be required to comply with specified post termination non-competition obligations under their respective Unit Franchise Agreements. You agree that if any statute or court decision requires "good cause" (or any similar standard) for non-renewal, compliance by us with the provisions of this subsection will be considered to be good cause.

C. You will:

- 1) at the request of CWNA or its designee, assign to CWNA or its nominee your rights under any and all Unit Franchise Agreements to which you or any Affiliate of yours is a party. You hereby award to us a power of attorney authorizing us to execute such assignments; and
- 2) pay us all amounts from all Unit Franchisees received (or to be received) by you and/or any Affiliate on and from the date of Repurchase, Termination or expiration.
- 3) You will also deliver up all Unit Franchise Agreements, files and other documents (and any other information deemed by us to be relevant to such Unit Franchisees) upon request from us or our designee.

Your right to own and operate any Cartridge World Store(s) may also be terminated by us in our Business Judgment.

Section 15.15 Prompt Notice of Claims by You. You understand that you are not permitted to terminate this Agreement for any default committed by us, except as permitted by applicable law. If you believe such a default exists, or that you have any other basis for Terminating this Agreement or making any other claim against us, you must give us written notice and thirty (30) days to cure; and any action by you to terminate may not proceed until we have had such notice and an opportunity to cure. If we cannot reasonably cure within such thirty (30) day period, and we are diligently continuing efforts to cure, then we will have ninety (90) days to cure; provided that i) any dispute regarding our withholding consent with respect to a proposed transfer by you, or any other dispute in which delay may cause you significant harm or loss, may be immediately processed as provided in Section 22.01; and ii) any claim for equitable relief with respect to a dispute under Section 22.01 H. shall not be subject to this Section 15.15. Any applicable statutes of limitations will be tolled during such 30 and 90-day periods.

I have read Sec. 15.01 – 15.15, understand them, and agree with them.

Your Initials: _____ / _____

ARTICLE 16. GRANT OF SECURITY INTEREST

Section 16.01 Secured Interest in Master Franchise Proceeds/Assets. For valuable consideration, as security for the payment of all amounts owing or to be owed by you (and/or any Affiliate of yours) to us (and/or any Affiliate of ours) under this Agreement or any other agreements, and your performance of all obligations thereunder, you hereby grant to us a security interest in all proceeds of your Cartridge World Master Franchise/Store(s) and in all of the assets, including equipment, furniture, fixtures and signs, used by, at or in connection with, your Cartridge World Master Franchise/Store(s) and its/their related business (the "Collateral"). You will not remove the Collateral or any portion thereof without our prior written consent. You represent and warrant that the security interest granted is prior to all other security interests in the Collateral except for (a) bona fide purchase money security interests and (b) the security interest granted to a third party in connection with your original financing for your Cartridge World Master Franchise/Store(s), if any. In connection with any request for our approval of a security interest, we will make commercially reasonable efforts to accommodate reasonable lender's requirements, including the subordination of our interests to the lender's and/or lessor's, as applicable, in our Business Judgment, bearing in mind the interests of the borrower, lender, ourselves and the System. On the occurrence of any event entitling us to Terminate this Agreement or any other agreement between the parties, or if we reasonably determine that we are not assured that your (and/or any Affiliates') obligations will be timely

and fully paid and/or performed, we will have all the rights and remedies of a secured party under the Uniform Commercial Code of the State in which your Cartridge World Master Franchise/Store(s) is/are located, including, without limitation, the right to take possession of the Collateral. You will execute and deliver to us financing statements and/or such other documents as we reasonably deem necessary to perfect our interest in the Collateral within ten (10) days of your receipt of such documents from us.

I have read Article 16, understand it, and agree with it.

Your Initials: _____ / _____

ARTICLE 17. TRANSFERS

Section 17.01 Transfers by Us.

A. This Agreement, and any or all of our rights and/or obligations under it, are fully transferable by us in our Business Judgment, in whole or in part, without your consent; provided that any such transferee shall appear at the time of the transfer to have financial resources reasonably appropriate to fulfill its obligations under this Agreement. For the purposes of this Section 17.01, we shall be entitled to rely upon financial statements provided to us by the transferee. If we transfer this Agreement, only the transferee will have obligations to you. Our obligations to you (and those of any of the Franchisor-Related Persons/Entities) will be extinguished. You specifically acknowledge and agree that we may: be sold and/or we may sell any or all of our intellectual property and/or other assets (including the Marks); go public; engage in a private or other placement of some or all of our securities; merge, acquire other entities and/or assets (competitive or not); be acquired by a competitive or other entity; and/or undertake any refinancing, leveraged buy-out and/or other transaction. You agree that we will have no liability to you resulting from our entering into any transactions permitted hereunder.

B. You agree that on any termination or expiration of the license agreement between us and CW International, any or all of our rights, duties and obligations under this Agreement may be assumed by CW International and/or their designee at their sole election. You agree at such time to: i) pay to CW International all amounts to be owed and submit all reports to become due under this (and/or any other) Agreement after the termination or expiration date; and ii) allow to be assigned to CW International and/or its designee any and all Franchise or other agreements to which you or any Affiliate of yours is a party.

Section 17.02 Transfers by You.

A. The rights and duties created by this Agreement are personal to you (or your owners, if the Master Franchisee is a Business Entity). We have awarded the Franchise relying on the individual integrity, ability, experience and financial resources of you or such owners. Therefore, no ownership interest in this Agreement, the Master Franchise, or your Master Franchised Business (or interests in, or the assets of, any of them) may be transferred without our prior written approval. Any such transfer or attempted transfer without our approval is null and void.

B. The term "transfer" includes (but is not limited to) any voluntary or involuntary assignment, sale, gift, pledge or any grant of any security or other interest (whether partial or whole, or direct or indirect), by you (or your owners, if the Franchisee is a Business Entity). A transfer also includes the following events: i) any transfer of ownership of capital stock or any partnership or similar interest; ii) any merger, consolidation or issuance of additional securities representing an ownership interest in the Master

Franchisee; iii) any sale of voting stock of the Master Franchisee or of any security convertible to voting stock; iv) any transfer in a corporate or partnership dissolution, divorce, insolvency proceeding or otherwise by operation of law; v) any transfer of any interest in any revenues, profits, or assets of your Master Franchise and which is not in the ordinary course of business; or vi) any transfer to a Business Entity and/or a trust or similar entity. A transfer of ownership, possession or control of your Master Franchised Business, or of its assets, may only be made with a transfer of the Master Franchise. Any transfer in the event of death or disability will be governed by Section 17.05, below.

Section 17.03 Conditions for Approval of Any Transfer.

A. All of the following conditions must be met prior to, or concurrently with, the effective date of any transfer. We may waive any condition in our sole and absolute discretion.

- 1) You must be in compliance with this Agreement, the Manuals, all other agreements between you and us (including any of our respective Affiliates), and all leases/subleases with any party, and the transferee must expressly assume all obligations under all such agreements; and
- 2) The transferee and its owners must meet our then current requirements for new Franchisees, including but not limited to business experience, aptitude and financial resources; and
- 3) You must meet all payment and reporting obligations under the Master Franchise Agreement and any other agreements between you and us (and any of our respective Affiliates). Promissory notes shall be accelerated and paid in full; and
- 4) All obligations to third parties in connection with your Master Franchise must be satisfied or assumed by the transferee; and
- 5) All aspects of your Master Franchise/Store(s) including, but not limited to its/their design, appearance, equipment (if applicable) and operations must have been brought into full compliance with the Manuals and specifications and standards then-applicable for new Master Franchises/Cartridge World Stores; and
- 6) At our option, the transferee must successfully complete, or agree to complete, our training program for new Master Franchisees at the location designated by us in our Business Judgment (which may be Northern California or another location) at transferee's sole expense (including without limitation travel, then current training fees/tuition, meals, lodging and incidentals); and
- 7) The transferee must, at our option, i) agree to be bound by all the terms and conditions of this Agreement for the remainder of the term, or ii) execute our then current form of Franchise agreement and ancillary documents (including guarantees) as are then customarily used by us in the grant of Franchises; the term of such new Franchise agreement shall, at our option, be either for the balance of the term of this Agreement or for the full term generally awarded to new Franchisees as of the time of the transfer; and
- 8) The transfer must be completed in compliance with the terms of any applicable leases and other agreements and with all applicable laws, including but not limited to licensing and operations-related laws and/or laws governing Franchise sales; and
- 9) You or the transferee must pay us with your application for a transfer a non-refundable transfer fee of Ten Thousand Dollars (\$10,000), subject to inflation adjustment as provided in

Section 4.05, above, but only if such proposed transfer involves a change in ownership or control of fifty percent (50%) or more; and

10) You and each of your owners and/or Affiliates, and the transferee (and each owner and/or Affiliate of the transferee), must sign a General Release; and

11) Any grant of a security or similar interest in connection with a transfer (which grant may or may not be permitted by us in our Business Judgment), will be subordinated to our rights and the rights of any Franchisor Related Person/Entity under the Master Franchise Agreement or any other agreement; provided that we may refuse to allow you or anyone else to grant or receive a pledge, mortgage, lien or any security or similar interest in and/or to the Master Franchise or the Master Franchised Business (or any of its assets) if, after having expended commercially reasonable efforts in discussions with lenders or other applicable parties, we are unable in our Business Judgment to obtain appropriate protections for our rights under this Agreement and/or for Cartridge World System interests; and

12) You will agree with the transferee not to compete after the transfer in accordance with restrictions acceptable to us and substantially similar to those described in Section 19.01 B to the maximum extent permitted by law. We shall be named a third party beneficiary of such agreement; and

13) We may (but are not required to) withhold or condition our consent to any transfer in our Business Judgment, particularly if we believe that the terms of transfer jeopardize the economic viability of the Master Franchise or based on other circumstances of the transfer, and/or if we would not normally directly award a Master Franchise in such a situation.

B. You agree that we may (but are not required to) discuss with you and/or the proposed transferee all matters related to any transfer and/or proposed transfer at any time which we consider to be appropriate in our Business Judgment without liability (including our opinion of the terms of sale, performance of your Franchise, etc.). You expressly consent to any such discussions by us.

C. Neither you nor any transferee shall rely on us to assist in the evaluation of the terms of any proposed transfer. You acknowledge and agree that an approval of a proposed transfer shall not be deemed to be an approval of the terms, nor any indication as to any likelihood of success or economic viability.

D. Master Franchisee shall provide in its Unit Franchise Agreements limitations on assignment of Unit Franchisees' rights similar to this Article 17.

Section 17.04 Additional Conditions for Transfer to a Business Entity.

A. We will consent to a transfer from you to a Business Entity owned by you and formed for the sole purpose of operating the Master Franchise if the conditions described in Section 17.03, above, and the following conditions are met; provided that no transfer fee shall apply to such a transaction. However, we may in our Business Judgment require you to pay a reasonable administrative services fee of Five Hundred Dollars (\$500) for any such assignment occurring more than 120 days after the Effective Date of this Agreement. Such a transfer will not relieve you of your obligations under this Agreement. You will remain jointly and severally liable to us for your and the Business Entity's obligations.

- 1) The Business Entity's stock certificates (and/or other applicable evidences of ownership and all documents of formation/governance) must recite that any ownership interest in the Business Entity is restricted by the terms of this Agreement; and
- 2) You must have (and continue to maintain) management control and ownership of at least fifty-one percent (51%) of the Business Entity and personally manage its affairs; and
- 3) The individual Franchisee (or, if the Franchisee is a partnership, at least one of the partners) must be and remain the chief executive officer, chief operating officer or chief financial officer and meet our then-current training requirements. If the Franchisee is or becomes a corporation, LLC, partnership or other Business Entity, the Designated Individual of such entity must always meet all of our then-current training and other standards; and
- 4) The transferee must enter into an approved form of assignment in which the Business Entity assumes all of the Master Franchisee's obligations under this Agreement and any other agreements with us and/or a Franchisor Related Person/Entity, and any other documents we may require as provided in 17.03 A. (7), above; and
- 5) All current and future owners of the Business Entity must agree in writing to comply with this Agreement and any other agreements with us and/or any Franchisor Related Persons/Entities. We may at our option and in our Business Judgment require any and all owners to jointly and severally guarantee (in a written form approved by us) any such obligations of the Business Entity under any such agreements. The current approved form of Continuing Personal Guarantee is attached as Exhibit G to this Agreement; and
- 6) No public offerings of debt or equity ownership in the transferee entity may be conducted, and no shares of any type issued without obtaining our prior written consent; and
- 7) We may require that each of the present and/or future shareholders, directors, and/or officers execute confidentiality and non-competition agreements with terms substantially similar to those described in Articles 14 and 19, respectively.
- 8) In any event, we may withhold or condition our consent to any transfer as we deem appropriate in our Business Judgment, based on the circumstances of the transfer or otherwise.

Section 17.05 Death or Disability of Master Franchisee.

A. If the Master Franchisee, or if the owner of the Master Franchisee with a controlling interest, dies or is permanently disabled, then his or her interest in this Agreement, the Master Franchise and/or the Master Franchisee shall be transferred to a third party subject to all of the provisions of this Article 17. A "permanent disability" occurs if you are not able to personally, actively participate in the management of your Master Franchise for six (6) consecutive months. Any transfer under this Section shall be completed within six (6) months from the date of death or permanent disability. If no transfer occurs, the Master Franchise will automatically Terminate at the end of such period, unless a written extension is granted by us in our Business Judgment.

B. We can (but are not required to) operate the Master Franchised Business on your behalf and at your expense in the event of your death, disability or absence. We can pay ourselves a reasonable amount for our management services and other costs. We will use reasonable efforts and business judgment in managing the business, but will in all cases be indemnified by you (and/or your estate) against

any costs and/or liabilities related in any way to our management and the operation of the Master Franchised Business. We are expressly authorized by you to manage in good faith and on terms that we consider appropriate in our Business Judgment, including payment of any past, current and/or future obligations to us or to any other creditor out of assets and/or revenues of the Master Franchised Business.

Section 17.06 Effect of Consent to Transfer. Our consent to a transfer is not a waiver of any claims we may have against you, and you are not relieved of any obligations to us or any Franchisor Related Persons/Entities unless you have an express written release signed by us. If you, your owners and your Affiliates comply with all of the requirements of this Article 17, including providing us with a General Release, then we may provide you in our Business Judgment with a Limited Release in our Business Judgment. Your obligations under the Post Termination Provisions will survive any transfer of this Agreement whether or not such a Limited Release is given. Any dispute regarding any proposed or completed transfer will be resolved through the dispute resolution provisions of this Agreement. Neither we nor any Franchisor Related Persons/Entities will have any liability to you or any proposed or actual transferee in connection with our examination and/or possible consent or withholding of consent involving any transfer or proposed transfer, or our exercise of any right of ours, which is consistent with this Agreement. You agree to indemnify and hold us harmless from any liability to you, the proposed transferee or otherwise.

Section 17.07 Our Right-of-First-Refusal.

A. We have a right of first refusal regarding any proposed transfer subject to this Agreement. With each proposed transfer, you will provide us with a true and complete copy of the offer received by you (and any ancillary agreements), and the conditions to transfer described in Sections 17.03 and 17.04, as applicable, will be met. The offer and the price and terms of purchase must apply only to an interest in this Agreement, the Master Franchise, your Master Franchised Business or the Master Franchisee. Any value attributable to the goodwill of the Marks, Cartridge World System elements, Confidential Information or any other assets, tangible or intangible, related to the Cartridge World Brand and System will be excluded from the purchase price.

B. We will give you written notice of our decision to exercise our right of first refusal within fourteen (14) days from the date of our receipt of the offer and ancillary documents. If any of the assets to be purchased do not meet the standards we then apply to new Master Franchises, or if you are in default, we can require that the operation be brought into compliance and any defaults cured before the 14 day period begins. We may substitute cash for any form of payment proposed in such offer and will have a reasonable period of time in which to prepare for the close of the transaction (generally 60 days). We'll be entitled to purchase any interest subject to all Customary Representations, Warranties and Agreements. We can require that the closing of the sale be through an escrow. You and we will comply with any applicable bulk sales and/or similar laws, and you will maintain all insurance policies until the date of closing. We will have the right to set off against any amount of money payable by us all amounts due from you and/or your Affiliates to us and/or our Affiliates. We will also have the right, in our Business Judgment, to pay any amount otherwise payable to you directly to your creditors in satisfaction of your obligations. If you violate any of your obligations that expressly or by their nature survive this Agreement, we will not be obligated to pay any amount otherwise due or payable to you thereafter. In connection with such purchase, you and each transferor (and your respective Affiliates) will sign a General Release, and we will sign a Limited Release.

C. If we do not exercise our right-of-first-refusal, you or your owner may complete the sale to such purchaser on the exact terms of such offer, subject to the conditions of this Article 14. If there is a material change in the terms of the sale, we will have an additional right-of-first-refusal on the same terms

and conditions as are applicable to the initial right-of-first-refusal. Our rights under this or any other Section are fully assignable.

17.08 Our Right to Repurchase

A. We have a right, but not an obligation, to repurchase your Master Franchise, your Master Franchised Business and the assets of your Master Franchised Business (the "Repurchase"). We may exercise this right in our Business Judgment by giving you written notice at any time during the term of this Agreement and on or within 120 days of Termination/expiration thereof.

B. The Repurchase price shall be established subject to the following limitations: If you and we are unable to agree on the Repurchase price, then the fair market value will be determined by an independent appraiser selected by you and us and subject to the limitations provided herein. If you and we are unable to agree on an appraiser, you and we will each select one appraiser, who together will select a third appraiser. The fair market value will be deemed to be the average of the three (3) independent appraisals. All sales, transfer and/or similar taxes are to be paid by you. Any going concern value of the Master Franchised Business shall be factored into the Repurchase price, but in no event will the Repurchase price include:

1) any goodwill or other monetary factor for the Marks, Cartridge World System elements, Confidential Information or any other assets, tangible or intangible, which are proprietary to us and/or a Franchisor-Related Person/Entity; and/or

2) any assets which are not bona fide Master Franchise assets integrally related to the operation of the Master Franchised Business and which are excluded from the purchase by us in our Business Judgment.

Pending the closing of such a Repurchase, we will have the right to appoint a manager to maintain the operation of your Franchise. You will forever indemnify and hold us harmless against all obligations incurred in connection with the business prior to purchase. You'll furnish us with a complete list of accounts unpaid by you within ten (10) days of our notice of intent to exercise this option. We may (but are not required to) pay these unpaid bills directly to the parties owed and deduct them from the purchase price in lieu of paying such portion of the purchase price directly to you.

C. The Post Term restrictions described in Section 19.01 B, below, and elsewhere in this Agreement will be continuing obligations of yours. We shall receive all Customary Representations and Warranties from you, your owners and your Affiliates in connection with any such Repurchase. We can require that the closing of the sale be through an escrow. You and we will comply with any applicable bulk sales and/or similar laws, and you will maintain all insurance policies until the date of closing. We will also have the right, in our Business Judgment, to pay any amount otherwise payable to you directly to your creditors in satisfaction of your obligations. If you violate any of your obligations that expressly or by their nature survive this Agreement, we will not be obligated to pay any amount otherwise due or payable to you thereafter.

D. Any Repurchase price to be paid under this Section will be paid, at our sole option, either in cash at closing, or under an unsecured, interest free promissory note, as follows: Twenty Percent (20%) at closing, Twenty Percent (20%) no later than 90 days after closing, Twenty Percent (20%) no later than 180 days after closing, Twenty Percent (20%) at the first anniversary date of the closing, and the final Twenty Percent (20%) at the second anniversary date of the closing. We can offset against the Repurchase

price, and any installments thereof, any amounts owed by you (or any Affiliates) to us (or any Franchisor-Related Persons/Entities). In connection with our exercise of any rights under this Section, you (and each owner/Affiliate) will execute a General Release. We will provide you with a Limited Release, unless you are in default under this Agreement.

E. We will not assume any liabilities, debts or obligations of yours in connection with any such Repurchase, and you will indemnify us and each of the Franchisor-Related Persons/Entities from any and all claims arising out of any such Repurchase. Notwithstanding the foregoing sentence, costs paid or incurred in connection with the transaction, including but not limited to, all appraisal fees and closing costs, shall be shared equally between you and us, but excluding attorneys' fees paid or payable to the respective attorneys for the parties. You and we will comply with all applicable laws in connection with any such Repurchase and will cooperate in complying with all such requirements.

F. This Agreement shall Terminate upon the date the above-described Repurchase becomes effective, subject to any surviving obligations described in this Agreement (unless earlier Terminated as a result of a default by you or by expiration of the Agreement). If you fail to complete or to continue to comply with any surviving obligation(s), we will not be obligated to pay that portion of the Repurchase price otherwise due or payable following such failure, in addition to any other remedies to which we are otherwise entitled.

ARTICLE 18. UNIT FRANCHISES

Section 18.01 Minimum Obligations.

A. You shall be entitled to negotiate freely and decide upon the financial terms of any Unit Franchise Agreement, except that we may specify maximum prices for Royalties, fees, Products or Services, and any other amounts to the greatest degree permitted by law.

B. Each Unit Franchise Agreement and related documents shall be in the forms, and with such provisions and otherwise, as designated by us. We may require that each Unit Franchisee, at the time he/she executes such Unit Franchise Agreement(s), also sign a form of Statement of Prospective Franchisee (and other documents, including any disclosure forms) approved by us. You are solely responsible for all costs (including legal fees) incurred in connection with adaptations, translations, filings, use and/or any other matter related to all documents (including Unit Franchise Agreement(s), disclosure documents and/or otherwise) and actions necessary to assure your compliance with all relevant Franchise disclosure, relationship and/or other applicable laws and regulations.

C. You agree to comply with all laws and regulations regarding the offer and sale of Unit Franchises and shall supply to prospective Unit Franchisees any disclosure forms required by CWNA and/or under applicable law. You will also supply us with complete copies of all documents executed by you and/or a Unit Franchisee within seven (7) days after their execution by the Franchisee, whether in connection with a new sale, a transfer or assignment, or otherwise. We may charge a reasonable fee to cover our file administration costs with respect to any such agreements or documents, as provided in the Manuals.

D. You shall cause your Unit Franchisees to adhere to the Unit Franchise Agreements and to CWNA's and your written policies and procedures. If a Unit Franchisee is subject to possible termination and/or default (a) the Master Franchisee shall discuss such situation with us prior to taking any action to effect Termination, a Repurchase or otherwise (including any legal action) and (b) if we reasonably

determine that the Unit Franchisee is in material default and/or that Termination, a Repurchase or other action is appropriate, the Master Franchisee shall take such action as we reasonably direct.

I have read Article 18, understand it, and agree with it.

Your Initials: _____ / _____

ARTICLE 19. RESTRICTIONS

Section 19.01 Exclusive Relationship.

A. In Term Restrictions: During the term of this Agreement and any Renewal Master Franchise, neither you nor any Designated Individual will engage in or be involved in any other business without our express written consent; additionally, neither you, nor any Designated Individual or Affiliate of yours, nor any shareholder, member or partner of yours (if you are or become a Business Entity), nor any Immediate Family member of any of the foregoing, will engage in or be involved in any Similar Business, and specifically will not:

- 1) have any direct or indirect interest anywhere in any Similar Business, or in any entity awarding Franchises or licenses or establishing joint ventures or other business enterprises for the operation of Similar Businesses; or
- 2) perform any services anywhere as an employee, agent, representative or in any capacity of any kind for any Similar Business, or for any entity awarding Franchises or licenses or establishing joint ventures to operate Similar Businesses; or
- 3) employ or try to employ any employee of ours, of a Franchisor-Related Person/Entity or of any other Cartridge World Franchisee, without providing notice to the respective employer and obtaining their prior written consent. If you violate Section 19.01 A. 3) during or after the term of this Agreement, then our remedies will include (but not be limited to) payment to us by you of \$5,000, such amount having been mutually agreed on by you and us in view of the extreme difficulty in accurately determining the damages suffered as a result of such breach.

B. Post Term Restrictions: For two (2) years after the later of the following terminating events: i) any transfer, Repurchase and/or Termination of this Agreement; ii) the expiration of this Agreement (if a Renewal Franchise or renewal term is not granted); and/or iii) the date on which you stop operating your final Cartridge World Store or using the Marks and/or System, all of the persons and entities named in such Section 19.01 A. above:

- 1) shall not accept or solicit any person, firm or company that has been a Cartridge World Customer and/Franchisee during the period twelve months prior to termination, nor try to divert any such Customers/Franchisees from any Cartridge World Store, Master Franchisee or other Cartridge World enterprise of any kind (including any operations owned by any Franchisor-Related Persons/Entity); and
- 2) shall be subject to all of the restrictions stated in Section 19.01 A, above, with respect to Similar Businesses located, and/or services to be performed, in the Territory.

C. You and we have expressly bargained and agreed that it is your obligation under this Agreement to ensure the compliance of each of the persons identified in Section 19.01 A., with the restrictions described in this Article 19. The foregoing notwithstanding, we shall use reasonable judgment in evaluating whether or not the conduct of an Immediate Family member warrants our exercising any rights under this provision, considering your actual relationship to such member and his/her activities, among other factors. The restrictions of this Section do not apply to the ownership of shares of a Similar Business (of a class of securities listed on a stock exchange or traded on the over-the-counter market) which represent less than three percent (3%) of the number of shares of that class issued and outstanding.

D. You and we share a mutual interest in ensuring compliance with the limitations on competition described in this Section 19.01. A Cartridge World Franchisee's non-compliance with these restrictions would damage you, us and other Cartridge World Master and Unit Franchisees and unfairly limit reasonable expansion alternatives open to us and Cartridge World system members. You acknowledge and agree that such protections can enhance the value of the Cartridge World System to you as a Franchisee, represent a reasonable balancing of your and our respective interests and have been expressly bargained for. You confirm that you possess valuable skills unrelated to the Franchised business and have the ability to be self-supporting and employed regardless of the competitive restrictions described in this Section 19.01. You therefore acknowledge that the restrictions of this Section will not generally prevent you from practicing a lawful profession, trade or business and are reasonably limited in their scope, duration and geographic area.

E. If you violate any of the foregoing restrictions, our remedies will include (but not be limited to) the right to obtain equitable relief and to receive all profits generated in connection with the operation of any Similar Business until the date you cease to violate such restrictions. All competitive restrictions will be extended for the length of time that any breach of the Post Termination Obligations is ongoing. If any of the restrictions of this Section are determined to be unenforceable to an extent because of excessive duration, geographic scope, business coverage or otherwise, they will be reduced to the level that provides the greatest protection to us and the Cartridge World System, but which is still enforceable, notwithstanding any choice-of-law or other provisions in this Agreement to the contrary.

F. During the term of this Agreement you will use best and continuing efforts to promote and develop the Cartridge World System and business, as well as your own Master Franchised Business (and those of your Unit Franchisees) within the Territory.

G. Master Franchisee shall cause its Unit Franchisees to comply with restrictions similar to those contained in this Section 19.01 in its Unit Franchise Agreements.

I have read Sec. 19.01, understand it, and agree with it.

Your Initials: _____ / _____

**ARTICLE 20.
TAXES AND DUTIES, CURRENCY, WITHHOLDING**

Section 20.01 Taxes and Duties.

A. The amounts due under this Agreement (including Sections 4.01 through and including 4.04) are due in such designated amount of United States Dollars as landed in the United States of America, net of

any amounts withheld or deducted by governmental or other authorities, whether as taxes, exchange controls or otherwise and taking into account any then-applicable exchange rates. Master Franchisee shall remit, on behalf of CWNA and/or any of its Affiliates, to the appropriate taxing authorities, all withholding and/or other taxes that would otherwise be due from us and/or any Affiliate, including without limitation any taxes levied upon or measured with reference to Franchise fees, Royalties, advertising contributions or other amounts due to us under this or any other Agreement. You shall provide us with proof of payment thereof.

B. Master Franchisee shall hold harmless and indemnify CWNA, its Affiliates and all Franchisor Related Persons-Entities for the full amount of any such taxes described in 20.01 A, above, including any losses occasioned by Master Franchisee's failure to withhold any taxes imposed by any local jurisdiction on amounts payable by Master Franchisee pursuant to this Section, and for any liability (including penalties, interest and expenses) arising from or concerning the payment of such taxes, whether or not such withholding taxes were correctly or legally asserted.

Section 20.02 Currency of Payments, etc.

A. All amounts to be paid or remitted to us, whether referenced in this Agreement and/or otherwise, are due in such designated amount in United States Dollars.

B. If conversion from a Local Currency to United States Dollars is necessary (for example, where a payment to us is based on a percentage of an amount received by a Master Franchisee situated outside of the United States), such conversion will be computed upon the rate of exchange from Local Currency funds to U.S. Dollars based upon the exchange rate in effect on the last business day of the month preceding the date on which the payment is due, as published on the succeeding business day by the Bank of America (or other major bank in the United States as designated by us) for the conversion of funds into United States Dollars applicable to trading among banks in amounts of \$1 Million or more. If payment is made after the date when payment is due, we shall be entitled to any additional amount that we would have received if payment had been made timely, based upon the exchange rate in effect on the proper payment date. Proof of the applicable exchange rate shall be provided to CWNA at the time each payment is made.

C. If any governmental authority having jurisdiction prohibits or limits in any way the conversion of currency into U.S. Dollars or the unrestricted transfer of funds to places outside of the Territory, we shall have the right to Terminate this Agreement in our sole discretion, if such restrictions remain in effect for more than six months.

Section 20.03 Withholding. The amounts due under this Agreement (including Sections 4.01 through 4.04) are due net of any amounts withheld or deducted by governmental or other authorities, whether as taxes, exchange controls or otherwise, and taking into account any then-applicable exchange rates. You and we agree that the amounts due under this Agreement (including Section 4.01 through and including 4.04) shall be received by CWNA in full and by the times specified without any deduction, withholding, offset or otherwise. You are responsible for the payment of any withholding taxes, which shall not be deducted from the amounts due under this Agreement. You agree to provide CWNA/CW International upon request a receipt or other written evidence showing payment of any withholding taxes on CWNA/CW International's behalf, and/or other taxes for which CWNA/CW International may have secondary, contingent and/or other liability.

**ARTICLE 21.
TIME OF THE ESSENCE**

Section 21.01 Timely Performance. Time is of the essence of this Agreement. Neither party's time for performance of any of its obligations hereunder shall not be extended or delayed because of that party's financial difficulties or otherwise, or because performance would be rendered more difficult or more expensive.

**ARTICLE 22.
DISPUTE RESOLUTION AND APPLICABLE LAW**

For the purposes of this Article 22, "you" shall be deemed to include your owners, Affiliates and their respective employees, and "we" shall be deemed to include "Franchisor-Related Persons/Entities."

Section 22.01 MEDIATION AND MANDATORY BINDING ARBITRATION, WAIVER OF RIGHT TO TRIAL IN COURT, etc. You and we believe that it is important to resolve any disputes amicably, quickly, cost effectively and professionally and to return to business as soon as possible. You and we have agreed that the provisions of this Article 22 support these mutual objectives and, therefore, agree as follows:

A. Claim Process. Any litigation, claim, dispute, suit, action, controversy, or proceeding of any type whatsoever including any claim for equitable relief and/or where you are acting as a "private attorney general," suing pursuant to a statutory claim or otherwise, between or involving you and us on whatever theory and/or facts based, and whether or not arising out of this Agreement, ("Claim") will be processed in the following manner, you and we each expressly waiving all rights to any court proceeding, except as expressly provided below at Section 22.01 (H).

1) First, discussed in a face-to-face meeting held within thirty (30) days after either you or we give written notice to the other proposing such a meeting.

2) Second, if not resolved, submitted to non-binding mediation for a minimum of four (4) hours before i) Franchise Arbitration and Mediation, Inc. ("FAM") or its successor (or an organization designated by FAM or its successor), or ii) any other mediation organization approved by all parties, or iii) by Judicial Arbitration and Mediation Service ("JAMS") or its successor (or an organization designated by JAMS or its successor), if FAM cannot conduct such mediation and the parties cannot agree on a mediation organization. We will pay the costs of the first four (4) hours of any mediation, and no mediation is required to extend beyond such four (4) hour period. Any mediation/arbitration (and any appeal of arbitration) will be conducted by a mediator/arbitrator experienced in franchising. Any party may be represented by counsel and may, with permission of the mediator, bring persons appropriate to the proceeding.

3) Third, submitted to and finally resolved by binding arbitration before and in accordance with the arbitration rules of FAM or its successor (or an organization designated by FAM or its successor); provided that if such arbitration cannot be heard by any such organizations, then the arbitration will be conducted before and in accordance with the arbitration rules of JAMS or its successor (or an organization designated by JAMS or its successor); provided that, in any case, arbitration may be filed prior to a face-to-face meeting and/or mediation, with such face-to-face meeting and/or mediation to follow as quickly thereafter as possible. All arbitrators must be experienced in franchising. On election by any party, arbitration and/or any other remedy allowed by this Agreement may proceed forward at the same time as mediation. Judgment on any

preliminary or final arbitration award will be final and binding, and may be entered in any court having jurisdiction (subject to the opportunity for appeal as contemplated below). The arbitrator's award shall be in writing. On request by either party, the arbitrator shall provide to all disputants a reasoned opinion with findings of fact and conclusions of law and the party so requesting shall pay the arbitrator's fees and costs connected therewith.

4) Fourth, a final award by an arbitrator (there will be no appeal of interim awards or other interim relief), may be appealed within thirty (30) days of such final award. Appeals will be conducted before a three (3) arbitrator panel appointed by the same organization as conducted the arbitration, each member of which must be experienced in franchising. The arbitration panel will not conduct any trial de novo or other fact-finding function. Such panel's decision shall be in writing, may be entered in any court having jurisdiction and will be binding, final and non-appealable. On request by either party, the arbitration panel shall provide to all disputants a reasoned opinion with findings of fact and conclusions of law and the party so requesting shall pay the arbitration panel's fees and costs connected therewith.

B. Confidentiality. The parties to any meeting/mediation/arbitration will sign confidentiality agreements, excepting only public disclosures and filings as are required by law.

C. Location and Attendees. Any mediation/arbitration (and any appeal) will be conducted exclusively at a neutral location in the county for our then-current principal business address, which may change from time to time, and be attended by you and us, and/or designees authorized to make binding commitments on each of our respective behalfs; provided that if any court determines that this provision is unenforceable for any reason, mediation/arbitration (and any appeal) will be conducted at a location near your Master Franchised Business headquarters.

D. Arbitration Authority. Arbitrators in any proceeding under this Article 22 shall apply all applicable law, and a failure to apply the applicable law in accord with Section 22.14 shall be deemed an act in excess of authority. The arbitrator shall decide any questions relating in any way to the parties' agreement (or claimed agreement) to arbitrate, including but not limited to applicability, subject matter, timeliness, scope, remedies, claimed unconscionability and any alleged fraud in the inducement. The arbitrator may issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc. by any court having jurisdiction. The subpoena powers of the arbitrator with respect to witnesses to appear at the arbitration proceeding shall not be subject to any geographical limitation.

E. Discovery. The disputants shall have the same discovery rights as are available in civil actions under the state law selected in Section 22.14.

F. Compulsory Counter-claims. Each participant must submit or file any claim which would constitute a compulsory counter-claim (as defined by the applicable rule under the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such Claim which is not submitted or filed in such proceeding will be forever barred. In no event may offers and/or other communications made in connection with, or related in any way to, mediation, possible settlement or other resolution of a dispute be admitted into evidence or otherwise used in any arbitration or other proceeding, and any arbitration award in violation of this provision shall be vacated by the arbitration appeal panel (described above) and/or any court having jurisdiction.

G. Fees and Costs. Subject to the provisions of Section 22.07, the parties will bear their own fees and costs, including attorneys' fees; provided that for matters not settled through agreement of the parties, the arbitrator may assess all, or any portion, of the fees and costs incurred in connection with any arbitration and/or appeal (but not any attorneys' fees) against the party who does not prevail.

H. Disputes Not Subject to the Mediation/Arbitration Process. Claims or disputes relating primarily to the validity of the Marks and/or any Intellectual Property licensed to you may be subjected to court proceedings or to the Process outlined in 22.01 A., above, at our sole election provided that only the portion of any claim or dispute relating primarily to the validity of the Marks and/or any Intellectual Property licensed to you and requesting equitable relief shall be subject to court action, and any portion of such claim seeking monetary damages will be subject to the Process outlined in 22.01 (A). An action to compel a party's compliance with 22.01, must be subjected to court proceedings consistent with Section 22.02, below.

I. Your and Our Intentions. You and we mutually agree (and have expressly had a meeting of the minds) and expressly intend that, notwithstanding any contrary provisions of state, provincial or other law, and/or any statements in our Offering Circular required by a state/province as a condition to registration or for some other purpose:

1) all issues/disputes relating to arbitrability of issues (including whether or not any particular Claim, issue or otherwise is to be submitted to face-to-face meeting/mediation/arbitration), arbitration, waiver of jury trial, limitation of damages, venue, choice of laws, shortened periods in which to bring Claims, jurisdiction, choice-of-laws and/or the interpretation/enforcement of any of the dispute resolution-related provisions of this Agreement (including, but not limited to all of the provisions of Articles 19 and 21) will be decided by the arbitrator (together with any Claims that this, or any other, agreement, and/or their terms, were procured by fraud or uneven bargaining power, are or were unconscionable, were not subject to negotiation, or similar claims) and governed only by the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the federal common law of arbitration and exclusive of state statutes and/or common law;

2) all provisions of this Agreement (including, but not limited to, Articles 22 and/or 23) shall be fully enforced, including (but not limited to) those relating to arbitration, waiver of jury trial, limitation of damages, venue, choice of laws, shortened periods in which to bring Claims;

3) you and we intend to rely on federal preemption under the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and, as a result, the provisions of this Agreement will be enforced only according to its terms;

4) **you and we each knowingly waive all rights to a court trial** (except as expressly provided in this Agreement) understanding that arbitration may be less formal than a court or jury trial, may use different rules of procedure and evidence and that appeal is generally less available, but still strongly preferring mediation and/or arbitration as provided in this Agreement;

5) the terms of this Agreement (including but not limited to this Article 22) shall control with respect to any matters of choice of law; and

6) notwithstanding the fact that a party to this Agreement is or may become a party to a court action or special proceeding with a third party or otherwise, and whether or not such pending court action or special proceeding (1) may include issues of law, fact or otherwise arises out of the same transaction or series of related transactions as any arbitration between or involving the

parties to this Agreement, (2) involves a possibility of conflicting rulings on common issues of law, fact or otherwise, and (3) such pending court action or special proceeding may involve a third party who cannot be compelled to arbitrate, the agreement of the parties to this Agreement shall be enforced according to its terms and any party to this Agreement may bring an action to compel a face-to-face meeting, mediation and/or arbitration, you and we strongly preferring arbitration to court actions and wishing to have a single entity (the arbitrator) determine all issues of fact and law between or involving us, except as expressly provided otherwise in this Agreement.

Section 22.02 Venue. Without in any way limiting or otherwise affecting your and our obligations under Section 22.01, above, you and we agree that any litigation will be held in the United States District Court encompassing our then-current principal business address (the "Proper Federal Court"). Proceedings will be held only in the Proper Federal Court, subject to the following exceptions:

A. if a basis for federal jurisdiction does not exist, then any such proceeding shall be brought exclusively before a court in the most immediate state judicial district encompassing our then-current principal business address and having subject matter jurisdiction (the "Proper State Court");

B. proceedings to remove or transfer a matter to the Proper Federal Court and/or to compel arbitration as contemplated by this Agreement may be brought in the court where the applicable action is pending and/or the Proper State or Federal Court; and

C. any action primarily with respect to any real and/or personal property (including any action in unlawful detainer, ejectment or otherwise) may be brought in any court of competent jurisdiction and/or the Proper State or Federal Court.

Section 22.03 Terms Applicable to All Proceedings, Waiver of Trial by Jury, Class Action Rights.

With respect to any arbitration, litigation or other proceeding of any kind, you and we:

A. **knowingly waive all rights to trial by jury;**

B. Will pursue any proceeding on an individual basis only, and not on a class-wide or multiple plaintiff basis; provided that if this provision is not enforceable for any reason, then you and we agree that with respect to any multiple plaintiff or class action, a court will supervise the procedural aspects directly related to the multiple plaintiff/class nature of the proceeding (e.g. certification of the class, appropriateness of class representation, approval of attorneys' fees incurred on behalf of the class, approval of any settlement, etc.) and the arbitrator will decide all substantive matters related to the actual claims, including liability and damages.

Section 22.04 Limitations on Damages and/or Remedies, Waiver of Punitive Damages.

Your liability to us and/or to any of the Franchisor-Related Persons/Entities, for all claims whenever brought, together with that of any and all Affiliates of yours, will be limited to a maximum total amount of \$200,000 for any and all claims, whenever brought, subject to inflation adjustment (liability for the present value of all payments which normally would have been owed by you if the franchise had continued in existence for its full term, together with any past due payments owed to us and/or any Affiliate, are subject to and part of such total limit); provided that there shall be no limitation on indemnity obligations. Our maximum liability, together with that of any and all of the Franchisor-Related Persons/Entities, will also be limited to the same amount, for any and all claims, whenever brought. In any event and to the fullest extent permitted by law, you and we (and your Affiliates and the Franchisor-Related Persons/Entities) each knowingly waive any right to or claim for punitive, exemplary, multiple or similar damages against the other party and agree

that, in the event of any dispute, you and we (and your Affiliates and the Franchisor-Related Persons/Entities) shall be limited to recovery of any actual damages sustained by the injured party, unless otherwise expressly stated in this Agreement; provided that no such waiver or limitation shall apply to amounts owed under any indemnification obligation provided in this Agreement. To the extent that any provision of this Section 22.04 is invalid or unenforceable, you and we intend that such provision shall be severed and the remainder of this Agreement shall remain in full force and effect.

Section 22.05 Periods In Which to Make Claims. No arbitration, action or suit (whether by way of claim, counter-claim, cross-complaint, raised as an affirmative defense, offset or otherwise) by either you or us will be permitted against the other, whether for damages, rescission, injunctive or any other legal and/or equitable relief, in respect of any alleged breach of this Agreement, or any other Claim of any type, unless such party commences such arbitration proceeding, action or suit before the expiration of the earlier of:

1) One (1) year after the date on which the state of facts giving rise to the cause of action comes to the attention of, or should reasonably have come to the attention of, such party; or

2) Two (2) years after the initial occurrence of any act or omission giving rise to the cause of action, whenever discovered.

The above periods may begin to run, and will not be tolled, even though the claiming party was not aware of the legal theories, statutes, regulations, case law or otherwise on which a claim might be based. Period (2) will begin to run and not be tolled even if the claiming party is unaware of the facts on which a claim is based. If any federal, state or provincial law provides for a shorter limitation period than is described in this Section, then such shorter period will govern. The time period for actions for indemnity shall not begin to run until the indemnified party(ies) have been found liable and any time for appeals has run in the underlying action.

Section 22.06 Survival of Obligations.

A. Each provision of this Article 22, together with the provisions of Article 23, will be deemed to be self-executing and continue in full force and effect subsequent to and notwithstanding the expiration, Termination, rescission, or finding of unenforceability of this Agreement (or any part of it) for any reason; will survive and will govern any Claim for rescission; and will apply to and govern any Claim against, or with respect to, the Marketing Fund. Notwithstanding any bankruptcy or other proceeding, you and we wish to have the dispute avoidance and resolution provisions of this Agreement strictly enforced according to their terms.

B. Non-competition, confidentiality, protection of the Marks and indemnity/hold harmless obligations, audit rights, and all other Post-Termination Provisions, provided in this Agreement shall survive the expiration and/or Termination of this Agreement according to their terms.

Section 22.07 Costs and Attorneys' Fees. Except as expressly provided regarding recovery of attorneys' fees as part of indemnification rights hereunder, or in this Section, or as otherwise expressly provided in this Agreement, the parties will each bear their own costs of enforcement and/or defense (including but not limited to attorneys' fees), including those matters resolved pursuant to a settlement agreement between the parties. However, if any case is summarily disposed of in an arbitration or litigation proceeding for lack of merit (such as by summary judgment or award, judgment on the pleadings, judgment n.o.v., non-suit, motion to dismiss, directed verdict or similar disposition in arbitration or court),

the party bringing such case shall pay for the other party's costs of enforcement and/or defense (including but not limited to attorneys' fees.)

Section 22.08 Binding Effect, Modification. This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified or supplemented except by means of a written agreement signed by both you and our President or one of our Vice Presidents. However, you and we understand and agree that changes to the Manuals made in accordance with this Agreement are binding and do not require any acceptance by you, written or otherwise, to be effective and enforceable. No other officer, field representative, salesperson or other person has the right or authority modify this Agreement, or to make any representations or agreements on our behalf, and any such modifications, representations and/or agreements shall not be binding.

Section 22.09 Our Exercise of "Business Judgment" and/or Meaning of "Sole Discretion": Express Agreement.

A. When we use the phrases "sole and absolute discretion," "sole discretion" and/or "Business Judgment," whether in this Agreement or elsewhere, and whenever we exercise a right, prescribe or forbid an act or thing, or otherwise make a choice or use discretion, you and we agree that we have the wholly unrestricted right to make decisions and/or take (or refrain from taking) actions as we deem appropriate, except that we will not act arbitrarily. We shall use our judgment in exercising such discretion based on our assessment of the interests we consider appropriate and will not be required to consider or defer to your individual interests or the interests of any other Franchisee(s). The ultimate decision-making responsibility with respect to the System must be vested in us, since you, we and all other Franchisees have a collective interest in working within a franchise system with the unrestricted flexibility to quickly adjust to changing business conditions, including but not limited to the competitive environment, new regulatory developments and emerging business opportunities. We have this right even if a particular decision/action may have negative consequences for you, a particular franchisee or group of franchisees. So long as we act in compliance with the requirements of this Agreement, we will have no liability for the exercise of our discretion in accordance with the provisions of this Agreement.

B. You and we execute this Agreement in the belief that it is the basis for a long-term business relationship and should be enforced according to its express provisions. Neither you nor we have any expectation, nor is it your or our intention or desire that the rights and obligations set out herein will be defined or determined to be other than as expressly written, or that additional or different obligations will be imposed on you or us by any court, arbitrator or otherwise which you or we have not expressly agreed to in writing. It would be contrary to your and our mutual intentions and expectations that any court, arbitrator or otherwise use any doctrine and/or rule of interpretation (such as an "implied covenant of good faith and fair dealing") to impose additional or different obligations on you or us.

Section 22.10 Construction, etc.

A. Section and Article headings are for convenience only and do not define, limit, or construe such provisions.

B. References to a "controlling interest" are to a shareholder, membership or partnership interest, as applicable, which enables the holder(s) of such interest to determine the outcome of a decision making process for the applicable entity.

C. This Agreement will be executed in multiple copies, each of which will be deemed an original.

D. Each of us have carefully reviewed and thought about each provision of this Agreement. Therefore, you and we agree that it should be deemed to have been drafted equally and that no presumptions or inferences concerning terms or interpretation will result because we initially prepared this Agreement.

Section 22.11 Non-Retention of Funds. Neither party has the right to offset or withhold payments of any kind which are owed, or to be owed, to the other against amounts purportedly due, as a result of any dispute of any nature or otherwise, except as authorized by an arbitration award or as expressly provided otherwise in this Agreement.

Section 22.12 Severability; Substitution of Valid Provisions. Each provision of this Agreement, and any portion of any provision, is severable (including, but not limited to, any provision related to dispute resolution). Each party reserves the right to challenge any law, rule or judicial or other construction which would have the effect of varying or rendering ineffective any provision of this Agreement. To the extent that any provision of this Agreement, or any specification, standard or operating procedure prescribed by us, is invalid or unenforceable, you and we agree that such provisions will be modified or enforced to the fullest extent permissible under, and to be compliant with, governing law. This Agreement will be deemed automatically modified to comply with governing law if such law requires: i) a greater time period for notice of the Termination of, or refusal to renew, this Agreement; or ii) the taking of some other action not described in this Agreement. Such modifications to this Agreement shall be effective only in such jurisdiction. You and we agree that the unenforceability of any provision of this Agreement will not affect the remainder of this Agreement. If any limitation on your and/or our rights (including, but not limited to, any limitation on damages, waiver of jury trial, shortened period in which to make any claim or otherwise) is held unenforceable with respect to one party, then such limitation will not apply to the other party.

Section 22.13 Waivers; Cumulative Rights. Subject to the provisions of Section 22.05, no waiver by either party of any breach, default or unfulfilled condition under this or any other agreement between the parties shall be deemed a waiver of any subsequent or other breach, default or unfulfilled condition. No waiver shall be effective unless in writing and signed by an authorized representative of the signing party. The rights and remedies provided in this Agreement are cumulative. Except as expressly provided in this Agreement, no party will be prohibited from exercising any rights or remedies provided under this Agreement or permitted under law or equity.

Section 22.14 Choice of Laws. You and we agree on the practical business importance of certainty as to the law applicable to your and our relationship and its possible effect on the development and competitive position of the System. Therefore, you and we also agree that, except with respect to the applicability of the Federal Arbitration Act, 9 U.S.C. § 1 et seq. and the effect of federal pre-emption of state law by such Act, and except to the extent governed by the United States Trademark Act and other federal laws and as otherwise expressly provided in this Agreement, this Agreement and all other matters, including, but not limited to respective rights and obligations, concerning you and us, will be governed by, and construed and enforced in accordance with, the laws of Nevada.

You and we agree that this provision shall be enforced without regard to the laws of such state relating to conflicts of laws or choice of law; except that the provisions of any law of Nevada regarding Franchises (including, without limitation, registration, disclosure, non-compete and/or relationship laws) shall not apply unless Nevada's jurisdictional, definitional and other requirements are met independently of, and without reference to, this Section.

Section 22.15 Application of Agreement to Parties and Others; Joint and Several Liability.

A. The rights and obligations of this Agreement run directly between you and us and are not intended to create any third-party beneficiary or similar rights or obligations unless specifically expressed in this Agreement; except that the protections which apply to us relating to indemnification and/or releases shall also apply to any past, current and/or future Franchisor-Related Persons/Entities as if they were expressly named beneficiaries thereof.

B. We have the right to elect in our Business Judgment to not enforce (or to selectively enforce) any provision of this or any Agreement, standard or policy, whether with respect to you and/or any other Franchisee or other person, in a lawful manner without liability.

C. If two (2) or more persons are at any time the Franchisee or the Franchisee owners, all of their obligations and liabilities under this or any other agreement with us and/or any Franchisor-Related Persons/Entities will be joint and several.

Section 22.16 Fundamental Business Intention to Mediate and/or Arbitrate, Severability of Dispute Resolution Provisions, Federal Arbitration Act Governs, etc.

Irrespective of any statute, regulation, decisional law or otherwise, it is your and our fundamental agreement and intention that you and we do not wish to engage in any court proceedings (except as expressly provided for in the rare instances specified in this Agreement), viewing the dispute resolution mechanism established by this Agreement (including, particularly, mediation and binding arbitration) to be superior from a business standpoint, less expensive, faster, more confidential, more likely to generate creative business-oriented solutions and compromise, and more accommodating to our business relationship and the needs of an evolving and diverse franchise system. Therefore, if any provisions of this Article 22 are deemed by a court to be unenforceable for any reason, you and we agree and intend that such provisions will be i) modified so as to be enforceable or ii), if that cannot be done, severed and, in any event, any remaining portions of this Article 22 shall remain in full force and effect. You and we agree that such remaining portions will still form an appropriate and complete dispute resolution mechanism. You and we acknowledge that your and our activities relating to the franchise relationship are in interstate commerce and that this Agreement is governed by the Federal Arbitration Act.

Section 22.17 Notices and Payments. All written notices and reports to be delivered by the provisions of this Agreement or of the Manuals will be deemed so delivered when delivered by hand, immediately on transmission by facsimile transmission or other electronic system, including e-mail or any similar means, one (1) business day after being placed in the hands of a commercial courier service for overnight delivery, or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to us at Cartridge World, 6460 Hollis Street, Emeryville, California 94608 (or our then-current principal business address), to the attention of the President, and to you, at your Cartridge World Master Franchise Headquarters. Until your Master Franchise has opened for business, we may send you notices at any address appearing in your application for a Franchise or in our records. Any required payment or report not actually received by us during regular business hours on the date due will be deemed delinquent. Notice to any one Franchisee, or owner of the Franchisee, shall be deemed effective as to all Franchisees under this Agreement and all owners of the Franchisee(s). Any party may change its address for receipt of notices by providing prior written notice of such change to the other party.

I have read Sec. 22.01 – 22.17, understand them, and agree with them.

Your Initials: _____ / _____

ARTICLE 23.
ACKNOWLEDGMENTS AND REPRESENTATIONS, ENTIRE AGREEMENT,
NO FIDUCIARY RELATIONSHIP, ETC.

Section 23.01 Acknowledgments and Other Understandings.

A. You and we agree that your and our relationship is not a fiduciary or similar special relationship, but rather is an ordinary commercial relationship between independent business people with arms length dealings.

B. You acknowledge that you (and each of your owners, if you are a Business Entity) have had the opportunity and been advised by us to have this Agreement and all other documents reviewed by your own attorney, and that you've read, understood, had an opportunity to discuss and agreed to each provision of this Agreement. You agree that you've been under no compulsion to sign this Agreement.

C. You and we expressly acknowledge and agree that the provisions of Article 22, above, (whether relating to arbitration, waiver of jury trial, venue, limitations on damages, prohibition against multiple plaintiff-class actions, shortened statutes of limitation, and/or otherwise) may require you to travel to a distant location to resolve a dispute, expend additional funds, and/or raise challenges for you and/or us in prosecution of Claims/actions. You and we view these provisions in the context of a diverse Franchise system with both large and small, sophisticated and unsophisticated participants, and that requires uniformity and predictability. As such, you and we knowingly accept such provisions and limitations as justified by business necessities and representative of a reasonable balancing of your and our interests, and those of the System as a whole, and not as unfair or burdensome.

D. You and we agree that this Agreement contains the final, complete and exclusive expression of the terms of your and our agreement (along with concurrently signed writings, such as but not limited to personal guarantees, Statement of Prospective Franchisee, addenda, exhibits, releases and any other related documents {collectively, the Related Documents}) and supersedes all other agreements and/or representations of any kind or nature. Any understandings, agreements, representations, or otherwise (whether oral or written) which are not fully expressed in this Agreement and the Related Documents are expressly disclaimed by you and us, including but not limited to any promises, options, rights-of-first refusal, guarantees, and/or warranties of any nature (excepting only the written representations made by you in connection with your application for this Franchise). Where this Agreement (or anything else) indicates that we (and/or any affiliate or designee of ours) may or can do something, the meaning is permissive and we (and/or the affiliate or designee of ours) will not be required to do that thing.

E. You specifically acknowledge that you have not received or relied on (nor have we or anyone else representing us provided) any statements, promises or representations that you will succeed in the Master Franchised Business or at any location; achieve any particular sales, income or other levels of performance; earn any particular amount, including any amount in excess of your Initial Franchise fee or other payments to us; or receive any rights, goods, or services not expressly set forth in this Agreement. You understand and acknowledge that CARTRIDGE WORLD Master Franchisees and Unit Franchisees are distinct from us and are independently owned and operated. While we have encouraged you to speak with such Franchisees in evaluating this franchise opportunity, you understand and acknowledge that they

do not act as our agents or representatives in providing any information to you and that no such information can be attributed to us and/ or relied upon as such.

F. You represent, warrant and agree that no contingency, prior requirement, or otherwise (including but not limited to obtaining financing) exists with respect to you fully performing any or all of your obligations under this Agreement. You further represent to us, as an inducement to our entering into this Franchise relationship, that you have made no misrepresentations or material omissions in obtaining the Franchise.

Your Initials: _____ / _____

G. You acknowledge that you have not received or relied on (nor have we or any representative of ours provided, except as may have been contained in the Uniform Franchise Offering Circular received by you):

- 1) any sales, income or other projections of any kind or nature; or
- 2) any statements, representations, charts, calculations or other materials which stated or suggested any level or range of sales, income, profits or cash flow; or
- 3) any representations as to any profits you may realize in the operations of the Franchised Business or any working capital or other funds necessary to reach any "break-even" or any other financial level.

If any such information, promises, representations and/or warranties have been provided to you, they are unauthorized and inherently unreliable. You agree to advise us of the delivery of any such information. You must not rely upon any such information, nor shall we be bound by it. We do not, nor do we attempt to, predict, forecast or project future performance, revenues or profits of any you or any Franchisee. We are unable to reliably predict the performance of a CARTRIDGE WORLD Master Franchise or Unit Franchise even operated by us, and certainly cannot predict results for your Master Franchise. Master Franchisees and Unit Franchisees are distinct from us and are independently owned and operated. They do not act as our agents or representatives in providing any information to you and no such information can be attributed to us and/ or relied upon as such.

Your Initials: _____ / _____

H. You acknowledge and agree that the success of the business venture contemplated to be undertaken by you is speculative and will be dependent on your personal efforts, and success is not guaranteed. You acknowledge and represent that you have entered into this Agreement and made an investment only after making an independent investigation of the opportunity, including having received a list with your Uniform Franchise Offering Circular of others currently operating, or who have operated, our Franchises.

I. You acknowledge that you (and each of your owners) has received, fully read and understood, and all questions have been answered regarding, i) a copy of our Uniform Franchise Offering Circular with all exhibits at least ten (10) business days prior to signing any binding documents or paying any sums

(whichever occurred first), and ii) a copy of this Agreement and all other agreements complete and in form ready to sign at least five (5) business days prior signing any binding documents or paying any sums (whichever occurred first).

Your Initials: _____ / _____

J. You understand, acknowledge and agree that (1) we may have offered Franchises in the past, may currently be offering Franchises and/or may offer Franchises in the future, on economic and/or other terms, conditions and provisions which may significantly differ from those offered by this Agreement and any related documents and (2) we can, from time-to-time, deal with our Franchisees on differing economic and/or other terms (including making special arrangements for payments of amounts due, waiving defaults and/or otherwise) to suit individual business circumstances of a particular transaction, the particular circumstances of that Franchisee or otherwise, in each case in our Business Judgment and without being required to offer similar terms to other Franchisees, such flexibility being a practical necessity to respond to distinct business situations.

Your Initials: _____ / _____

K. You understand that we are relying on you to bring forward in writing at this time any matters inconsistent the representations contained in this Article 23. You agree that if any of the statements or matters set forth in this Article 23 are not true, correct and complete that you will make a written statement regarding such next to your signature below so that we can address and resolve any such issue(s) at this time.

Your Initials: _____ / _____

L. You acknowledge and agree that the officers, directors, employees, and agents of the Franchisor act only in a representative capacity and not in an individual capacity, and that no other persons and/or entities other than the Franchisor has or will have any duties or obligations to you.

Your Initials: _____ / _____

M. You acknowledge and agree that the provisions of this Agreement are fair and appropriate, your judgment in that regard being confirmed by your observation that many of the protective and other provisions in this Agreement which may benefit us are matched by similar provisions in the Agreements to be entered into between you and your Unit Franchisees.

Your Initials: _____ / _____

N. You acknowledge that you have been given the opportunity and have reviewed the prices charged to Unit Franchisees for all Designated Equipment, Products and Services sold to them by us and/or our Affiliates in effect as of the Effective Date of this Agreement, including, but not limited to, prices relating to

inks and cartridges, and further acknowledge that we and/or our Affiliates have the right to be the exclusive supplier of any such items/services and that current prices are subject to change.

Your Initials: _____ / _____

IN WITNESS WHEREOF, you and we have executed and delivered this Agreement in _____ counterparts on the day and year first above written.

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

FRANCHISOR:

CARTRIDGE WORLD NORTH AMERICA, LLC.

a Nevada limited liability company

By: _____

Title: _____

FRANCHISEE (Individual)

FRANCHISEE (Corp., LLC or Partnership)

Signature

Legal Name of Franchisee Entity

Printed Name

Signature

Printed Name