

3) spend, in any fiscal year, an amount greater or less than the aggregate contributions to the Master Marketing Fund in that year, and the Master Marketing Fund may borrow from us or other lenders to cover deficits of the Master Marketing Fund, or we may cause the Master Marketing Fund to invest any surplus;

4) collect for remission to the Master Marketing Fund any advertising or promotional amounts offered by any supplier based upon Franchisee purchases. Any contributions, whether or not made with respect to purchases by you, will not count toward your required Fund contributions;

5) pay the advertising, marketing, public relations and related costs involved in any co-branding, dual franchising or other multi-sponsor programs;

6) revise marketing and other programs, and make separate expenditures from the Master Marketing Fund, to take account of cultural or other differences (we may delegate management of a portion of the Master Marketing Fund for this purpose);

7) defer, waive or compromise claims for current or future contributions to (or claims with respect to) the Master Marketing Fund. We may 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 the assets from claims of third-party creditors, (but will not 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 or promotions (e.g., a web site, lead fulfillment services, advertising, marketing materials, and communications directories/sites);

12) take other actions in connection with the Fund as we consider to be appropriate and as are consistent with the provisions of the Master Franchise Agreement.

We have no obligation to ensure that expenditures by the Master Marketing Fund are, or will be, proportionate or equivalent to the contributions made to the Master Marketing Fund by Master Franchises operating in any geographic Territory or in any particular country. We are not obligated to ensure 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 should understand that some Master Franchisees may have Master Marketing Fund obligations that are different from yours.

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 the Master Franchise

Agreement. 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.

You must participate at our request in franchise marketing programs implemented by us from time to time to enhance franchise awards by Master Franchisees in their respective Territories, including franchisee referral and other programs. You and we will share the costs of any program of this type on an equal basis.

We may deny you access to any and all programs and materials created by, and benefits of, the Master Marketing Fund if you default on your obligations to the Master Marketing Fund or if you default on your Master Franchise Agreement. Contributions by you would still be expended only as authorized the Master Franchise Agreement. (Master Franchise Agreement, Section 10.01 and 10.02)

Advertising — Unit Marketing Fund

We have established a marketing fund for the promotion of Unit Franchised Businesses. The primary source of income for this fund is contributions by Unit Franchisees. We have sole discretion over all matters related in any way to this marketing fund 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. The approved form of agreement that you will use in granting Unit Franchises in your Territory provides for national marketing fund contributions by the Unit Franchisees in an amount not to exceed 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 as we choose. 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 these funds by any Unit Franchisee(s) or any Territory(ies) or any countries. You must fully cooperate with us in all matters related to the marketing fund(s) and comply with any requirements we may establish. We may require that marketing fund contributions be paid directly to us. We also may choose to delegate to you certain functions (such as collection and/or administration) with respect to these marketing fund(s). You will perform any activities under terms and conditions to be established by us as we choose. (Master Franchise Agreement, Section 10.04)

Advertising — Local Advertising

You must spend a minimum of \$1,000 (subject to inflation adjustment) each calendar quarter for local advertising and the promotion of new Unit Franchise awards in your Territory. We can require you to submit verification of your expenditures in a form prescribed by us. That amount must be expended starting 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 as we choose (with corresponding payment amount adjustments made on a pro rated basis).

You must 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 CARTRIDGE WORLD Store. Among other things, we may require that any use be through us, using a designated Internet-Intranet Service Provider (which can be us or an Affiliate), and that all pages be accessed through a designated site. We may require that it meet our specifications. Neither you nor your Unit Franchisees are permitted to 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/their Franchised Business, and you may not use the CARTRIDGE WORLD name or mark with any of the foregoing. 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 and economic delivery of a variety of information, such as Manuals, System bulletins, marketing materials, financial data, reporting information, technical instructions, etc. Participation in these intranet-internet activities will be required. You must maintain the necessary hardware, software, High-Speed Internet Service (Cable, DSL) (based on availability) or dial-up modem, and other items as required by us, on an ongoing basis, and at your expense. You must pay an Internet-Intranet Service Fee, currently \$100 per month (subject to adjustment by us as noted in Item 6 of this Offering Circular), to support these System programs. Payment will be made by credit card, bank autodraft, or other method required by us. We can collect this fee in advance, on an annual or other basis. (Master Franchise Agreement, Section 10.03) If you are not in Good Standing, we may limited or suspend your access to/use of the systems and programs covered by this fee until any defaults by you are cured or we are otherwise satisfied, and you return to Good Standing.

Advertising — Cooperatives

We may elect to form one or more associations (and possibly 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 the amounts as are determined by the FMG. The FMG may adopt its own bylaws, rules, regulations and procedures, subject to our consent. We also may choose to delegate to you certain functions (such as administrative support) with respect to the FMG(s). You must perform any these activities under terms and conditions to be reasonably established by us. (Master Franchise Agreement, Section 10.05)

We may 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. While 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. (Master Franchise Agreement, Section 10.06)

We have not yet formed a FAC or a FMG. However, we have formed informal advisory groups comprised of unit and master franchisee representatives and CWNA staff to discuss subject areas, such as store design, advertising, technology and others. These informal groups are exclusively advisory in nature and are not decision-making bodies. If a FAC is formed, these informal groups may be discontinued or reformed as committees of the FAC.

Site Selection and Relocation

You are responsible for identifying and maintaining an office in the Territory. So long as it is in a facility that conforms to our then current requirements for Master Franchise Premises, and is approved by us, you are free to select the exact site. The same standard applies to any relocation of your Premises. (Master Franchise Agreement, Section 9.01)

There is no provision for substitution of one Territory for another.

Typical Length of Time to Open Your Business

The typical length of time between the signing of the Master Franchise Agreement and the opening of your business is 1 to 3 months but may be longer. Factors affecting this length of time usually include obtaining adequate premises and allocation of a training period.

Training

The Master Training Program will be conducted at the CWNA training center in Emeryville, California. It will begin on a mutually agreed date. You must successfully complete the Master Training Program. If the Master Franchisee is a Business Entity, then its Designated Individual must successfully complete this training.

The Initial Master Franchise Fee covers the training program tuition and accommodations for 1 person. We will use reasonable efforts to accommodate attendance by another Master Franchisee's staff member at Master Training Programs, if we are given 30 days notice. If more than one person attends initial training, you are responsible for travel and accommodation costs for the second person. In all cases, you are responsible for all other costs associated with attendance at initial training, such as wages, meals, incidentals and living expenses. (Master Franchise Agreement, Section 7.01)

Additional and refresher training programs, including national and regional conferences, conventions and meetings, may be designated mandatory or optional. Mandatory meetings will be in North America, but optional ones may be anywhere. We can require successful completion of training by your supervisory and franchise marketing personnel at locations designated by us, which may include locations in the United States, or elsewhere. We may elect to charge a reasonable fee for all additional training. (Master Franchise Agreement, Section 7.02)

Currently, training is conducted at our training center in Emeryville, California. Master Franchisees attend 11 days of Unit Franchise training and 2 days of Master Franchise training. Training days are Monday through Friday. Saturdays are sometimes used if further training is needed. We may modify the training schedule.

Before opening, Master Franchisees begin by attending the same technical training program that must be completed by all unit franchisees. The training table for this portion of the program appears below:

Cartridge World Unit Franchise Training Program

SUBJECT	TIME BEGUN	INSTRUCTIONAL MATERIAL	HOURS OF CLASSROOM TRAINING	INSTRUCTOR
Orientation Inkjets	Day 1	Hands-on training; material support; our Manuals	8 hours	John Voorhees and/or training staff
Inkjets Laser Cartridges ² POS Training	Days 2-4	Hands-on training; material support; our Manuals	24 hours	John Voorhees and/or training staff

SUBJECT	TIME BEGUN	INSTRUCTIONAL MATERIAL	HOURS OF CLASSROOM TRAINING	INSTRUCTOR
Ink and Laser Cartridges	Days 5 through 6	Hands-on training; material support; our Manuals	16 hours	John Voorhees and/or training staff
Marketing, Profitability, Opening Kit and Customer Service	Day 7	Classroom Session & Seminar material support; our manuals	8 hours	John Voorhees and/or training staff
Laser/ Inkjet Lab review	Days 8-9	Hands-on training; material support; our manuals	16 hours	John Voorhees and/or training staff
Inkjet/Laser Operations Manual ³ Manual Review ⁴	Days 10-11	Hands-on training; material support; our Manuals	16 hours	John Voorhees and/or training staff

TRAINING MANAGER

John Voorhees — John joined the Cartridge World team in 2004. He brings with him an extensive background in technical training and classroom instruction. As Training Center Manager, John oversees the training staff and the expansion of both the training center and its curriculum.

NOTES

1. Inkjet training includes how cartridges work, problems associated with them, refilling, testing and problem solving, ink structure, etc.
2. Laser Cartridge training includes how cartridges work, part identification, disassemble, reloading, replacing worn parts, re-assemble, testing, fault finding, plus demonstration(s).
3. Aspects of the Operations Manual presented, such as marketing, shop presentation, bookwork, stock control, and other matters.
4. Instructions on working with various parts books.

Cartridge World Master Franchise Training Program

SUBJECT	TIME BEGUN	INSTRUCTIONAL MATERIAL	HOURS OF ON THE JOB TRAINING
Sales: <ul style="list-style-type: none">• Territory Planning• Business Planning• Sales Process• Marketing• Franchise Expos• Documentation• Franchise Law Compliance	Day 1	Classroom Training	Approximately one half day. Burt Yarkin or John Dring
Administration: <ul style="list-style-type: none">• Staffing• Franchisee visits• Reporting• Royalties• Advertising Fund• Product & Suppliers• Opening Packages	Day 1	Classroom Training	Approximately one half day. Burt Yarkin or John Dring
Franchisee Establishment: <ul style="list-style-type: none">• Store fit out• Marketing• Launch• Support and Staffing	Day 2	Classroom Training	Approximately one half day. Burt Yarkin or John Dring
Technology and Review	Day 2	Classroom Training	Approximately one half day. Burt Yarkin or John Dring

Please see Item 2 for the biographies of John Dring and Burt Yarkin.

12. TERRITORY

Your Territory is identified in Master Franchise Agreement Exhibit A ("Territory and Designated Individual"). Ordinarily, a Territory will be defined by boundaries of a state. If we determine that a state is large enough to be divided, it may have more than one Master Territory. We expect the remaining Territories will range from approximately 500,000 to 10,000,000 in population, but this criteria is subject to change by us as we consider appropriate.

CWNA awards to you the license in the Territory to:

1. establish, operate and identify a Master Franchise operation in accordance with the Master Franchise Agreement, the System, Marks, Manuals and other written instruction from us and CW International;

2. enter into Unit Franchise Agreements as a subfranchisor for Traditional Cartridge World Stores in compliance with the Master Franchise Agreement.

The licenses granted to you will be exercised only under and subject to all the terms and conditions of the Master Franchise Agreement. You have no rights in the Cartridge World System or the Cartridge World Marks except as specifically granted by the Master Franchise Agreement. You may only award franchises for Traditional Cartridge World Stores to be located in the Territory.

We may, but are not required to, authorize you or an Affiliate to own and operate one or more Traditional Cartridge World Store(s) in the Territory. These Stores will be subject to all of the terms and conditions of the Unit Franchise Agreement(s) then customarily used for the award of new Traditional Cartridge World Stores in the Territory, including the then applicable fee structures, and will identify a Territory approved by us in writing and in advance; and will be between you and an Affiliate of yours as the Unit Franchisee.

Subject to our rights and your obligations in the Master Franchise Agreement or otherwise, we will not enter into a Master Franchise Agreement for the award of Franchises for Traditional Cartridge World Stores or a Unit Franchise Agreement for the operation of a Traditional CARTRIDGE WORLD Store, or own or operate a Traditional CARTRIDGE WORLD Store, inside the area (the "Territory") described in Exhibit A to the Master Franchise Agreement. This Master Franchise applies only to the award of Traditional Cartridge World Store Unit Franchises and specified support services related to it. The Master Franchise does not grant you any rights with respect to other or related businesses, products or services, in which we or any Franchisor-Related Persons/Entity may be involved, now or in the future.

You should understand that a "Traditional Cartridge World Store," as defined in the Master Franchise Agreement, is a conventional, store front retail facility located in a free-standing building or a shopping center accessible to the general public and using the Marks and CARTRIDGE WORLD System. The definition is intended to exclude any other channel of distribution, such as direct mail and/or the Internet. The term "Other Outlets" describes other types of physical retail facilities, such as kiosks, a facility in an office supply store and a service desk in a large commercial building. A point of distribution that does not involve the use of the CARTRIDGE WORLD name and System or that is not in a physical retail facility open to the public is not considered an Other Outlet. Traditional CARTRIDGE WORLD Stores and Other Outlets are collectively referred to as, "Distribution Opportunities," in the Master Franchise Agreement.

Rights of First Refusal

If any Unit Franchise(s) of yours has a Unit Franchise Agreement(s) giving to them a right of first refusal for a Distribution Opportunity in their territory, you will have the right and the obligation to offer and award that Distribution Opportunity to the Unit Franchisee under terms and conditions specified by us, and these awards will be subject to the terms and conditions of the Master Franchise Agreement;

We will provide you with a right of first refusal before we locate any Other Outlets in the Territory if: (a) the Other Outlet is not awarded to a Unit Franchisee; (b) you are in Good Standing and meet our then current financial, operational and other business standards for the award of the applicable Other Outlet. We may modify these standards as we choose.

A right of first refusal regarding an Other Outlet for you will be processed as follows: We will provide you written notice of the Other Outlet. You will have 15 days in which to advise us in writing that you wish to participate in the applicable Other Outlet. If you do not notify us within this period, then we may pursue the Other Outlet or grant any other person or entity the right to participate in the Other Outlet without any liability to you. If you timely notify us in writing that you do wish to participate in the Other Outlet, then we may condition your participation on compliance with terms and conditions as we consider appropriate to the particular Other Outlet. These conditions may include, for example: your execution of agreements and related documents then generally used by us in connection with the award of the applicable Other Outlet; payment of all initial fees and any other applicable fees; meeting any eligibility requirements as are then generally applied by us to candidates for a Other Outlet; and the execution by you (and any Affiliate and owner of yours) of a General Release, excepting only (where the releases are expressly prohibited by applicable law) those claims solely related to the offer and sale of the new Other Outlet. If you do not meet the conditions applicable to the award of the Other Outlet and/or any opening requirements that may be included in any Other Outlet agreement, then we may pursue the Other Outlet or grant any other person or entity the right to participate in it, without any liability to you. If an Other Outlet is established in your Territory, you agree you will have waived any right of first refusal applicable to any geographic territory awarded any Other Outlets and any other territorial rights in such geographical territory which conflicts or are inconsistent with rights awarded any Other Outlets.

We and Franchisor-Related Persons/Entities expressly reserve all rights not expressly granted to you in the Master Franchise Agreement, including among them the rights to:

- 1) own or operate ourselves, or authorize others to own or operate:
 - a) any kind of business in the Territory and selling to customers located anywhere, whether or not using the Cartridge World Marks and System, except for a Cartridge World Master Franchised Business or a Traditional CARTRIDGE WORLD Store and subject to any applicable rights of first refusal; and
 - b) any kind of business outside of the Territory selling to customers located anywhere, whether or not using the Cartridge World Marks and System, including for example, a Master Franchised Business or a Traditional Cartridge World Store(s);
- 2) develop or become associated with other concepts (including dual branding and other Franchise systems), and award Master or Unit Franchises or operate units or channels of distribution owned by us or any Affiliate under other concepts for locations anywhere and selling to customers located anywhere;
- 3) acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere and selling to customers located anywhere. These transactions may include (for example) arrangements involving competing outlets and brand conversions (to, or from, the Cartridge World Marks and System). These transactions are expressly permitted under the Master Franchise Agreement, and must participate at your expense in any conversion as instructed by us.
- 4) market and sell Cartridge World Brand (or any other brand) products and services (whether or not competitive) to customers located anywhere (including within the Territory) using any channel of distribution located anywhere, except for a Traditional CARTRIDGE WORLD Store and subject to any applicable rights of first refusal.

Our current policy is to allow you to accept requests from prospects and to market to prospects located anywhere, but we can change this policy as we choose. We have the right to place geographic or other restrictions upon these activities, among other things. You must comply with any policy changes. You may not deal (and must cause your Unit Franchisees not to deal) with Special Account(s), as we may specify. "Special Accounts" are defined in the Master Franchise Agreement.

E-Commerce Business – Current Policies

We may choose to offer or provide products or services of any type, whether or not using the Marks, System or any other Intellectual Property, through the Internet, World Wide Web, mail order and/or other similar venues (no matter where the Customer or "ship to" address is located). Your use of the Internet, World Wide Web, and other electronic or other means of marketing and distribution (including by mail) of Unit Franchises, goods and/or services must be consistent with any specifications, policies and/or standards we establish as we choose. Marketing or selling through such venue(s) requires our written permission, which we can grant, condition or deny at our discretion.

Cartridge World Master Franchise Development Standards

You must meet the unit Development Standards stated in the Master Franchise Agreement, including the unit openings quota. These will vary with each Master Franchise, but will be specified prior to the time of signing. Consequences for not achieving Development Standards may include termination, repurchase, or if we choose, elimination, reduction, or modification of your Territory. (Master Franchise Agreement section 5.01)

Correction Process

We may (but are not required to) implement the correction process described below if you fail at any time to meet the Development Standards:

- 1) If we notify you of your failure to meet the Development Standards, then you will have 6 months from our delivery of written notice to you to meet the applicable Development Standards.
- 2) We will reasonably cooperate with and assist you in your efforts to meet your performance objectives. Our assistance may include, but is not limited to, meetings at our headquarters, meetings in the Territory, and retraining activities or programs at designated locations. You are responsible for any costs associated with these activities, including travel, meals, lodging and any other related expenses and will participate at our request.
- 3) If, at the end of this 6 month correction period, your Cartridge World Master Franchise does not meet the then applicable Development Standards, we may elect to Terminate the Master Franchise Agreement. However, you will have 90 days after the end of the 6 Month correction period to complete a sale of your Master Franchise to a third party if:
 - i) You provide us written notice of your desire to sell your Master Franchise within 10 days of the expiration of the 6 month correction period, along with a General Release signed by you and each of your owners and Affiliates; and
 - ii) The transfer meets all Master Franchise Agreement requirements for transfer.

If you do not provide us the notice described above, or complete an authorized sale within the 90 day period provided, then we may elect to Terminate the Master Franchise Agreement immediately upon delivery of written notice to you. This correction process does not limit or diminish in any way our other rights and remedies. The fact that any correction process may be ongoing will not prevent us from exercising our rights and remedies, including any right to Terminate the Master Franchise Agreement for another default under this or any other agreement.

Also, if you fail at any time to meet the Development Standards, we may (but are not required to) reacquire your Master Franchise and Master Franchised Business for the purposes of resale to a third party. Your portion of the proceeds from resale shall be determined according to a formula. See Section 5.03 of the Master Franchise Agreement for details.

While a failure to meet the Development Standards is an event of default, you should understand that the standards cannot and should not be construed to be a prediction or promise regarding franchise awards or anything else. We make no such representations or promises, particularly since the levels of sales achieved is largely dependent upon your efforts and market factors outside of our control.

Unit System Compliance

Your Master Franchise, and each of your Unit Franchisees, must operate in full compliance with the then-current Cartridge World System and the applicable Manuals. Your Unit Franchisees must promptly comply at their expense (as you must, at your expense) with all then current requirements, standards and operating procedures relating to every aspect of an Cartridge World Store and its operations (including use of specified equipment, Products and Services, computer hardware and software; supplier programs and operating systems; signs, logos, designs and advertising/marketing materials and forms; website designs and formats).

Your Master Franchised Business and any Master owned Store(s) must be maintained at your expense according to all Cartridge World standards for new stores and promptly undertake all changes as are required by us as we choose (and you will require your Unit Franchisees to do the same). You will ensure that no Unit Franchisee make any alterations to their Cartridge World Store or its appearance as originally approved by us without our prior written approval. Failure to enforce Unit Franchise Agreements, the Manual requirements and other System standards, policies, and specifications published by us or CW International, are defaults under the Master Franchise Agreement.

13. TRADEMARKS

Under the Franchise Agreement, we grant you the non-exclusive right to operate a Master Franchised Business within the Territory using the Mark indicated below. Our predecessor obtained a federal registration of the Design Mark ("Cartridge World" with a 7 pointed star and a single arrow circling the star) on the Principal Register of the United States Patent and Trademark Office on October 8, 2002 (Registration No. 2631733). Our predecessor has also registered the CARTRIDGE WORLD word Mark on the Principal Register. The Mark was registered on May 20, 2003 (Registration No. 2717527). The word mark "Refilling Makes \$\$\$ and Sense" was registered on the Principal Register on August 31, 2004 and is owned by CWNA. (Registration No. 2879458) No affidavits or renewals have become due on these marks. We also filed an application on the Principal Register of the United States Patent and Trademark Office on February 25, 2005 for the wordmark "Save Big Print Happy" (Serial No. 78576709). The application was published for opposition on November 15, 2005.

Our predecessor company has granted us, through a license agreement dated August 1, 2002, the right to use and grant franchisees the right to use the Cartridge World Marks. The license agreement has an unlimited term, unless terminated due to an uncured breach of the agreement. Termination of the license agreement will not affect your right to use the Marks for the rest of the term of your Franchise Agreement if you are in Good Standing. This license agreement does not significantly limit our rights to use or license the Marks in a manner material to you.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the Marks. There are no other agreements currently in effect which significantly limit our right to use or license the use of the Marks in any manner material to the franchisee.

We investigated an unrelated company operating under the name "Cartridge World" in New Jersey, which could have prior rights in a trade or service mark that includes the words, "Cartridge World". We were unable to find any evidence of an active enterprise in New Jersey using the name "Cartridge World". Therefore, we do not know the nature and scope of any prior rights this company may have with respect to the Marks. We will take whatever action we consider to be appropriate as relevant information is received.

You should understand that there is always a possibility that there might be one or more businesses similar to a traditional Cartridge World Store operating in or near the area(s) where you may do business, and/or other businesses using a name or trademarks similar to ours and with superior rights to the name or trademarks. We suggest that you research this possibility, using telephone directories, local filings and other means, before you pay any money, sign any binding documents or make any binding commitments. If you do not research other trademarks in this area, then you may be at risk.

Your right to use the Names, Marks and Trade Dress is derived solely from the Master Franchise Agreement, is limited to the operation of your Master Franchise in compliance with the Master Franchise Agreement within the Territory, and by all applicable standards, specifications and operating procedures we prescribe during the term of the Master Franchise. All usage of the Names, Marks and Trade Dress by you, and any goodwill you establish belongs to, and shall be to our exclusive benefit. You must use the Marks as the sole service mark and trade name identification of your Master Franchised Business. You must display a notice in a form we prescribe that you are an independent owner of the Business. You will display the Marks as required by us and will not use the Marks so as to negatively affect their goodwill. You may not use any of the Names or Marks as part of any business or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you under the Master Franchise Agreement) or in any modified form; nor may you use any Names, Marks and Trade Dress in connection with the sale of any unauthorized product or service. 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 Section. You must obtain any fictitious name, assumed name, or "doing business" registration as may be required by law, and any proposed corporate or trade name must be approved by us.

You must notify us immediately of any apparent or actual infringement of, or challenge to your use of the Marks, or any claim by any person of any rights in the Marks. You will not communicate with anyone other than us or our counsel regarding any infringement, challenge or claim. We have the right to take whatever action we consider appropriate and to control exclusively any litigation or other proceeding arising out of any infringement, challenge or claim (including the right to direct any settlement of the claims). You must sign any documents, give any assistance, and do any acts that our attorneys believe

are necessary or advisable to protect and maintain the interests we have in any litigation or administrative proceeding. You are also responsible for ensuring that your Unit Franchisees comply with these requirements.

If we think at any time that it is advisable for you to modify or discontinue the use of any of the Marks, or for you to use one or more additional or substitute trademarks or service marks, you will immediately comply (at your expense) with our directions. We will not have any liability or obligation to you for modification, discontinuance or otherwise. We are not obligated under the Franchise Agreement to pay for the costs of your defense or to indemnify you in connection with any trademark proceeding or action. You are also responsible for ensuring that your Unit Franchisees comply with these requirements.

14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents that are material to the Franchise. We claim copyright protection in our Manuals and related materials, electronic and computerized media, agreements, advertising, promotional materials, and other items created by our respective employees or acquired by assignment. The Manuals were registered with the United States Registrar of Copyrights on April 16, 2004. (TXU 1164-979 and TXU 1164-982) We consider these materials proprietary and confidential and are considered our property and may be used by you only as provided in the Master Franchise Agreement.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements in effect which significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. No agreement requires us to protect or defend any copyrights or you in connection with any copyrights.

You will maintain the absolute confidentiality of all Confidential Information during and after the term of the Master Franchise Agreement, and you will not use it in any other business or in any manner we do not specifically authorize in writing. "Confidential Information" includes all information relating to the operation of a Cartridge World Master Franchise or the System, including: i) Manuals, training, techniques, processes, policies, procedures, systems, data, and know how regarding the development, marketing, operation and franchising of Cartridge World Master Franchises or Stores; ii) specifications and information about Products and Services, and iii) all information regarding Master or Unit Franchisee customers and suppliers, including any statistical and/or financial; information and all lists; iv) methods of refilling printer cartridges; v) our engineered jigs. We own and control all Confidential Information, including domain names and URL's ("Uniform Resource Locator") relating to any and all Master Franchises and Cartridge World Stores, as well as all information, lists and data related to past, present and future customers of all Cartridge World Master or Unit Franchises. We disclose to you Confidential Information needed for the operation of the Master Franchise, and you may learn additional Confidential Information during the term of your Master Franchise. Your only interest in any of this Confidential Information is the right to use it under the Master Franchise Agreement.

You are required to fully and promptly disclose to us all ideas, techniques and other similar information relating to the Franchised Business that are conceived or developed by you and/or your employees. We will have an ongoing right to use, and to authorize others to use, such ideas, etc., without compensation or other obligation.

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

Exhibit B to the Master Franchise Agreement. We can 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.

15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

Your Cartridge World Master Franchise must be personally managed on a full-time basis by a Designated Individual who has successfully completed mandatory training, met then-current standards, and is approved by us in writing. We strongly recommend on-site management by you. You are solely responsible for the hiring and management of any Cartridge World Master Franchise employees, for the terms of their employment, and for ensuring their compliance with any training or other employment related requirements established by us. We have the right to deal with your employees regarding routine operations and reporting requirements. You must ensure that records for your Cartridge World Master Franchise and your Unit Franchises are kept current.

We may elect to form a "Franchisee Marketing Group" or "FMG," to conduct various marketing activities. We may choose to delegate to you certain functions (such as administrative support) with respect to such FMG(s). You must perform any such activities under terms and conditions to be reasonably established by us.

16. RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL

You must offer for sale and sell only and all those products and services that we authorize or require and, where we require, use only suppliers designated by us. You may not advertise, offer for sale or sell, any products and/or services that we have not approved. You also must ensure that your Unit Franchisees adhere to this policy. (See Items 8 and 9). Currently, you are not authorized to sell any Products. You are required to provide the franchise sales and support services we specify, as in your Master Franchise Agreement. We may require that you comply with additional requirements before you may offer certain optional products and/or services. For example, you may be required to complete additional training before providing certain new business services. We have the right to change the list of approved items and types of Products and Services at any time, and there are no limits upon our right to do so. We also can require that you use particular agreement forms and templates for you to adopt for your use in your Territory and which must be approved by us. If we implement referral programs and/or any franchise marketing sales programs/materials/policies, you will participate in and/or comply with them. (See Item 8 of this Offering Circular for current programs)

As a Master Franchisee, you must at all times perform your obligations under the Master Franchise Agreement, and you will use your best efforts to promote, enhance and maximize the business of your Cartridge World Master Franchise and the goodwill of the Marks. You are not permitted to conduct the business of the Cartridge World Master Franchise or use the Marks outside your Territory or for any

purpose other than the operation of a franchised Cartridge World Master Franchise in Good Standing. Our current policy is to allow you to accept requests from prospects and orders from any customer located anywhere, and to market to customers located anywhere, but we can change this policy as we choose. We have the right to place geographic or other restrictions upon such activities, among other things. (For further information, see Items 1, 8, 9 and 12.)

17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the Franchise and related agreements. You should read these provisions in the agreement attached to this offering circular. Note that not all provisions, nor all details of provisions, are listed in this table.

PROVISION	SECTION IN MASTER FRANCHISE AGREEMENT	SUMMARY
a. Term of the franchise	13.01	15 Years
b. Renewal franchise	13.02	10 Years
c. Requirements for you to be eligible for renewal franchise.	13.03	You must be in Good Standing, comply with then-current standards of operation, pay amounts due, sign then-current Master Franchise Agreement, comply with then-current qualification and training requirements, sign a General Release, pay Renewal fee, pay our legal and other related costs.
d. Termination by you	None	You have no right to terminate.
e. Termination by us without cause (and repurchase)	17.08	We can repurchase your Master Franchise, your business, and business assets at any time during the term, or within 120 days of Termination or expiration. We will pay you a price that you and we agree on, or use third party appraisers to find the fair market value of the business and, if appropriate, pay a pro-rated portion of the initial franchise fee (or successor franchise fee).
f. Termination by us with cause	9.04, 15.01, 15.02	We can terminate your franchise for cause if you commit any one of the listed violations.
g. "Cause" defined defaults which can be cured	9.04, 15.02, 15.04, 15.07	Failure to maintain insurance; correct health or safety problems; accurately report Gross Volume, Gross Revenue, Royalties, fees, or fully submit other reports; failure to pay amounts due us or others; failure to comply with dispute resolution provisions of Franchise Agreement; failure in obligations to others; unauthorized products or services; operation of any Unit for less than 45 weeks per year; non-enforcement of Unit Agreements and standards; non-compliance in agreements with us or our Affiliates; failure to comply with standards and procedures. Cross-default provision.

PROVISION	SECTION IN MASTER FRANCHISE AGREEMENT	SUMMARY
h. "Cause" defined- defaults which cannot be cured	5.01-5.02, 15.01, 15.03, 15.04	Fail to meet Unit Development Standards, abandonment, fail to operate your business for more than 7 days, misrepresentation or omission on application, bankruptcy, conviction of felony, offense or misconduct affecting reputation of Marks or us, unauthorized transfer, unauthorized use of Intellectual Property or Confidential Information, violate In Term or Post Term Restrictions, fraud, non-cooperation with audit, inspection, record keeping requirements, loss of necessary license, persistent quality complaints, unlawful franchise practices, repeated non-enforcement of Unit Agreements and standards, repeated defaults. Cross-default provision.
i. Your obligations on termination/nonrenewal	11.01, 12.02, 14.01, 15.10-15.14, 19.01	Pay all amounts due; pay cost of Termination and late payment charges; stop using and return Intellectual Property; cancel fictitious name registrations, de-identify Premises, yourself, and your business from us; furnish evidence of compliance; transfer phone numbers; certain of your obligations, including indemnification, non-competition, audit right survive. We can require you to pay future royalties. We may receive Unit payments, terminate and succeed to your rights under Unit Agreements receive all records; terminate any Unit you own; and/or withdraw from your area and terminate all Unit Franchise Agreements, but if we withdraw, Unit Franchisees in Good Standing in your Territory will not be required to comply with post termination non-competition obligations under their respective Unit Franchise Agreements.
j. Assignment of contract by us	17.01	Fully assignable by us.
k. "Transfer" by you - definition	17.02	Includes transfer of any interest in the Agreement, or business or to a controlled corporation
l. Our approval of transfer by you	17.02	Transfer subject to our consent.

PROVISION	SECTION IN MASTER FRANCHISE AGREEMENT	SUMMARY
m. Conditions for our approval of transfer	11.01, 12.02, 14.01, 17.03, 17.04, 17.06, 19.01	<p>Post-term obligations survive. You must be in compliance with Franchise Agreement, Manuals, leases/subleases, and other agreements with us and others; transferee assumes all obligations; transferee meets then-current requirements; you submit all reports and pay all amounts due; obligations to others fulfilled or transferred; all aspects of your Master Franchise and Stores, including design, appearance, equipment (if applicable) and operations must comply with then-current standards; transferee trained to our standards; transferee bound by Franchise Agreement and other agreements, or sign then-current ones; comply with leases, laws and regulations; pay transfer fee; sign release; amounts financed are subordinate to obligations of transferee to us; you agree not to compete with transferee; transfer must be economically viable.</p> <p>Additional conditions for transfer to a wholly-owned corporation.</p>
n. Our right of first refusal to acquire your business	17.07	We have right to match offer.
o. Our option to purchase your business for resale	5.03, 17.08	We can repurchase your Master Franchise and your Business if you default on the Development Standards, and resell them. We will pay you according to a formula. We also can repurchase your business at any time during term and within 120 days after at fair market value (see (e), above).
p. Your death or disability	17.05	Franchise will be transferred to third party within 6 months, or Franchise terminates; terms for any transfer apply.
q. Non-competition covenants during the term of the franchise	19.01	No involvement in any other business for key persons; no involvement in Similar Business for additional persons; no employment or soliciting of our or a franchisee's personnel or customers, and other restrictions.
r. Non-competition covenants after the franchise terminates or expires	19.01	No involvement in any Similar Business in the Territory for 2 years; no employment or soliciting of our or a franchisee's personnel, and other restrictions.
s. Modification of the agreement	22.08	Modifications generally effective only if signed in writing, but Manuals subject to change by us.

PROVISION	SECTION IN MASTER FRANCHISE AGREEMENT	SUMMARY
t. Integration/merger clause	22.06, 22.12, 23.01	Only the terms of the written Franchise Agreement and exhibits and riders and Operating Manual are binding. Any other promises are not enforceable.
u. Dispute resolution by arbitration or mediation	22.01, 22.03	Except for a few types of claims, all disputes are resolved through face-to-face meeting, mediation, and/or binding arbitration at a neutral location in the county for our then-current principal business address (currently Alameda County, California); limited rights of appeal and pre-trial discovery; waiver of jury or court trial; limitation of types and amount of damages and periods to bring claims; mandatory notice of claims by you.
v. Choice of forum	22.02	Mediation, arbitration at a neutral location in the county for our then-current principal business address. Litigation in the U.S. District Court encompassing our headquarters. See State Addenda.
w. Choice of law	22.14	The laws of the state of Nevada but Federal Arbitration Act pre-empts. See State Addenda.

Various states, including but not limited to the following, have statutes which may supersede the Franchise Agreement in your relationship with the franchisor including areas of termination and renewal of your franchise: ARKANSAS [Code Sections 4-72-201-4-72-210], CALIFORNIA [Bus. & Prof. Code Sections 20000-200043], CONNECTICUT [42-133e et seq.], DELAWARE [Code, Title 6, Chapter 25, Sections 2551-2556], HAWAII [Rev. Stat. 482E-6], ILLINOIS [815 ILCS 705/ - 705/44], INDIANA [Code Sections 23-2-2.7 (1) - (7)], IOWA [Sections 523H.1-523H.17], MICHIGAN [19.854 (27)], MINNESOTA [Stat. Sections 80C.13-80C.14], MISSISSIPPI [Code Sections 75-24-51-75-24-63], MISSOURI [Stat. Sections 407.400-407.410] NEBRASKA [Re. Stat. Sections 87-401 - 87-410], NEW JERSEY [Rev Stat. Sections 56:10-1-56:10-12], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code Sections 13.1-557 through 13.1-574], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03], DISTRICT OF COLUMBIA [Code Sections 29-1201-29-1208], PUERTO RICO [Annotated Laws Sections 278 - 278d], VIRGIN ISLANDS [Annotated Code Sections 130 - 139]. These and other states may have court decisions, which may supersede the Franchise Agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise.

You should note that the above summaries are, as a result of disclosure regulations, necessarily brief and you're strongly urged to read in full all provisions of the Franchise Agreement and other documents before signing any binding documents, paying any amounts or making any investments. Regardless of any provisions of state law to the contrary and notwithstanding any statements in the Offering Circular required as a condition of registration or otherwise, you and we intend to fully enforce the provisions of the Franchise Agreement and other documents, including all venue, choice-of-laws and mediation/arbitration provisions, and to rely on federal pre-emption under the Federal Arbitration Act (9 U. S. C. § 1 et seq.) and you agree we may do so.

You should note that by agreeing to arbitrate, you waive your rights to a jury trial, as well as to a trial before a judge in a court of law, you generally waive your right to appeal an arbitration award (except to a 3 arbitrator appeal panel) and may be giving up rights to pre-trial discovery, as well as giving up rights regarding class actions. The franchise agreement also contains a limitation on the types and amounts of damages recoverable by you or us, requires you to give us notice of, and opportunity to cure, defaults by us and provides for a period of time in which you or we can bring claims which may be shorter than that provided by applicable law.

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

18. ARRANGEMENTS WITH PUBLIC FIGURES

We do not use any public figure to promote our franchise, but reserve the right to do so.

19. EARNINGS CLAIMS

No representations or statements of actual, projected or estimated sales, costs, income or profits, or other financial matters, are authorized to be made to prospective Master Franchisees.

We do not furnish or authorize our salespersons (or anyone else) to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a Cartridge World Master Franchise or any unit. Actual results vary from unit to unit and Master Franchise to Master Franchise, and we cannot meaningfully estimate or project the results of any particular Master Franchise.

We have specifically instructed our salespersons, agents, employees, and officers (and all other personnel) that they are not permitted to make any claims or statements, written or oral, regarding prospects or chances of success, actual or potential sales, costs, earnings, income or profits of, or other financial matters.

We do not suggest or guarantee that you will succeed in the operation of a Cartridge World Master Franchise or reach any particular level of sales, profits, cash flows or otherwise. If you believe that any promises, representations or agreements are or have been, at any time, made to you that are not expressly described in the Master Franchise Agreement or this Offering Circular, you must provide a written statement regarding this next to your signature on the Master Franchise Agreement. If any information or representations that are not expressly described in the Master Franchise Agreement or this Offering Circular have been provided to you, they should not be relied on and they will not bind us. Please notify us in writing before you buy a Master Franchise if any information or representations of that sort have been provided to you.

Before signing any binding documents or making any investment, you should make your own independent investigation regarding the possible purchase of a Master Franchise, including speaking with a significant number of current and past Cartridge World Master Franchisees regarding their experiences and with independent advisors, such as your attorney and/or accountant. You should note that Master and Unit Franchisees are distinct from us and independently owned and operated. They do not act as our agents or representatives in providing you with any information, and any information from them cannot be attributed to us and you should not rely on it as such. **You should also note that we are entering your market with the Master Franchise offer described in this Offering Circular. The experiences of Cartridge World Master Franchisees in any other geographical area may vary significantly in many**

material ways from your own due to material differences in franchise agreements, markets, cultures, product and service demand, economic conditions and many other factors. See Item 20 and related exhibits regarding the names, addresses and phone numbers of current and past Cartridge World Franchisees.

20. LIST OF OUTLETS

**MASTER FRANCHISE STATUS SUMMARY
FOR YEARS ENDING DECEMBER 31, 2003 / 2004 / 2005**

STATE**	TRANSFERS	CANCELLED OR TERMINATED	NOT RENEWED	REACQUIRED BY FRANCHISOR	LEFT THE SYSTEM OTHER	TOTALS FROM LEFT COLUMNS	FRANCHISES OPERATING AT YEAR END
Arizona & Nevada	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1
Northern California	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1
Southern California	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/1/1
Colorado Utah, Montana & Wyoming	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/1/1
Florida	0/1/0	0/0/0	0/0/0	0/0/0	0/0/0	0/1/0	1/1/1
Georgia & Central/Eastern Tennessee	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/1/1
Maryland, Virginia & Washington D.C.	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1
Massachusetts, Vermont, Rhode Island, Maine & New Hampshire	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1
Minnesota, Wisconsin, Illinois, North & South Dakota, Tri Cities, Iowa	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1
Missouri ²	0/0/1	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1	0/1/0
New Jersey	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1
New York & Connecticut	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1
North & South Carolina	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1

Ohio, Michigan & Indiana & Counties of Boone, Kenton, and Campbell only in Kentucky	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1
Oklahoma, North Texas, Kansas, Iowa, Nebraska & Missouri/ ²	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1
Pennsylvania & Delaware	0/0/1	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1	1/1/1
W. Tennessee Alabama & Mississippi	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/1/1
South East Texas	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1
Washington/ ³	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/1/1
Totals	0/1/2	0/0/0	0/0/0	0/0/0	0/0/0	0/1/2	12/18/18

1. As of December 31, 2005, 2 Master Franchisees had an outlet terminated, canceled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under their franchise agreement during the fiscal year ended December 31, 2005, and no master franchisee has failed to communicate with CWNA within the ten weeks prior to the application date. Contact information for current and former CWNA's Master Franchisees is attached as Exhibit D to this Offering Circular. CWNA also has a Master Franchisee in Mexico as of December 31, 2005.

2. The territory operated by the Missouri Master Franchisee (Missouri, Nebraska and Iowa) was transferred to the Oklahoma Master Franchisee. No additional Master Franchise was awarded in connection with this transfer.

3. This master was authorized by CWNA to grant a single unit franchise in Alaska and anticipates expanding its territory to include the state of Alaska in 2006.

**A single master franchise may include multiple states, and/or portions of states, in its subfranchising territory.

**STATUS OF COMPANY-OWNED MASTER
FRANCHISES FOR YEARS ENDING DECEMBER 31, 2003/2004/2005¹**

STATE	MASTER FRANCHISES CLOSED DURING YEAR	MASTER FRANCHISES OPENED DURING YEAR	MASTER FRANCHISES OPERATING AT YEAR END
Hawaii/ ¹	0/0/0	0/0/1	0/0/1
California/ ²	0/0/0	1/1/0	0/0/2

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STATE	MASTER FRANCHISES CLOSED DURING YEAR	MASTER FRANCHISES OPENED DURING YEAR	MASTER FRANCHISES OPERATING AT YEAR END
Totals:	0/0/0	1/1/1	0/ 0/3

1. The Master Franchisee headquartered in Northern California (Wildwood) has franchised a single store in Hawaii. The Hawaii master franchise is expected to be transferred in 2006, and CWNA's Chief Executive Officer is an owner of the limited liability company that will be the Master Franchisee in Hawaii, once the transfer is completed.

2. One of these Master Franchises is owned and operated by CWNA's Chief Executive Officer and is licensed to award unit franchises in Northern California, Louisiana, Kentucky, Hawaii, and New Mexico. CWNA's Chief Executive Officer and Chief Operating Officer are owners in the Master Franchisee licensed to award unit franchises in Southern California.

**PROJECTED AWARDS OF MASTER FRANCHISES BY CWNA
DURING THE 12 MONTH PERIOD ENDING 12/31/2006**

State*	Master Franchise Agreements Signed but location not open	Projected Master Franchise New Locations in the next fiscal year	Projected Company Owned Master Franchise Openings in Next Fiscal Year
Arkansas	0	1	0
Louisiana	0	1	0
New Mexico	0	1	0
Kentucky	0	1	0
West Virginia	0	1	0

* If CWNA grants a Master Franchise for any of these states, any existing Unit Franchises in these states will be assigned to the applicable Master Franchisee. The above figures are estimates only. These numbers may change significantly depending upon a number of factors, including the timing of various state registrations and the success of franchise marketing efforts, among others.

UNIT FRANCHISE INFORMATION

The Unit Franchise charts below detail the status of Unit Franchises under franchise agreements with all Master Franchisees in the United States as of the dates noted. Each Master Franchisee in the United States is independently owned and operated.

Franchised Store Status Summary For years ending December 31st, 2003/2004/2005¹

State	Transfers	Canceled or Terminated	Not Renewed	Reacquired by Franchisor	Left the System	Totals from Left Column	Franchises Operating at Year End
Alabama	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/2
Alaska	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1
Arizona	0/0/1	0/0/1	0/0/0	0/0/0	0/0/0	0/0/2	0/5/13 ⁶
Arkansas	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
So. Calif. ³	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/2/11
No. Calif. ³	0/1/1	0/0/0	0/0/0	0/0/1 ⁵	0/0/0	0/0/2	2/6/21
Colorado	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/2/6
Connecticut	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/2
Delaware	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1
District of Columbia	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Florida	0/0/2	0/0/0	0/0/0	0/0/0	0/0/0	0/0/2	3/6/13
Georgia	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/3/13
Hawaii ³	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/1/1
Idaho	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/1/2
Illinois	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/2/16
Indiana	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/2
Iowa	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/2/5 ⁴
Kansas	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/1/8
Kentucky ³ (excluding the 3 counties named below)	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1
Kentucky (Counties of Boone, Kenton, and Campbell only)	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Louisiana ³	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1
Maine	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1
Maryland	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Massachusetts	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/1/1
Michigan	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/3/16
Minnesota	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/5/10
Mississippi	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1

Missouri	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/8
Montana	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/2
Nebraska	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/2/3
Nevada	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/2
New Hampshire	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/2
New Jersey	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1	0/0/1	0/9/24 ⁶
New Mexico	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
New York	0/1/3	0/0/0	0/0/0	0/0/0	0/0/0	0/1/3	1/11/18
North Carolina	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/8/19
North Dakota	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Ohio	0/0/1	0/0/0	0/0/0	0/0/1 ⁶	0/0/0	0/0/2	0/7/11
Oklahoma	0/2/1	0/0/0	0/0/0	0/0/0	0/0/0	0/2/1	2/8/19
Oregon	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/2/4
Pennsylvania	0/0/1	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1	1/5/12
Rhode Island	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1
South Carolina	0/0/1	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1	0/1/2
South Dakota	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Tennessee	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/6 ⁷
North Texas	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/5/7
Southeastern Texas	0/2/2	0/0/0	0/0/0	0/0/0	0/0/0	0/2/2	1/13/20
Utah	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/1/2
Vermont	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Virginia	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/1 ² /2
Washington	0/0/1	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1	0/1/8
West Virginia	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Wisconsin	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/2/9
Wyoming	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Total	0/6/14	0/0/1	0/0/0	0/0/2	0/0/1	0/5/118	10/116/329

1. These are Unit Franchisees of Master Franchisees for these states/territories. Contact information for the current and former Unit Franchisees is attached as Exhibit D to this Offering Circular.
2. This franchise agreement was issued by Wildwood Franchising, Inc., a Master Franchise owned and operated by CWNA's Chief Executive Officer. Wildwood transferred this franchise agreement to another Master Franchisee in the territory in 2005.
3. The franchises in Southern California were issued by PC Ink, LLC, a Master Franchisee owned and operated by CWNA's Chief Executive Officer and Chief Operating Officer. The rest of the franchise agreements associated with this footnote were issued by Wildwood Franchising, Inc., a Master Franchisee for Northern California, which is owned and operated by CWNA's Chief Executive Officer. Wildwood plans to transfer the franchise agreements issued in Kentucky and Louisiana in 2006 to another Master Franchisee, when CWNA identifies another Master Franchise candidate for those states.
4. 2 of these stores are franchised by the Master Franchisee for Minnesota, Wisconsin, Illinois, North and South Dakota and Iowa/Tri-Cities; 3 stores are franchised by the Master Franchisee for Oklahoma, North Texas, Kansas, Iowa, Nebraska & Missouri. (Refer to Ex. D of this Offering Circular for specific store locations)

5. This Franchised Business was repurchased by Wildwood Franchising, Inc. and subsequently resold and franchised to a unit franchisee.
6. One store is owned and operated by the applicable Master Franchisee for this geographic territory. (Refer to Ex. D of this Offering Circular for specific store location)
7. 4 of these stores are franchised by the Master Franchisee for Georgia and Central and Eastern Tennessee; 2 of these stores are franchised by the Master Franchisee for Western Tennessee, Alabama and Mississippi. (Refer to Ex. D of this Offering Circular for specific store location)

**PROJECTED OPENINGS OF UNIT FRANCHISES
BY ALL MASTER FRANCHISEES IN THE UNITED STATES
DURING THE 12-MONTH PERIOD
ENDING 12/31/06**

DEPARTMENT OF CORPORATIONS
RECEIVED
APR 12 2006
SACRAMENTO OFFICE

State or Country	Unit Signed but not open	Projected Unit Franchised Locations in the Next Fiscal Year	Projected Company Owned
Alabama	0	1	0
Alaska	0	1	0
Arizona	3	18	0
Arkansas	0	0/ ¹	0
So. Calif ²	4	25	0
No. Calif ²	8	25	0
Colorado	4	8	0
Connecticut	0	4	0
Delaware	2	2	0
District of Columbia	1	1	0
Florida	2	18	0
Georgia	4	15	0
Hawaii	0	1	0
Idaho	1	2	0
Illinois	7	26	0
Indiana	0	2	0
Iowa	2	2	0
Kansas	6	6	0
Kentucky	1	3/ ¹	0
Louisiana	0	2/ ¹	0
Maine	0	1	0
Maryland	1	6	0
Massachusetts	0	8	0
Michigan	1	8	0
Minnesota	4	8	0
Mississippi	0	1	0
Missouri	9	9	0
Montana	1	2	0
Nebraska	2	4	0
Nevada	0	6	0
New Hampshire	0	0	0
New Jersey	5	14	0
New Mexico	1	1/ ¹	0
New York	9	12	0
North Carolina	4	12	0
North Dakota	0	0	0
Ohio	1	10	0

Oklahoma	7	7	0
Oregon	1	6	0
Pennsylvania	7	12	0
Rhode Island	0	0	0
South Carolina	1	5	0
South Dakota	0	0	0
Tennessee	2	10	0
North Texas	5	15	0
Southeastern Texas	2	10	0
Utah	2	2	0
Vermont	0	0	0
Virginia	1	6	0
Washington	3	10	0
West Virginia	0	0/	0
Wisconsin	3	6	0
Wyoming	0	0	0
Total	117	353	0

1) We anticipate that these locations will be opened as Unit Franchises issued by CWNA, and once a Master Franchise is granted for the Territory, these Unit Franchises will be assigned by CWNA to the applicable Master Franchisees.

2) These Master Franchises are owned and operated by Wildwood Franchising, Inc. and P.C. Ink, LLC, which are owned by CWNA executive officers. A combined total of 3 additional franchises for these Masters were opened after January 1, 2006 and as of the date of this Offering Circular, and are not reflected in the chart.

21. **FINANCIAL STATEMENTS**

Exhibit B contains the audited financial statements of Cartridge World North America, LLC dated December 31, 2003, 2004, and 2005, and our updated interim financials current as of February 28, 2006.

22. **CONTRACTS**

The following agreements are attached as Exhibits to this Offering Circular:

Exhibit A Master Franchise Agreement with all MFA Exhibits, including:

- Territory and Designated Individual
- Non-Disclosure Agreement
- Statement of Prospective Master Franchisee
- Current Form of Cartridge World North America, LLC Releasing Language
- Continuing Personal Guarantee
- Master Franchisee's Responsibilities
- Forms of Unit Franchise Agreement (With and Without Application Agreement and Letter of Intent) and related Exhibits

23. RECEIPT

A Receipt for this Offering attached as Exhibit H should be completed and returned upon receipt of this Offering Circular. A Statement of Prospective Franchisee, attached as Exhibit C of the Master Franchise Agreement should also be completed and returned to the Franchisor before signing any Master Franchise Agreement or paying any sums.