

**EXHIBIT "D"**  
**FRANCHISE AGREEMENT**

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Sir Speedy Center # \_\_\_\_\_  
Contract Date: \_\_\_\_\_  
Expiration Date: \_\_\_\_\_  
Opening/Present Owner Date: \_\_\_\_\_



**FRANCHISE OFFERED:**

**SIR SPEEDY CENTER**

**PRINTING • COPYING • DIGITAL NETWORK**

**The Parties to this Franchise Agreement are:**

**FRANCHISOR: SIR SPEEDY, INC., a California corporation  
26722 Plaza Drive  
Mission Viejo, CA 92691**

**AND**

**FRANCHISEE:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
**(Print Names)**

**HOME ADDRESS:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**TELEPHONE NUMBER:** \_\_\_\_\_

**PROTECTED TERRITORY, IF ANY, TO BE DETERMINED BY SIR SPEEDY, INC.**

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**SIR SPEEDY**

**PROTECTED TERRITORY AND LOCATION DESIGNATION**

(with map attached)

**SIR SPEEDY CENTER NUMBER:** \_\_\_\_\_

The following is a description of Franchisee's Protected Territory, if any, as outlined on the attached map. The physical boundaries as represented by the written description as of the date Sir Speedy signs the Franchise Agreement shall remain the protected territory for the term of Franchise in the event street names, city borders or zip codes become obsolete or change. There is no Protected Territory where the words "Address Only" are indicated.

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***SAMPLE***

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**CENTER ADDRESS:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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## RECITALS

A. Franchisor has originated and developed a proprietary system of graphic communications ("Sir Speedy System" herein) which includes the distinctive décor of the business premises, merchandise displays, service methods, trade secrets, processes, advertising formats, promotion plans, market research methods, record and bookkeeping methods and business practices, procedures and policies. The Sir Speedy System has been designed and developed to provide high standards of quality in graphic communications to businesses and the general public at a reasonable cost and in a uniform manner. Franchisee's compliance with the terms of this Franchise Agreement ("Agreement") and the standards and Franchisee's maintenance of goodwill and reputation are of the essence and benefit to the parties hereto and all other Franchisees in the Sir Speedy Network; and

B. Franchisor makes available or assists in obtaining equipment, inventory and supplies for sale to Sir Speedy Centers (sometimes referred to herein as "Center") in the Sir Speedy Network; and

C. Franchisor is the sole and exclusive owner of all proprietary and other rights and interests in and to the trade names and service marks, "Sir Speedy", the "Fanciful Man Figure", the Sir Speedy with brushstroke design with the descriptors "Printing • Copying • Digital Network", and all other names, phrases and logos associated with or having acquired a secondary meaning by use with the Sir Speedy Network and all variations, similarities and likenesses together with signs, emblems, insignia, color schemes and patterns used and/or associated with, or as part of, the Sir Speedy System; and all confidential and proprietary operations manuals, instruction materials, proprietary online software, and other information contained in its publications, memos and bulletins; and

D. Franchisee desires to acquire the right to become a part of the Sir Speedy Network and use the Sir Speedy System, trademarks, trade names and trade secrets in connection with the operation of a Sir Speedy Center.

## AGREEMENT

Acknowledging the above recitals, the parties hereto mutually agree as follows:

### **1. GRANT AND ACCEPTANCE OF FRANCHISE**

The Franchisor hereby grants to Franchisee the following rights, licenses and privileges with respect to the franchised location;

a. Franchisor hereby grants and Franchisee does hereby accept, a franchise to operate one Sir Speedy Printing • Copying • Digital Network Center at the designated location only, or any other Franchisor-approved location, throughout the term of this Agreement. Franchisee further agrees to continuously operate the business as a Sir Speedy Center only throughout the term of this Agreement, and that Franchisee will operate no other business without Franchisor's consent at said franchised location, nor shall Franchisee operate any other

business under any other trademark, service mark, name or license, except that of Sir Speedy Center, at said franchised location during the term of this Agreement;

b. Franchisee does hereby adopt, and shall use and become a part of the Sir Speedy System and agrees in connection therewith, to indicate to the public that Franchisee's business is operated as part of that System, and that Franchisee is a Franchisee of the Sir Speedy Network;

c. Franchisee does hereby adopt and shall use the Sir Speedy Operating System and trade secrets, the trademarks and trade name "Sir Speedy" with the descriptors "Printing • Copying • Digital Network", and signs, emblems, insignia, color schemes and patterns associated and used with those trade names and trademarks in connection with the operation and the products and services offered, sold and dispensed at the location of Franchisee's business, and Franchisee agrees to advance and expose such to the public in general. Franchisee agrees to use the trade secrets, trademarks, and trade names in only Franchisor-approved manners. The grant of this license shall not give Franchisee any use rights to the Sir Speedy name and logos not specifically authorized by Franchisor for use in conjunction with the operation of a Sir Speedy Center. Franchisee shall not use the name "Sir Speedy" as part of the name of its corporation or other business entity. Franchisee must modify or discontinue the use of a trademark and/or service mark if Franchisor modifies or discontinues such use of it.

d. The following is a list of the basic, initial products and services identified with the Sir Speedy System which are generally offered by Sir Speedy Centers and which shall be offered by Franchisee at its Center:

Bindery	Booklets	Brochures
Business Cards	Business Forms	Carbonless Forms
Color Copying	Copying	Desktop Publishing
Digital Printing	Digital Services	Direct Mail Services
Document Management	Electronic File Transfer	Envelopes
Fax Transmittal	Graphic Design	High Speed Duplicating
Ink and Toner Cartridges	Invitations	Invoices
Labels	Laminating	Large Color Output
Letterhead	Mailing Services	Manuals
Memo Pads	Menus	Newsletters
Online Ordering	Padding	Perforating/Scoring
Pickup & Delivery	Posters, Banners and Signs	Prepress Services
Presentation Graphics	Price Lists	Printing (1-Color to 4-Color)
Purchase Orders	Resumes	Sales Literature
Scanning and Archiving	Self Service Copying	Typesetting
Variable Print	Web to Print Solutions	

Additional related products and services may also be offered. Franchisor reserves the right to change the products and services to be offered by Franchisee, from time to time, in order to add to the quality, range and diversity of the Sir Speedy System, and Franchisee agrees to add those new products and services that are required of all new Franchisees within a reasonable period of time, not to exceed 2 years.

Franchisee agrees that the products and services offered at the Sir Speedy Center shall be of high standard and of such style, appearance and quality as to be advantageous to the



protection and enhancement of the trademarks licensed hereunder and the goodwill pertaining thereto and that such services shall be performed in accordance with all applicable federal, state and local laws.

## 2. CONSIDERATION

a. **Initial Franchise Fee And Start Up Costs.** The initial franchise fee is \$25,000. A deposit of \$10,000 is required upon applying for a Franchise, which becomes non-refundable (except as provided below) upon execution of this Agreement and notification of approval of Franchisee by Franchisor. The balance of the franchise fee, \$15,000, is due before attendance of the required Sir Speedy training program. A further payment of \$30,000 for training and opening costs is due and payable before Franchisee's attendance of the required Sir Speedy training program. Franchisee is responsible for any applicable sales tax on the franchise fee and/or the start up costs. The initial franchise fee will be refunded if your franchise application is not approved by Franchisor, your chosen market is not approved by Franchisor, or if your financing is not approved through no fault of your own.

b. **Equipment Package.** In order to equip the franchise location as a Sir Speedy Center, Franchisee agrees to obtain the equipment package provided for in Exhibit "A" attached hereto. Franchisee may buy and/or lease the equipment package from any source. If Franchisee elects to purchase the equipment from sources other than Franchisor, the total equipment package must be purchased from such other sources. Franchisor is able to offer the total equipment packages at an overall competitive price and, therefore, individual pieces of equipment may not be selected out of the desired equipment package. If equipment package is purchased from Franchisor, the price is currently \$81,413 excluding freight, handling, installation, and sales tax. The equipment package is priced based on Franchisor's actual cost and any changes in that cost will be reflected in a corresponding increase or decrease in the cost to Franchisee, but in no event will any increase be more than 10% of the package price indicated. Franchisee shall pay all applicable sales tax and other taxes on equipment and inventory. Franchisor does not manufacture or service any of the equipment and the only warranties or service contracts in effect are those that are provided to Franchisor by the individual manufacturers.

In addition to the equipment package, Franchisee is required to have two digital printers to fully equip Franchisee's Sir Speedy Center. Franchisee may lease/rent these machines directly from the vendor. Descriptions of the two machines are in Exhibit "A" attached hereto.

Franchisee may not buy any additional equipment during the first year of operation with required working capital without Franchisor's prior consent.

Signage is also required. The typical sign will usually cost between \$1,500 and \$5,000 depending on local city requirements and landlord specifications. Franchisor's signage requirements may be waived in certain circumstances if prohibited by the location lease.

c. **Continuing Franchise Fee -- (4% To 6% of Gross Weekly Sales).** Franchisee shall pay to Franchisor for the duration of this Agreement a Continuing Franchise Fee for the use of Franchisor's trade names, trademarks, service marks, logos, proprietary materials, trade secrets, confidential information, and the Sir Speedy System. The Continuing Franchise Fee is 4% of the Center's gross weekly sales for the first 12 months the Center is in operation (or the

first 12 months with a new owner), and 6% of gross weekly sales thereafter for the term of this Agreement. "Gross Sales" is defined in Exhibit "B" hereto. Franchisee shall pay said Continuing Franchise Fees in accordance with Section 4 and Exhibit "B". It is expressly agreed that the payment of the Continuing Franchise Fee shall not be contingent upon Franchisor providing a level of service perceived by Franchisee to be adequate. Franchisee shall not offset any Continuing Franchise Fees based upon a perceived level of non-performance of Section 3, or any other section of this Agreement, on the part of Franchisor, and no offset is permitted against Continuing Franchise Fees for amounts due or allegedly due Franchisee by Franchisor.

d. **Continuing Advertising Fee.** Franchisee shall pay to Franchisor or its designees an Advertising Fee in the amount of \$25 per week or 1% of the Center's gross weekly sales, whichever is greater, during the first 12 months the Center is in operation. Thereafter, for the duration of the Agreement and any renewal, the Advertising Fee is \$50 per week or 2% of the Center's gross weekly sales, whichever is greater. These amounts will be deposited in an Advertising Fund and used by Franchisor to conduct advertising, public relations, and promotional programs designed to develop and build sales volumes of all Sir Speedy Printing Centers on a network wide basis. Methods, media employed, contents of advertising, and terms and conditions of advertising campaigns and promotional programs shall be within the sole discretion of Franchisor. Franchisee shall not offset any Advertising Fees based upon Franchisee's dislike or non-use of the marketing and advertising programs and pieces created from the Ad Fund. No offset is permitted against Advertising Fees for amounts due or allegedly due Franchisee by Franchisor.

e. **Local Advertising Cooperative.** Should Franchisor, in cooperation with the majority of Franchisees situated within a specific area, as determined by Franchisor, establish an Advertising Cooperative for the purpose of conducting cooperative local advertising, Franchisee shall join the Local Advertising Cooperative. The cost of belonging to the Advertising Cooperative is determined by the member Franchisees. The typical monthly cost has been between \$50 and \$405, and is in addition to the Advertising Fees required by Section 2d above.

f. As additional consideration, in the event of default, Franchisee hereby gives Franchisor a security interest in all inventory, furniture, fixtures and equipment (subject to any purchase money security interest), all original artwork, art files, customer lists and work in progress during the term of this Agreement, in connection with the Sir Speedy Center, as collateral for the obligations stated in this Agreement, and as part of the goodwill associated with the Sir Speedy name. Franchisee agrees that Sir Speedy, Inc. may file a UCC-1 Financing Statement in connection with this security interest. ***This security interest is only effective to the extent Franchisee has any obligations owed to Franchisor.***

### 3. OBLIGATIONS AND DUTIES OF FRANCHISOR

The Franchisor undertakes and agrees to perform the following:

a. Award a protected territory for a Sir Speedy Center defined as that area within which no other Sir Speedy Franchise may be granted. It is acknowledged that the exact protected territory boundaries may not be determined at the time the parties enter into this Agreement, and that a Sir Speedy Protected Territory and Location Designation Sheet will be prepared upon Franchisor's identifying the protected territory and approving the site location.

i) This protected territory restriction shall not apply to any other printing, copying, or related business, which Franchisor, its parent company or an affiliate company owns or may acquire subsequent to this Agreement, and Franchisor expressly reserves the right to open additional outlets of such business within the protected territory.

ii) The protected territory is usually designated by street description with a map. An "address only" area is only that location represented by the Center address and does not include any other area. In these cases, all references in this Agreement and the Offering Circular, which refer to a protected territory, shall refer to the Center address location only.

iii) The protected territory shall not be construed as a limitation on Franchisee's advertising or marketing, or on the customers Franchisee may serve, including customers located in another Sir Speedy protected territory and facilities management customers. Conversely, other Sir Speedy owners (including company-owned units) may serve customers in your territory.

b. Provide Franchisee's with site selection approval. Franchisor will use its best efforts to approve or disapprove Franchisee's selected site within 14 days from the date Franchisee submits a prospective site for approval, along with any other information about the site Franchisor may reasonably request. In reviewing a site for a Sir Speedy Center, consideration is given to such factors as zoning, sign availability, mail deliveries, traffic flow, parking, competition, urban redevelopment, business climate, site availability, and distance from other Sir Speedy Centers. Although Franchisor uses its best efforts in approving a site using the above criteria, Franchisor makes no representations, guarantees, or warranties, either expressed or implied as to the ultimate success of the Center as a result of its area review and/or site approval. Franchisor shall have the right to final approval or disapproval of a proposed site location and any proposed site relocation.

c. Assist Franchisee in reviewing the lease for the subject Center. Franchisor's assistance will include reviewing the basic terms of the lease and preparing a list of recommended changes for Franchisee to negotiate with the landlord. Franchisee shall be Lessee under the lease and fully responsible for all liabilities arising from the leased premises. Franchisor advises Franchisee to obtain legal assistance where appropriate. Franchisor will also provide a custom layout for the space.

d. Provide Sir Speedy window and wall graphics and other image/décor items for Franchisee's initial location where and when appropriate.

e. Provide Franchisee with the equipment, furniture, and other items provided for in Exhibit "A", including installation, if purchased from Franchisor. (Freight, handling, installation and taxes are in addition to equipment purchase price).

f. Assist Franchisee, if requested, will advise in obtaining leasing or financing of the equipment, furniture and other items provided for in Exhibit "A".

g. Provide Franchisee with the initial inventory of proprietary items, and paper inventory.

h. Train two persons at Franchisor's international training facility currently located in Mission Viejo, California for 2 weeks.

i) All such training will be provided at no extra charge to Franchisee, and includes transportation and lodging (1 room), (continental breakfast and lunch) for the two trainees during the entire training period.

ii) While attending the formal training program, the two trainees will be furnished, without additional cost, operating manuals, bookkeeping records, report forms, sales forms, and suggested price lists.

iii) The Franchisor will also provide training for additional personnel at the cost then being charged (in 2006, the cost is \$1,000) to Franchisee. Franchisee shall pay all transportation, lodging, and other expenses incurred by the additional trainees.

i. Provide a qualified opening and training representative(s) for up to 5 days after the Center becomes operational to give additional on-site training to Franchisee and his or her employees. Franchisor also provides Franchisee an opening promotional program designed to create local awareness of the opening of Franchisee's new Sir Speedy Center; Franchisor will:

i) Provide Franchisee with a New Center Marketing Program designed to help Franchisee achieve a growth in sales.

ii) Provide Franchisee with a computerized (disk) mailing list of potential business customers, including address and phone number.

iii) Assist Franchisee in the installation of said mailing list in Franchisee's computer and implementing the direct mail program.

iv) Assist Franchisee in the design and implementation of Franchisee's direct mail program and how to maintain the list following the opening promotional program.

v) Assist Franchisee in establishing a telemarketing program to follow up the direct mailings and to set up appointments following the opening promotional program.

vi) Provide Franchisee with the promotional materials.

vii) Provide Franchisee with an experienced digital training consultant who will work with Franchisee for up to 3 days on site.

viii) Provide Franchisee with an experienced sales trainer who will work with Franchisee, for 2 days on outside sales.

j. Provide Franchisee with Franchisor's proprietary Operations Manuals and periodic updates, which have been prepared in furthering the success of the Sir Speedy Network, which is achieved by local, regional, national and international goodwill resulting from consistency in quantity and quality of Sir Speedy products and services and the high standards of professionalism, cleanliness and organization customers expect to encounter in every Sir Speedy Center. The manual and updates contain trade secrets and confidential information and shall remain the sole property of Franchisor. Franchisee shall not directly or indirectly acquire any property rights, copyrights, or goodwill in the manuals or updates at any time and Franchisee covenants not to reveal the contents of the manuals or updates to any unauthorized person.

k. Franchisor is not contractually required to provide any specific services beyond those that have been itemized above. Franchisor does provide on-going services to Franchisees. As of the date of this Offering Circular/Franchise Agreement, the ongoing services provided include, but are not necessarily limited to, the following:

- i) Periodic consulting and assistance by field representatives;
- ii) Toll-free customer support lines for telephone consulting;
- iii) Periodic marketing materials and assistance;
- iv) Periodic seminars, regional meetings and an annual convention;
- v) A monthly newsletter;
- vi) Free audio, video tape, and CD resource library;
- vii) Advice and information about new developments in printing, reproduction, graphic design, digital networking and electronic transferring of information;
- viii) Ability to retrieve all information through Sir Speedy Net; and
- ix) sirspeedy.com.

It must be understood by Franchisee that services and methods of providing service and communication are ever changing, and that current services may be changed or terminated. In addition, it must be understood by Franchisee that Franchisor is not obligated to perform these services up to an individual Franchisee's specific perceived level of satisfaction, but based on Franchisor's experience, knowledge and judgment and program availability. Franchisee further acknowledges that its failure to maintain adequate books and records and monthly financial statements will have a direct adverse impact on Franchisor's ability to render adequate consultation, analysis, and advice concerning Franchisee's operations.

#### 4. OBLIGATIONS AND DUTIES OF FRANCHISEE

Upon signing this Agreement, Franchisee hereby undertakes and agrees to the following:

a. Acknowledge and recognize Franchisor's interest in, and exclusive right to, the Sir Speedy System and its distinguishing characteristics. Franchisee agrees neither to infringe upon, use or imitate the System or any of its distinguishing characteristics, except under written agreement from Franchisor, and Franchisee does accept this Franchise subject to the covenants and conditions herein and agrees to conduct operations of the Sir Speedy System at its franchised location and hold the business out to the public only as a Sir Speedy Center, in accordance with the terms and conditions of this Agreement and the guidelines contained in the Operations Manuals. Franchisee agrees that the Sir Speedy Center phone numbers, customer lists and customer information is created, generated and obtained on behalf of Franchisor and through the goodwill of Franchisor and is deemed a trade secret and proprietary information of Franchisor, and such information shall be remitted to Franchisor upon request.

b. Execute a site lease within 30 days of Franchisor approving a site, Franchisee shall take possession of and open the Center for business no later than 180 days after signing a site lease.

c. Attend and successfully complete Franchisor's initial training session before opening or taking over the Center. Franchisee understands that while Franchisor's training program will provide Franchisee with the fundamental knowledge necessary to operate a Sir Speedy Center, Franchisee cannot expect success unless he or she devotes his or her best personal efforts to the business and exercises sound business judgment in dealing with customers, suppliers and employees.

d. Offer to accept payment from customers by way of MasterCard, Visa and American Express credit cards from customers. Franchisee shall take all such steps necessary to become affiliated with these credit card associations before opening the Sir Speedy Center.

e. Maintain a high moral and ethical standard in the operation and conduct of Franchisee's Center so as to create and maintain goodwill among the public for the Sir Speedy Network.

f. Train, supervise, and evaluate the performance of Franchisee's employees to insure that each renders competent and efficient service and to send new, untrained managers to Sir Speedy University when Franchisee is not the predominant on-site manager.

g. Follow Franchisor's general recommendations as to the format and nature of advertising. Franchisee shall be responsible for all the costs of local marketing and advertising. Franchisor shall have final approval on all advertising to be utilized by Franchisee.

h. Provide electronic file transfer capabilities for customers through [www.sirspeedy.com](http://www.sirspeedy.com). Franchisee is also required to be connected to the Sir Speedy Net and to have high speed access to the internet through a local service provider.

i. Not engage, directly or indirectly, within a 100 mile radius of the franchised location, or within an existing Sir Speedy Franchisee's protected territory, during the term of this Agreement in the ownership or operation, as a shareholder, through agents, affiliates or

otherwise in any business which is the same or substantially similar to the business covered or contemplated in this Agreement, except as a Sir Speedy Center. The foregoing shall not preclude the ownership of stock in a company whose shares are traded publicly. Franchisee agrees that Franchisor shall be entitled to an injunction against such action from any appropriate State or Federal Court. If for any reason, a court of competent jurisdiction finds any provision of this paragraph unreasonable in duration or geographic scope, such provision shall be confined to such time and geographic scope as said court deems proper.

j. Not conduct any business, either directly or indirectly, through affiliates or otherwise, other than that of the Sir Speedy Center at the franchised location or any approved relocation throughout the term of this Agreement, without the written approval of Franchisor, which shall not be unreasonably withheld. Franchisee may not operate the Sir Speedy Center without the Sir Speedy name, or under a different name, and agrees that such action will cause irreparable harm to Franchisor and the Sir Speedy network with confusion to the customers, the general public, and the other Sir Speedy owners. Franchisee agrees that Franchisor shall be entitled to an injunction against such action from any appropriate State or Federal Court.

k. Observe the rules of operation as now established by Franchisor and as provided in the Sir Speedy Operations Manuals and any changes to those rules that may be necessary in recognition of new technology and changing experiences in digital and graphic design, printing and reproduction. Franchisee shall obtain and maintain the initial equipment package and required copier/printers (or such replacements, upgrades and additional equipment), furniture, fixtures and inventory at the franchised location sufficient to continuously operate the Sir Speedy Center in accordance with the terms of this Agreement.

l. Franchisee shall use its best efforts to develop Franchisee's protected territory by regularly soliciting customers and potential customers therein.

m. Submit yearly Balance Sheets and Profit and Loss Statements to Franchisor within 60 days of the close of Franchisee's fiscal year. Franchisee recognizes the need for an adequate accounting system that complies with generally accepted accounting principals and complies with the chart of accounts established by Franchisor. Franchisee must have an accounting service, which shall prepare monthly financial statements for Franchisee.

n. Insert and pay for a classified display advertisement in the local Yellow Pages. If there is more than one Center in a particular geographic area, as determined by Franchisor, Franchisee shall instead participate in a multiple center display ad. Upon Franchisee's failure to do so, Franchisor is hereby authorized to affect said Yellow Page advertising at Franchisor's discretion, and at Franchisee's expense, and Franchisee shall promptly reimburse Franchisor. The format of said advertisement shall be approved in advance by Franchisor and shall comply with the standards currently in affect.

o. Allow Franchisor's authorized agents to enter the Sir Speedy Center upon reasonable notice, at reasonable times during regular business hours, to inspect Franchisee's business operations and the services being performed. Franchisee agrees that Franchisor may require Franchisee to repair, replace, repaint, or refinish any part of the interior or exterior of Franchisee's Center in order to maintain the appearance consistent with Franchisor's image, and Franchisee agrees to comply with such requirements as required by Franchisor.

p. Observe and comply with Franchisor's standards of quality for all services and products at Franchisor's Sir Speedy Center at all times during the term of this Agreement. Franchisor's system, products, services, operations, training, trademarks and/or service marks may be upgraded, improved, refined, changed, deleted or altered from time to time to address modernization, new technology, efficiency, safety, quality control, economic or other market factors. Franchisee expressly agrees to implement any such changes when necessary, within the time period specified for all Franchisees and at Franchisee's expense, in order to maintain the uniformity and integrity of Franchisor's system. Franchisee shall be responsible for all costs and expenses associated with operating the Sir Speedy Center.

q. Submit copies of Weekly Sales and Transmittal Reports to Franchisor showing the results of operations of Franchisee's Sir Speedy Center. The weekly report shall be faxed to Franchisor on or before Wednesday of each week, for the previous week's operations. The Continuing Franchise Fees and Advertising Fees must be paid automatically by draft or electronic funds transfer through special arrangements with Franchisee's bank. Franchisee agrees to submit appropriate banking information to Franchisor upon request. Franchisee will be charged \$25 for any drafts returned due to non-sufficient funds. Should Franchisor in the future adopt an electronic data polling system covering such items such as, itemized sales categories, sales volume, customer, and product type. Franchisee agrees to participate in such system. Franchisee agrees to pay interest at the California Judgment rate on all monies not paid within 10 days of the due date. If Franchisee fails to submit weekly sales and transmittal reports, Franchisor shall have the authority to determine the estimated amount of unpaid Continuing Franchise Fees based on previous week's sales and transmittal reports submitted by Franchisee or any other information where Franchisee has failed to submit the required reports as provided herein and Franchisee shall pay such estimated amount. However, Franchisee shall also be liable for the actual amount owed, plus interest thereon if the actual amount exceeds the estimated amount.

Franchisee shall keep adequate records and books of account from which there may be readily determined the information required in the reports to be filed with Franchisor and such books and records shall be open for inspection and copying by Franchisor, or its agents, at reasonable times during business hours. This information shall include all accounting records and books, customer files, sales and purchase records, IRS Schedule C (Business Income), IRS corporate tax returns, state income tax returns and sales tax records. Such information shall be submitted by Franchisee to Franchisor upon request. Franchisee shall submit the electronic data files from ACT! PrintSmith, Printer's Plan or other estimating software which contain all customer data and pricing to Franchisor annually, and more often if requested. Franchisor, or its designee, may audit Franchisee's business records upon 3 days' notice and during normal business hours. Should an audit disclose a 2% or more deficiency between the amount of gross sales reported to Franchisor and the actual amount reflected by the audit, Franchisee shall immediately pay the Continuing Franchise Fees due on the amount of the discrepancy, plus interest. If the discrepancy exceeds 2% of the amount reported, Franchisee shall also pay the actual costs of the audit.

r. Continuously operate a Sir Speedy Center at the designated location throughout the term of this Agreement, except if prevented by acts of God or other causes beyond the control of Franchisee. The Franchisor recommends, as a minimum, the days and hours of the day the Center should be open for business to the public namely, from 8:30 A.M. to 5:30 P.M., excluding Saturday and Sunday.



s. Maintain and keep in force for the mutual benefit of Franchisor and Franchisee all forms of necessary business insurance including general public liability insurance limits of not less than \$1,000,000.00 per occurrence, and \$100,000.00 property damage, and glass insurance if required by the lease of the premises. All such policies shall name Franchisor as an additional named insured covering public liability. Franchisee shall cause to be furnished to Franchisor a certificate of insurance on the subject policies and endorsements thereto. Franchisee will promptly pay all premiums on those policies as and when they become due and payable. Franchisee will cause insurer to include Franchisor as a party to be noticed concerning cancellation, expiration, or renewal of all such policies. Franchisee shall assume sole and entire responsibility and indemnify and save harmless Franchisor for any and all claims, liability, responsibility and damage, or any costs or expenses by reason of any loss of life or injury or claimed injuries to person or property that may be sustained in connection with the operation of Franchisee's business.

t. Conduct the Sir Speedy Center in strict compliance with all applicable laws, ordinances, regulations and other requirements of any federal, state, county, municipal or other government agency, and Franchisee shall, at his own expense, obtain all necessary permits, licenses, or other consents for the operation of the Center and shall maintain in good standing all required permits and licenses.

u. Be responsible for the payment of all taxes including real estate, sales, payroll, franchise, income, personal property, and gross receipts taxes that are assessed as a result of Franchisee's operation of the Sir Speedy Center.

v. Utilize all Franchisor's marketing and promotional materials, and its other available resources and services as recommended, and attend all local roundtables and seminars conducted by Franchisor, and attend the annual international conventions. Franchisee shall also participate in all visits with field representatives of Franchisor and shall cooperate with such field representative in having available all requested information to facilitate such field visits. Franchisee shall follow all recommendations and advice given by Franchisor and its field representatives consistent with the Sir Speedy Operating System.

w. Keep the premises free of pets, young children, loud music, debris and any personal items not related to the Sir Speedy Center. All employees working in areas visible to the public are to be dressed in Sir Speedy apparel or other appropriate business dress.

x. Assist, cooperate, and execute necessary documents for the establishment of the Sir Speedy Center. Franchisee shall be available for all phases involved and shall not voluntarily or involuntarily interfere or delay performance in establishing and readying the Center for beginning operations. It shall be Franchisee's duty to exercise due diligence in readying the Center for opening and operation at the earliest possible time from the time of Franchisor's approving Franchisee and executing this Agreement, unless otherwise agreed to in writing.

## **5. FRANCHISED LOCATION**

a. It is acknowledged that the exact address or location of the Sir Speedy Center which is the subject of this Agreement may not be determined at the time the parties enter into this Agreement, and that a Sir Speedy Protected Territory and Location Designation Sheet will be prepared upon Franchisor's identifying the protected territory and approving the site location.

Any change of the franchised location thereafter shall be made only upon the prior written approval of Franchisor, which shall not be unreasonably withheld. Franchisor may reasonably withhold approval of a proposed site, if relocation is outside Franchisees' protected territory. Any relocation of the assets comprising the Sir Speedy Center to another location, without the Sir Speedy name, is strictly prohibited, and shall not be deemed an abandonment of the franchise.

b. Providing Franchisee is not in default hereunder; and otherwise qualifies, Franchisee may apply for additional Sir Speedy franchises outside Franchisee's territory. Franchisee must submit a written request to open a Multiple Center, along with Franchisee's current personal and business financial statements. Upon approval by Franchisor, Franchisee must sign a then current Franchise Agreement for the new Center, along with an Outside Territory Multiple Center Addendum, pay the franchise fee then being charged by Franchisor for an outside territory Multiple Center, and diligently pursue obtaining a lease and opening the additional Sir Speedy Center.

c. Providing Franchisee is not in default hereunder and otherwise qualifies, Franchisee may open one or more Sir Speedy Multiple Centers within Franchisee's territory upon Franchisor's prior written approval. Franchisee must submit a written request to open a Multiple Center, along with Franchisee's current personal and business financial statements, and the proposed multiple location, if known, or general area being considered for the multiple center and the franchise fee then being charged by Franchisor for an inside territory Multiple Center. Upon Franchisor's approval of the Multiple Center request, Franchisee shall sign an Inside Territory Multiple Center Addendum and shall diligently proceed to obtain a lease and open the Sir Speedy Center.

## 6. TERM OF THE AGREEMENT

The duration of this Agreement will be as follows:

a. **Initial Term.** The initial term of the franchise granted herein shall be a period of 20 years from the date this Agreement is executed by Franchisor.

b. **Renewal Options.** The Franchisee shall have the right and option, without additional costs, to renew the original term for 1 additional 20 year period provided Franchisee gives Franchisor written notice of Franchisee's election to do so not less than 6 months before the expiration of the term, subject to the following terms:

i) The Franchisor may, if it so elects to, nullify and treat as null and void any such option if at the time after the exercise of such option and before the commencement of the renewal term, Franchisee is in material default of any provision or term of this Agreement, site lease or obligations to suppliers.

ii) Franchisee shall sign the then existing Franchise Agreement as is being used for new Franchisees at that time.

iii) Franchisee shall bring the Sir Speedy Center to appearance, equipment, and safety standards as required by Franchisor for new Franchisees at that time.

## 7. TERMINATION OF THE FRANCHISE

### a. Termination Causes.

i) The Franchisor may terminate the Franchise Agreement immediately without opportunity to cure if:

(1) Franchisee becomes insolvent or makes a general assignment for benefit of creditors; a petition in bankruptcy is filed by Franchisee or a petition is filed against Franchisee and consented to by Franchisee; Franchisee is adjudicated bankrupt; a receiver is appointed; or proceedings for composition with creditors is instituted;

(2) If Franchisee is convicted of a felony;

(3) If Franchisee knowingly maintains false books or records or submits false reports to Franchisor;

(4) If Franchisee commits fraud upon Franchisor by making a material misrepresentation on the Franchise Application or Confidential Questionnaire, which misrepresentation materially affected Franchisor's determination in accepting Franchisee's application for a Sir Speedy Franchise.

(5) Franchisor determines that Franchisee is conducting his or her Sir Speedy Center in a manner likely to impair the value or reputation of the Sir Speedy Network and fails to cure same within 7 days written notice to Franchisee;

ii) Franchisor may terminate the Franchise Agreement and Franchise for these defaults for which Franchisee has not cured:

(1) Franchisee fails to acquire a site for the franchised business within 90 days of execution of this Agreement;

(2) Franchisee fails to open the franchise business within 180 days from the date of execution of this Agreement.

(3) Franchisee commits a material breach of the Franchise Agreement or materially defaults in the payment of any indebtedness to Franchisor or to Franchisee's suppliers arising out of the purchase of supplies or equipment and this default is not cured within 20 days of notice to Franchisee;

(4) Franchisee commits 3 or more defaults in payment to Franchisor within a 12 month period even though cured within the 20 day period on each occasion;

(5) Franchisee loses possession of the franchised premises (through no fault of Franchisee) and fails to open for business at a new Franchisor-approved location within 90 days thereafter; or abandons the franchise location and such abandonment remains uncured for 7 days after notice by Franchisor (Abandonment is defined to include instances where Franchisee allows his or her Center to remain closed to the public (other than for a planned vacation) for more than 7 consecutive days, and such closing is not beyond the control of

Franchisee and/or without consent of Franchisor). It shall not be considered abandonment if Franchisee transfers or relocates the assets of the Sir Speedy Center without the Sir Speedy name or changes the name of the Sir Speedy Center and continues the business. In such case, Franchisor may obtain injunctive relief in an appropriate Court, or elect to hold Franchisee responsible for wrongful repudiation of the Franchise Agreement.

LAWS APPLYING TO FRANCHISES OF THE STATE WHERE THE CENTER IS LOCATED MAY DIFFER FROM THIS AGREEMENT REGARDING DEFAULT, CURE TIME, NON-RENEWAL, AND CAUSE FOR TERMINATION. Should any term of this Agreement be contrary to judicially determined public policy or be considered void or inconsistent with the franchise laws of state wherein Franchisee's center is located, then any term or portion thereof so void and any inconsistency shall be construed and governed by that state's law to the extent so void or inconsistent.

iii) Franchisee may terminate the Franchise Agreement by giving Franchisor at least 30 days written notice of Franchisee's intent to provide Franchisor with the following:

(1) Franchisee's current customer list, including names, addresses and phone numbers;

(2) Franchisee's customers' original artwork and art files in both hard copy and electronic medium, work-in-process and any work order to be completed;

(3) All Franchisee's supply of forms, invoices, letterhead and other items bearing the Sir Speedy name and logo;

(4) All Franchisor's proprietary advertising and promotional materials, manuals and other items containing Franchisor's trade name, trademarks, service marks, logos and confidential information;

(5) A written telephone number release or transfer (on a form approved by the local phone company) authorizing Franchisor (or Franchisor's designee) to takeover use of Franchisee's existing phone number(s), Franchisee to remain obligated for all changes through the transfer date; or to be disconnected without referral, at Franchisor's direction;

(6) A written statement concerning Franchisee's intent to de-identify and to vacate the franchised location inside and out, including all signs, marquees, wall and window graphics, wall panels and all items with the Sir Speedy name;

(7) A written statement concerning Franchisee's intent for himself, his spouse and any family member who has been involved with the Center for at least 1 year not to be involved in any manner, other than as a shareholder of a publicly traded company, with a printing or copying related business (or any business providing services similar to a Sir Speedy Center) within a 100 mile radius of the franchised location for a period of 2 years;

(8) A written statement concerning Franchisee's intent regarding the equipment, furniture and fixtures of the Center, it being expressly understood that said equipment, furniture and fixtures shall not be sold or given to a third party who intends to (or proceeds to) own, operate or be in any way involved with a printing or copying related business

at the franchised location (except as a Sir Speedy Center pursuant to Section 8 below "Transfer by Franchisee");

(9) Franchisee's agreement to cease all Internet use of the Sir speedy name and to cease use of the Sir Speedy Net; and

(10) All amounts owing to Franchisor under the Franchise Agreement through the notice expiration date.

Upon Franchisor's receipt of all the above items, Franchisor shall cancel the Franchise Agreement, it being understood that should any of the covenants in Sections 6, 7, and 8 thereafter be violated, then Franchisor may utilize its remedies under the Franchise Agreement as if the Franchise Agreement were not canceled.

There are no other terms of this Agreement providing a right to Franchisee to terminate. If Franchisee takes any action to terminate this Agreement or to convert Franchisee's Sir Speedy Center to another business at the same or different location, then such action by Franchisee shall be deemed a wrongful repudiation of the Franchise Agreement and Franchisee shall continue to be obligated to Franchisor for all anticipated and estimated fees due hereunder until such time as this Agreement expires.

Where notice of default and demand for performance is not given when and to the extent required, failure to give such notice or demand shall not be a waiver of any other term hereof.

b. **Effect of Termination by Franchisor.** Upon termination, for any reason, or upon expiration of this Agreement, all Franchisee's rights hereunder shall terminate; Franchisee shall cease to use any trademarks, service marks, copyrights or other trade secrets and shall remove all items, graphics, signs and other material bearing the aforesaid marks identifying Franchisee as being associated with Franchisor or its System; shall cease to use and shall return to Franchisor all proprietary information, "operations manuals", advertising and marketing materials, and all other manuals and instruction materials owned by Franchisor as described in other sections of this Agreement whether written or in electronic form; and shall turn over to Franchisor all customer lists and information, customer art files and work in process. Should Franchisee fail to voluntarily comply with this section upon demand, Franchisor is authorized to enter the premises without notice and physically remove all signs, emblems, markings, displays, manuals, and other items bearing Franchisor's trademarks and trade secrets at Franchisee's expense.

**Internet:** Upon termination or non-renewal of this Agreement, Franchisee shall cease all internet use of the Sir Speedy name and shall cease to have access to Sir Speedy Net and any other proprietary intranet or proprietary software or internet related Sir Speedy programs, services, materials, etc.

**Telephone Service:** Upon or before the effective date of termination of the Franchise for any reason, all telephone and other directory advertising shall be canceled. Further, all telephone and fax line number(s) servicing the Center shall be disconnected without referral, or at the discretion of Franchisor; transferred or referred to any other Sir Speedy Center. Upon termination of this Agreement, Franchisor shall have the absolute right to notify the

telephone company and all listing agencies of the termination of Franchisee's right to use all telephone numbers and all classified and other directory listings under the "Sir Speedy" name and to authorize the telephone company and all listing agencies to transfer to Franchisor or to any other Sir Speedy Center all telephone numbers and directory listings for Franchisee's business. Franchisee acknowledges that Franchisor has the absolute right and interest in and to all telephone numbers and directory listings associated with the Sir Speedy name and Franchisee agrees to cooperate and execute any documentation necessary to effect said disconnection, transfer, or referral. Franchisor is hereby appointed as Franchisee's irrevocable Attorney in Fact to effect same in name of Franchisee and Franchisee hereby holds the telephone company harmless from acting on this Power of Attorney, which shall supersede any subsequent instructions by Franchisee. This Agreement is evidence of the exclusive rights of Franchisor to such telephone numbers and directory listings and this Agreement shall constitute the authority for the telephone company to transfer the telephone numbers and directory listings as directed by Franchisor. Franchisee shall not use the disconnected number(s) at any time thereafter.

**Obligations to Franchisor:** Upon termination of the Franchise for any reason, or upon expiration of this Agreement, Franchisee shall immediately pay all monies due Franchisor, pay all note obligations to Franchisor, if any, whether matured or not, and pay off any equipment lease which was obtained through Franchisor's leasing sources and/or in which Franchisor is guarantor, or do all things necessary to cause Franchisor to be released as guarantor, if applicable.

**Notification to Suppliers and Customers:** Upon termination for any reason, Franchisee shall immediately notify all suppliers and customers that as of the date of termination of the Agreement, Franchisee is no longer associated with Franchisor and the Sir Speedy Network and that such customers will be transferred to a nearby Sir Speedy Center (or as directed by Franchisor). Franchisee shall provide Franchisor with a list of all such suppliers and customers and shall cooperate in an orderly transfer of the customer files and customer list to the nearby Sir Speedy (or as directed by Franchisor). Franchisor shall have the right to notify such suppliers and customers and/or verify that such notification has been given by Franchisee.

c. **Operating Limitation.** In the event of termination of the Franchise hereunder by Franchisor, Franchisee shall not be associated directly or indirectly as employee, proprietor, stockholder (other than a publicly traded company), partner, agent, officer, director or consultant with the operation of any business which is the same or substantially similar to the business covered by this Agreement (except with a Sir Speedy Center), within a radius of 5 miles of the subject Center or of any Sir Speedy Center for a period of 1 year from the date Franchisee has complied with all of the above requirements upon termination. For a period of 1 year from the date of termination, Franchisee shall not solicit, or cause anyone to solicit business from or make any contact with, the former Sir Speedy Center's customers, nor hire, or cause anyone to hire any of the former Sir Speedy Center employees. Franchisor shall have the right to enforce this provision by way of obtaining an injunction against Franchisee in the state the Center is located. It is agreed that this provision shall specifically survive the termination of the Franchise Agreement, and the rejection of the Franchise Agreement in any bankruptcy proceeding. Franchisee shall be responsible to pay Franchisor Continuing Franchise Fees and other damages during any period of violation of this section.

d. **Site Lease.** Upon termination for any reason, Franchisor may, at its sole discretion, but shall not be required to, take over and assume the balance of Franchisee's site

lease, including taking over possession of the premises. In such case, should Franchisee fail to voluntarily surrender the premises to Franchisor, Franchisor shall have the right to evict Franchisee. Franchisor may also locate a new Franchisee in the location.

## **8. TRANSFER BY FRANCHISEE**

This Agreement shall inure to the benefit of Franchisor, its legal successors and assigns, and any transfer of Franchisee's interest shall be subject to the following:

a. The Franchisee shall not, without Franchisor's prior written consent, which will not be unreasonably withheld, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, convey to any person, firm or corporation, or encumber any portion of his interest in this Agreement, and/or in the franchise granted hereby, or in the assets of the business, or in any location lease, or offer to do so, or permit the same, and any purported transfer without Franchisor's consent shall constitute a material default hereunder and shall be null and void.

b. Anything herein to the contrary notwithstanding:

i) If Franchisee receives and desires to accept from a third person a bona fide written offer to purchase the Sir Speedy Center, Franchisor shall have the option, exercisable within 30 days after written notice and receipt of a copy of such complete offer, to purchase the Sir Speedy Center, including any location lease, on the same terms and conditions as offered by said third party. If any such third person is of good character, reputation and financial condition, then Franchisee's Sir Speedy Center may be transferred to such person if Franchisor does not exercise its option (subject to the following provisions of this Section 8).

ii) If Franchisee dies, his personal representative may sell and assign his interest herein (or if Franchisee is or shall then be a corporation and its controlling stockholder dies, Franchisee's personal representative may sell Franchisee's shares) only with the prior written consent to sale or assignment to a qualified person who will conform to Franchisor's training requirements and assume Franchisee's obligations, is of good character and reputation and economic stability, from whom a bona fide offer to purchase has been received, provided Franchisor shall have the right and option to acquire the decedent's interest in this Agreement and any location lease at said offered price; said option to be exercised within 30 days after Franchisor is notified in writing of said bona fide offer.

c. Consent to a transfer otherwise permitted may reasonably be refused unless transferee meets those standards of qualification as expected of all Franchisees purchasing a new Sir Speedy Franchise; all of Franchisee's debts and obligations owing to Franchisor including Continuing Franchise Fee and Advertising Fees, are paid before or concurrently with the transfer; Franchisee or the transferee bring the Center up to the current standards of appearance, equipment and safety requirements as required by Franchisor; Franchisee, before the effectiveness of the transfer, pays to Franchisor the then current transfer fee (\$10,000 in year 2006) and Franchisee enters into a Mutual Release Agreement with Franchisor. The transfer fee is waived in the event the Sir Speedy Center is transferred to a member of Franchisee's immediate family who has actively participated in the operations of the Center. Franchisee consents to Franchisor releasing any information concerning the Center to the buyer (new Franchisee) which Franchisee has reported to Franchisor.

d. Upon compliance with the above requirements of a transfer, Franchisor and the transferee shall enter into a new Franchise Agreement upon the then current standard form being offered by Franchisor to new Franchisees and the old Franchise Agreement will be deemed terminated subject to all post-termination obligations.

e. A transfer may be made to a corporation, without a transfer fee, subject to the above conditions, however, Franchisee shall remain the legal and beneficial owner of at least 51% of all the shares of stock of such corporation during the term and/or renewal term of this Agreement and shall personally guarantee the franchise obligations of the corporation and shall remain jointly liable along with the corporation. Further, the names and home addresses of any proposed shareholders, along with the percentage and amount of shares transferred shall be forwarded to Franchisor in writing. Franchisor may approve or disapprove a proposed shareholder and any disapproval shall be based upon reasonable consideration. Any transferee of shares or other interest shall be bound by this Franchise Agreement as though they had signed individually. All stock certificates shall include a legend setting forth these restrictions in order to effect a binding restriction on transferability in accordance with the corporate law of the state in which the corporation is formed. Any such transfer to a corporation shall be effected on forms prescribed by Franchisor. Franchisee may not transfer the assets of the business to a corporation without the prior consent of Franchisor and any purported transfer shall be a violation of the Franchise Agreement; and Franchisor may elect to hold such corporation jointly responsible with Franchisee for the obligations under this Franchise Agreement, as if such corporation originally signed the Franchise Agreement, jointly with Franchisee.

f. In any transfer or proposed transfer, pursuant to this Section 8, Franchisee shall indemnify and hold Franchisor harmless from any and all actions, causes of action, liabilities, losses, costs, expenses and fees, incurred by Franchisor as a result of any action or inaction, or any misrepresentations made by Franchisee to the transferee or proposed transferee in connection with the transfer or proposed transfer of the Sir Speedy Center. This indemnification shall survive the termination or cancellation of this Agreement.

g. It is agreed and understood that any attempted transfer of only the assets and/or the phone numbers of the franchised business without the transfer of the franchise itself is strictly prohibited and may be voided. Such action may be treated by Franchisor, in its sole discretion, as a wrongful repudiation of the Franchise Agreement by Franchisee, entitling Franchisor to damages which are hereby agreed upon as the amount of the anticipated and estimated Continuing Franchise Fees for the remaining term of the Franchise Agreement by utilizing the current Continuing Franchise Fee as a base. Alternatively, Franchisor shall have the right to void the purported transfer by way of injunction or restraining order in a State or Federal Court where the Center is located.

## 9. MISCELLANEOUS

The parties hereto further agree as follows:

a. **Independence of Franchisee.** Franchisee is, and shall be at all times during the term of this Agreement, an independent contractor and not an agent or employee of Franchisor. The Franchisee is not a partner or joint venturer with Franchisor. Franchisee shall indemnify and hold Franchisor harmless from any and all claims, suits, fines, demands, or actions of any kind



arising out of or in connection with Franchisee's Sir Speedy Center, including any wrongful use of information by electronic medium.

b. **Abandonment or Surrender by Franchisee/Close of Business.** If Franchisee shall, for any reason, abandon or surrender all or any part of its rights and privileges under this Agreement, all such rights shall revert to Franchisor. However, Franchisee shall not have the right to abandon its obligations under this Agreement. Franchisee shall have the right to close down the business, subject to the conditions in Sections 7 and 8 concerning termination and transfer.

c. **Trade Names and Marks/Trade Secrets.** Franchisee expressly agrees and acknowledges that all aspects of the Sir Speedy System are trade secrets and that the name "Sir Speedy" together with all other trade names, trademarks, service marks, logos, color schemes, designs, layouts, décor, phrases, descriptive tag lines, technical bulletins, memoranda, administrative bulletins, operations and other manuals, all marketing materials, and customer lists, whether in written or electronic form, are and shall remain the sole property of Sir Speedy, Inc., and that they have substantial value. Franchisee shall not at any time put into issue or contest, either directly or indirectly, the ownership of the aforementioned, nor commit any act which interferes with Franchisor's registration of its trademarks, service marks and copyrights with any local state or federal agency. Franchisee shall use Franchisor's marks in all advertising, promoting, and selling Sir Speedy services and products at the franchised location, but only in Franchisor-approved manners. However, this right of Franchisee's use is no more than a privilege coupled with an interest granted by this Agreement and is automatically and immediately extinguished upon termination of this Agreement. Upon expiration or termination of this Agreement and franchise granted hereunder, whether by expiration of term, default, or any other reason, Franchisee shall immediately discontinue the use and advertising of any and all trademarks, trade names, logos, phrases, descriptive tag lines, signs, color schemes, designs, layouts, décor and any other indicia of the Sir Speedy System. Further, Franchisee shall discontinue the use of any visual, audio, electronic, and printed materials originated from Sir Speedy. Franchisee shall not advertise any business as being "formerly Sir Speedy". Further, Franchisee shall promptly discontinue all Internet use and utilization of the Sir Speedy name and logos.

Franchisee agrees that in the event of any actual or suspected infringement of any trademark, trade name, or logo that is part of the Sir Speedy System, or suspected piracy of trade secrets that are a part of said System, Franchisee shall promptly report it in writing to Franchisor. Determination of whether to institute any demand, suit, or action shall be made solely by Franchisor, and if instituted, shall be instituted by and maintained at the expense of Franchisor. Franchisee agrees to be a named party in any action if so requested by Franchisor and to furnish Franchisor his or her full cooperation in such action. In the event Franchisee shall be made a party to any litigation directly concerning the use of any trademark, trade name, or logo licensed to Franchisee by Franchisor, Franchisee shall immediately notify Franchisor of such fact, at the same time forwarding to Franchisor a copy of any demand, petition, summons, complaint, or other relevant documents. Upon receipt of any such notification from Franchisee, Franchisor shall undertake the defense of any such litigation.

**Trade Secrets:** Franchisee agrees to keep confidential at all times all aspects of the Sir Speedy System which include, without limitation, recommended price lists and pricing data, any manual of business practices, training and educational materials, operations manuals,

technical bulletins, administrative bulletins, and all additions thereto and other material which may be made available by Franchisor in the future. All referenced material shall be deemed to be on loan to Franchisee and shall be returned to Franchisor upon termination or expiration of the Agreement or franchise. Franchisee further agrees not to copy, publish, or otherwise duplicate said materials or permit others to do so and to disclose the same only in the ordinary course of business and then only to the extent necessary therefore to employees of Franchisee, it being understood that Franchisor shall remain the owner of the trade secrets of the System.

d. **Name of Center.** Franchisee agrees the Center herein franchised shall be named SIR SPEEDY PRINTING • COPYING • DIGITAL NETWORK, without any suffix or prefix attached thereto and will bear signs, advertising and slogans which denote that the Center is named only SIR SPEEDY PRINTING • COPYING • DIGITAL NETWORK. A corporate or partnership Franchisee shall not use, or register with any governmental agency, any portion or all of the Sir Speedy names, logos, phrases, or slogans in its corporate or partnership name, or associate such therewith in any manner. Franchisee shall affix a sign or plaque in a conspicuous place in the Center in view of the general public indicating the following:

SIR SPEEDY CENTER FRANCHISE

Independently Licensed and Operated By

(Franchisee's legal name)

Franchisee shall use the name SIR SPEEDY PRINTING • COPYING • DIGITAL NETWORK on all advertising, invoices, orders, vouchers, letterheads, checks and other similar materials and shall indicate on such that Franchisee's Center is a franchise. The following phrase may be placed in close proximity to the Sir Speedy name: "An independently owned and operated franchise." The Franchisee's legal name shall not be used on these materials or in advertising, nor shall the use or association of any other name or marks be permissible.

A local fictitious name filing, if so required, shall be filed as SIR SPEEDY CENTER Number (designated store number) and in no other manner. Any other form of filing or registration with a federal, state, or local agency of the Sir Speedy name or marks is strictly prohibited.

e. **Disputes/Arbitration.** Except as provided below, any controversy or claim arising out of or relating to this Franchise Agreement or the breach hereof, including a claim involving the validity of the Franchise Agreement, shall be settled by arbitration with the American Arbitration Association in accordance with the Commercial Arbitration Rules then in effect. Claims pursuant to Section 4i, 4j, 5a, 7b, 7c and Section 8g may alternatively be pursued in Court.

There shall be a single arbitrator who shall be an existing or former judge of a court of record within the United States or an attorney in good standing admitted to practice for a period of at least 10 years within the United States. A corporation to which an individual Franchisee has transferred some or all of the assets comprising the Sir Speedy Center shall be considered either a joint Franchisee or successor Franchisee (at Franchisor's option) and bound by this arbitration agreement. The situs of the arbitration shall be in Orange County, California.

The arbitration may proceed in the absence of either party, providing that notice of the filing of the arbitration has been sent to the other party in accordance with this Agreement.

The decision of the arbitrator shall be final and binding upon the parties hereto, and judgment upon the award rendered by the arbitrator, may be entered in any court having jurisdiction thereof. Franchisee hereby consents to California personal jurisdiction for himself and any corporation owning some or all of the assets of the Sir Speedy Center, and hereby consents to service of process by way of certified mail, return receipt requested, sent to the Sir Speedy Center location, signed by a duly employed employee of Franchisee, or by personal service or by substitute service in accordance with California law. The parties agree that punitive damages shall not be available as a remedy for a breach of this Agreement or any dispute relating to this Agreement.

If any party commences an action, either arbitration or court proceedings, against any other party arising out of or in connection with this Franchise Agreement, the prevailing party or parties shall be entitled from the losing party or parties, both attorney's fees and costs of the arbitration and/or suit as part of the judgment rendered, along with attorney's fees and costs incurred in enforcing any such judgment.

Notwithstanding the above, the arbitrator shall have no power or authority to diminish Franchisor's complete and exclusive right, title and interest in its patents, trademarks, service marks, trade names, copyrights and other trade secrets, or to vary the terms, condition or payments which Franchisor has designated for licensing the same.

This section 9e shall survive and remain in full force and effect subsequent to termination of this Agreement.

f. **Waiver**. No delay, waiver, omission or forbearance on the part of Franchisor to exercise any right, option or power arising out of any breach or default by Franchisee, or by any other Franchisee, of any of the terms, provisions or covenants contained herein, shall constitute a waiver by Franchisor thereof to enforce any such right, option or power as against Franchisee, or as to a subsequent breach or default by Franchisee.

Except where contrary to a specific law in Franchisee's state, written notice of any alleged default by Franchisor of this Agreement must be given by Franchisee to Franchisor within 18 months of the alleged default or Franchisee is precluded from raising such alleged default thereafter in any proceeding involving Franchisor or Franchisee. Franchisor and Franchisee both hereby waive the right to assert the principles of collateral estoppel in any action between them. Franchisor and Franchisee hereby waive any right to a jury trial.

g. **Severability**. Should any provision of the Agreement for any reason be construed or declared to be invalid, such decision shall not affect the validity of any remaining portion, which remaining portion shall remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated.

h. **Right of Successors**. The Franchisor has the right to assign the Franchise Agreement and all its rights and privileges thereunder, to any other person, firm, or corporation, provided that the assignee is financially responsible and economically capable of performing the obligations of Franchisor. The Assignee must also assume and agree to perform all obligations

of Franchisor under the Franchise Agreement. The Franchisee's consent is not required for any such assignment.

i. **Previous Agreements and Representations.** Upon execution of this Agreement by both parties, all previous agreements, contracts, arrangements or understandings of any kind relative to the franchise herein granted are canceled and all claims and demands thereon are fully satisfied.

No agent or representative of Franchisor has authority to make any representations, statements, warranties, or agreements not herein expressed and Franchisee agrees that no such representations, statements, warranties or agreements have been made, or if made, that no reliance thereon has been considered in the signing of this Agreement.

j. **Notice.** Whenever, under the terms of this Agreement, notice is required, the same shall be given in writing and delivered personally and shall be deemed delivered three business days after notice has been sent by United States certified or registered mail postage prepaid. All such notices intended for Franchisor shall be addressed to it at:

Sir Speedy, Inc.  
26722 Plaza Drive  
Mission Viejo, California 92691

or as may be designated in writing by Franchisor. Notice to Franchisee shall be directed to the Center's address.

k. **Terminology and Construction.** All terms and words used in this Agreement regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular and plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any section, paragraph or clause herein may require, as if such words had been fully and properly written in the appropriate number and gender. If Franchisee consists of two or more individuals or entities, such individuals and/or entities shall be jointly and severally liable hereunder.

l. **Entire Agreement; Modification.** The Franchise Agreement and the accompanying Offering Circular together contain the entire Agreement of the parties and there are no representations, inducements, promises, agreements, other than those set forth and duly executed in writing. This or any other agreement of any kind or any addendum or exhibit, amending, altering or changing the context of any portion hereof, shall not be binding unless it is executed by an appropriate officer at Sir Speedy Corporate offices and by Franchisee or Franchisee's representative. Certain aspects of the franchise relationship may be affected by changes in Franchisor's Operations Manuals. The Franchisor may make such modifications without Franchisee's approval, so long as they are reasonable and apply uniformly to all Franchisees.

m. **Performance, Applicable Law and Forum.** It is stipulated this Agreement has been negotiated, executed and delivered within the State of California and is to be performed at Franchisor's offices in the County of Orange, California. Except as otherwise provided for hereunder, this Agreement shall be interpreted and the rights and obligations of the parties hereunder governed in accordance with the laws of the State of California, except for Section 7c

of this Agreement which shall be governed by the laws of the State where the Sir Speedy Center is located.

n. **Headings.** The headings of the paragraphs herein are inserted for convenience only and are not intended to be construed as part of the Agreement or to limit the scope of a particular paragraph.

o. **Signature.** This Agreement must be originally signed by an individual if unmarried or if married, individuals and their spouses as Franchisee, or if signed by a Corporation, must be personally guaranteed by the principals and their spouses.

It is acknowledged that should an individual Franchisee subsequently transfer some or all of the assets of the Sir Speedy Center to a corporation, then Franchisee agrees that such corporation shall be considered either a joint or successor Franchisee (at Franchisor's option) to this Franchise Agreement, and shall be bound hereby, as if the corporation executed this Agreement.

p. **Warranty as to Original Document.** Franchisee hereby warrants that he has not caused any electronic modification, scanning or manipulations of the Franchise Agreement received from Franchisor and that this document is the same document received from Franchisor, and agrees that any such modifications or manipulation shall be void.

## 10. INDEPENDENT INVESTIGATION; NO WARRANTIES OR GUARANTEES

a. Franchisee acknowledges that Franchisee has conducted an independent investigation of the Sir Speedy franchise offered hereunder, and recognizes that the business venture contemplated by this Agreement involves business and economic risks and that its success will be largely dependent upon the ability of Franchisee as an independent business person.

Franchisee acknowledges that Franchisor does not warrant or guarantee that Franchisee will derive income from Franchisee's Sir Speedy Center, or that Franchisor will refund all or part of the price paid for Franchisee's Sir Speedy Center, the equipment, supplies, or inventory, if Franchisee is unsatisfied with its Sir Speedy Center.

Franchisee acknowledges that Franchisor has not represented to him or her that a "minimum" or "guaranteed" or "certain" income can be expected from the operation of the Sir Speedy Center. FRANCHISEE ACKNOWLEDGES ADVICE FROM FRANCHISOR THAT FRANCHISOR ABSOLUTELY DOES NOT WANT FRANCHISEE TO ACQUIRE A SIR SPEEDY FRANCHISE IF FRANCHISEE IS RELYING ON ANY REPRESENTATION OF A MINIMUM, GUARANTEED, OR CERTAIN INCOME, OR ANY REPRESENTATION OF SUCCESS OR FAILURE WHATSOEVER.

**11. ACKNOWLEDGMENT AND SIGNING**

IN WITNESS WHEREOF, the parties hereto executed this Agreement at Franchisor's corporate offices, County of Orange, State of California.

I HAVE READ ALL OF THE FOREGOING AGREEMENT AND HEREBY ACCEPT AND AGREE TO EACH AND ALL OF THE PROVISIONS, COVENANTS, AND CONDITIONS THEREIN CONTAINED.

I HAVE RECEIVED A COPY OF THIS AGREEMENT AND HAVE BEEN AFFORDED AMPLE OPPORTUNITY TO REVIEW AND DISCUSS THE TERMS HEREIN AND CONSULT WITH MY LEGAL OR OTHER COUNSEL BEFORE AFFIXING MY SIGNATURE HERETO.

**FRANCHISEE(S):**

_____ Signature	Home Address: _____ _____
_____ (Print Name)	
Dated: _____	Home Phone No.: _____

_____ Signature	Home Address: _____ _____
_____ (Print Name)	
Dated: _____	Home Phone No.: _____

**CORPORATION:  
(Personal Guaranty Required)**

By: _____	Dated: _____
Title: _____	

**APPROVED AND ACCEPTED FOR SIR SPEEDY, INC.**

_____	Effective as of: _____
President	

**PERSONAL GUARANTY OF FRANCHISEE**

(Required if Franchisee is a Corporation)

The undersigned, being the sole owners of the corporation \_\_\_\_\_,  
a \_\_\_\_\_ corporation, and their spouses of the owners, hereby unconditionally  
guarantee the performance of said corporation of all obligations contained in the foregoing  
Franchise Agreement and shall be jointly obligated, along with the corporation, as if the  
undersigned were the original "Franchisees", and further agree that Sir Speedy, Inc. may enforce  
such obligations directly against the undersigned without first looking to the corporation.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Home Address

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
Signature of Spouse

\_\_\_\_\_  
Home Phone Number

\_\_\_\_\_  
(Print Spouse's Name)

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Home Address

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
Signature of Spouse

\_\_\_\_\_  
Home Phone Number

\_\_\_\_\_  
(Print Spouse's Name)

Date: \_\_\_\_\_

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**EXHIBIT "A"**  
**of the**  
**Franchise Agreement**

**SIR SPEEDY 2006 PRINTING CENTER PACKAGE**

<b>QTY</b>	<b>ITEM</b>
<b>OFFICE AND ADMINISTRATIVE EQUIPMENT AND SOFTWARE</b>	
1	Owner's Administrative Computer/Laptop w/Software Bundle
1	CSR/Point of Sale Computer w/ Software Bundle
1	Administrative/Point of Sale Printer w/Fax Capability
1	PrintSmith Pricing Application Software
1	ACT! Contact Management Software
1	Quickbooks Pro Bookkeeping Software
<b>PRE-PRINTING AND GRAPHICS EQUIPMENT AND SOFTWARE</b>	
1	Apple Graphics Computer Bundle with Display -Mac OS
1	Graphics Computer Bundle with Display - Windows OS
1	RAID 5 Network-Attached File Storage Server
1	Data Backup Equipment and Software System w/Media
1	Internal Data Network Connection Device/Switch
3	UPS Power Supply (Uninterruptable Power Source)
1	HP 3500N Color Laser Printer
1	Epson Expression 1000XLFlatbed Scanner w/Software
1	Broadband VPN Router
1	Extensis Suitcase Fusion Font Utility Software
2	Quark XPress - Design & Layout Software
2	Adobe Creative Suite - Design & Layout Software
2	Flightcheck Pre-Printing File Analysis Software
2	Microsoft Office Suite: Standard Software for Multiple Applications
1	Variable Data Printing Application Software
<b>LARGE FORMAT DIGITAL PRINTING AND FINISHING DEVICES</b>	
1	HP5500ps Large Format Inkjet Printer w/Internal RIP
1	Proseal 44" Laminator & Cart
1	Stimpson 405 Hand-Press Grommet Machine
1	Seal MultiCut 1000 Wall-Mount Cutter
<b>BINDERY, FINISHING AND MATERIAL HANDLING EQUIPMENT</b>	
1	Challenge Single-Spindle Paper Drill
1	Duplo 920 High-Speedy Paper Folder
1	Duplo 490 19.5" Automated Paper Cutter
1	HD7700 Power Punch w/Die plus HD4170 Coil Bind Inserter
1	RB Sun HS-2000AB Business Card Slitting Machine
1	Unibind U625 Perfect and Case Binding Machine
1	Nitney Paddington II Pad Production Machine
1	Babypack 1217 Shrinkwrapping Machine

Exhibit "A"  
of the  
Franchise Agreement

**SIR SPEEDY 2006 PRINTING CENTER PACKAGE**

<b>QTY</b>	<b>ITEM</b>	
<b>BINDERY, FINISHING AND MATERIAL HANDLING EQUIPMENT (CONT.)</b>		
2	Rolling Paper Stock Cart	
1	Sparco Convertible Hand Truck	
1	Rapid 106 Electric Stapler	
1	CreaseMaster Manual Creasing Machine	
<b>MAILING AND SHIPPING SERVICE EQUIPMENT AND SOFTWARE</b>		
1	Secap 22K Inkjet Addressing Machine	
1	Secap TC-36 Conveyor and TD-36 Dryer	
1	Satori Bulkmailer Standard Mailing Application Software	
<b>FIXTURES AND FURNITURE</b>		
1	Reception Desk/Counter	
3	Rolling Metal Work Tables w/Paper Storage	
2	Stationary Metal Work Tables w/Paper Storage	
1	Cut-proof Mat for Work Table Surface	
1	Production Management System Peg-Boards	
1	Owner's Desk	
3	Desk/Task Chairs	
2	Graphics Department Desks	
2	Lobby Chairs	
1	Magazine Table	
1	Sir Speedy Logo Floor Mat	
<b>SIGNAGE AND DECOR</b>		
	Exterior Lighted Sign (Where Appropriate)	Footnote 1
	Vinyl Window Graphics & Wall Striping	Footnote 2
	Framed Lobby Displays: Product & Services Listings	Footnote 3

**TOTAL EQUIPMENT PACKAGE**

**\$81,413**

Notes:

1. Where Location allows exterior sign(s), Franchisee to purchase locally.
2. Interior & exterior graphics included in Training & Opening Services.
3. Framing is provided in Training & Opening Services; Franchisee prints display sheets.

In addition to the above Equipment Package, Franchisee is required to have on the premises two (2) digital production devices, which are leased directly from the vendor:

<b>DIGITAL DOCUMENT PRODUCTION DEVICES</b>		
1	Konica Minolta BIZHUB PRO 1050 Monochrome Digital Printer/Copier	
1	Konica Minolta BIZHUB C500 Production Digital Color Printer/Copier	

THE ABOVE PRICE DOES NOT INCLUDE FREIGHT, HANDLING, INSTALLATION OR SALES TAX.

The price of the package will be based on the cost of the items in Exhibit "A" in effect at the time the merchandise is ordered. You will be sent a revised invoice should it be necessary. However, in no event will the price of the equipment be increased by more than 10%.

**Specified vendor-named items may be replaced by similar items of a different manufacturer, or by a different model for the same manufacture.**

FRANCHISEE(S)

Dated: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

SIR SPEEDY, INC.

Effective as of: \_\_\_\_\_

By: \_\_\_\_\_

President

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**EXHIBIT "B"**  
of the  
**Franchise Agreement**

**GROSS SALES, CONTINUING FRANCHISE FEE AND REBATE**

**1. Continuing Franchise Fee**

Franchisee is required to pay to Franchisor a Continuing Franchise Fee of 4% of Franchisee's gross weekly sales for the first 12 months the Center is in operation (or under new ownership) and 6% of Franchisee's gross weekly sales, thereafter, for the duration of the Agreement. Such Continuing Franchise Fees shall be paid weekly via automatic draft or electronic transfer from Franchisee's checking account, based on the reports required by Section 4q hereof, which shall be faxed to Franchisor, no later than Wednesday following the week for which the payment is due. The weekly period shall extend from Monday through the following Sunday. "Gross sales" as used in this Agreement shall mean the total revenues derived by cash sales of merchandise or otherwise (which shall include the retail value of trade-outs or bartering of services or products) or charge sales thereof, or revenues from any source arising out of the operation of such Center, including all revenues from any kiosk, deducting therefrom all returns, refunds and allowances, if any, and any sales or excise taxes which are separately stated and which Franchisee may be required to and does collect from customers and pay to any federal, state or local taxing authority. Franchisor may charge interest at the California Judgment rate on all monies due Franchisor and not paid within 10 days from the due date. Where Franchisee has failed to remit the appropriate transmittal reports, Franchisor is authorized to estimate amounts due based on prior reports or any other relevant information. However, Franchisee remains liable for the actual Continuing Franchise Fees due if more than the estimated amounts.

**2. Rebate of Certain Continuing Franchise Fees**

Franchisor will compute the Continuing Franchise Fees due from Franchisee, based on the gross sales of each quarter of a calendar year (hereinafter called "designated quarter") according to the Rebate Schedule below and will remit to Franchisee a cash rebate for the difference between Continuing Franchise Fees paid and computed Continuing Franchise Fees per Schedule where applicable, but only if Franchisee has qualified for such rebate by having fully complied with all provisions governing qualifications for cash rebates. The rebate shall not be in effect the first twelve months the Center is in operation, or changes ownership.

**3. Qualifications for Rebates**

a. Franchisee shall have complied on a complete and timely basis with all provisions of Section 1 above pertaining to the payment of Continuing Franchise Fees during the designated quarter of a calendar year.

b. Franchisee shall have submitted all required reports and payments including the Transmittal Sheets. Franchisor must be in receipt of any required items within 15 days after the completion of each weekly period.

c. In order to fairly substantiate gross volumes, Franchisee shall have submitted to Franchisor a copy of Franchisee's State or Political Subdivision Sales Tax Report where required by such taxing authority for the quarter immediately preceding the quarter for which the rebate is being calculated. Franchisor must be in receipt of the above-referenced Franchisee's State Sales Tax Report within 15 days following the last day of the designated quarter of a calendar year. If no sales tax is applicable in Franchisee's state, Franchisor will require a profit and loss statement for the preceding quarter, certified by Franchisee. Franchisor reserves the right to audit books, records and tax returns of Franchisee.

d. Franchisor shall not grant or pay rebates if Franchisee is delinquent in any monetary obligations to Franchisor, which include but are not limited to, Advertising Fees and/or notes, or any monetary obligations under which Franchisor is guarantor or bears ultimate responsibility for the payment thereof.

e. Franchisor shall issue such rebates, where applicable, to Franchisee on or before the last day of the month following the end of each designated quarter.

f. The amount of quarterly gross sales figures upon which rebates are applicable shall be adjusted at the expiration of each calendar year to reflect increases in the cost of living. The adjustment, if any, shall be calculated on the basis of the Los Angeles-Anaheim-San Bernardino Area All-Items Consumer Price Index (the "Index") 1967-100 Standard Reference Base, or the U.S. Cities All-Items Consumer Price Index, whichever is higher, published by the Bureau of Labor Statistics of the United States Department of Labor. Any such adjustment of the quarterly gross sales schedule may be rounded to the nearest \$250.00. Each year a new Rebate Schedule shall be applicable for the ensuing year.

**REBATE SCHEDULE FOR 2006**

QUARTERLY GROSS SALES	REQUIRED CONTINUING FRANCHISE FEE RATE	EFFECTIVE RATE AFTER REBATE
\$0 to \$206,250	6%	6%
\$206,251 to \$275,000	6%	5%
\$275,001 to \$343,500	6%	4%
\$343,501 to \$446,750	6%	3%
\$446,751 and up	6%	2%

FRANCHISEE(S)

Dated: \_\_\_\_\_

\_\_\_\_\_

SIR SPEEDY, INC.

Effective as of: \_\_\_\_\_

By: \_\_\_\_\_

President