

expand your population base, you must sign an amendment to your Franchise Agreement that will redefine the geographic boundaries of your Territory.

Item 13

TRADEMARKS

The table below contains a list of the principal trademarks we own in the United States. You must conduct your business under the trademarks THE SPORTS SECTION and TSS PHOTOGRAPHY or other Marks and symbols we authorize you to use.

We have registered the following Marks on the Principal Register of the United States Patent and Trademark Office (the "PTO"):

<i>MARK</i>	<i>CLASSES</i>	<i>REGISTRATION DATE</i>	<i>REGISTRATION NUMBER</i>
THE SPORTS SECTION	16	August 15, 1984	1,290,052
THE SPORTS SECTION- "THE BEST IN YOUTH & SPORTS PHOTOGRAPHY" and Design	16, 20, 35, 42	August 8, 2000	2,375,175
MEMORIES IN MOTION	16	September 11, 2001	2,488,710
TSS KIDS CLUB and Design	16, 35, 41	March 29, 2005	2,935,828
TSS PHOTOGRAPHY and Design	16, 41	May 24, 2005	2,954,343

We also registered the trademark THE SPORTS SECTION MVP in our name in the State of Georgia under Registration Number 4988 on October 14, 1983. On January 8, 1990, the trademark was registered in the Country of South Africa under the Registration Number 90/0020 for International Class 16. On May 29, 1992, the trademark for THE SPORTS SECTION was registered in Canada under Registration Number TMA0398791 for the equivalent of International Class 16. We also registered the trademark THE SPORTS SECTION, INC. "THE NATION'S LEADER IN YOUTH SPORTS PHOTOGRAPHY" and STADIUM DESIGN in Canada on December 29, 1998 under Registration Number TMA505954 for the equivalent of International Classes 16, 28 and 35. We registered the trademark TSS KIDS CLUB & Design in New Zealand on June 2, 2005 under Registration Number 722335 for International Classes 16, 35, and 41, and also registered TSS PHOTOGRAPHY & Design in New Zealand on June 2, 2005 under Registration Number 722336 for International Classes 16 and 41.

We have applied for registration on the Principal Register of the following additional Mark: TSS EXPRESS ACTION & EVENT PHOTOGRAPHY and Design (Class 41). By not having a registration for this mark, we do not have any presumptive legal rights normally granted by a registration, especially a federal registration on the Principal Register.

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

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

As of the effective date of this Offering Circular, there is no litigation pending arising out of our Marks, and we are not aware of any infringing use of our Marks. There are presently no effective material determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, province, territory, or region, or any court adverse to our rights in the Marks, nor are there any pending infringement, opposition, cancellation proceedings, or material litigation, involving the Marks. A notice of opposition was filed against us in April 2000 to block our attempt to register the MEMORIES IN MOTION trademark. The opposing party claimed first use of the mark in February 1999 for photograph holders for scrapbooks. We signed a co-existence agreement with the opposing party on November 25, 2000 which allowed us to proceed with our registration application, but also permitted the opposing party to use the mark in association with its business. We have since registered the trademark MEMORIES IN MOTION with the PTO.

We are not a party to, or bound by, any agreement that significantly limits our rights to use or license others to use the trademark "THE SPORTS SECTION" or other Marks in any manner material to the franchise we offer.

We have conducted a limited computerized trademark and service mark search which revealed that there is no other federal registration that is identical to the trademark THE SPORTS SECTION for the operation of processing and printing digital files and/or images to produce specialty photographic products. However, there are several marks containing the words "Sports" and "Section," which suggests that the scope of protection available to us and our franchisees, even with federal registration, is in certain respects limited. We have also been advised that there are several trade name listings that show "Sports Section" as part or all of a mark. Before you sign the Franchise Agreement, you should investigate independently whether your use of the trademark THE SPORTS SECTION in your Territory might infringe on the rights of any third party, particularly in your intended area of operations. We are aware of a company in Illinois and California using the mark "The Sports Section" to describe the wearables it sells through catalogs, stores, and e-commerce. The company has a federal registration dated February 1991 (Reg. No. 1,635,814) with its first use after our first use of this mark.

You must immediately notify us, in writing, if you become aware of any unauthorized use of our Marks, trade names, or other Proprietary Information, and you must permit us to participate in any litigation involving you and our Marks. We are not obligated to protect you against claims of infringement or unfair competition related to the use of the trademark "THE SPORTS SECTION" or any other trademark, service mark, trade name, logotype, or other commercial symbol. Although we are not

obligated to do so, we intend to defend, as we deem practicable, at our own expense, third-party claims of infringement of the trademark "THE SPORTS SECTION" or our other Marks that you use in compliance with the Franchise Agreement and our written directives. We have the sole discretion to take the action we deem appropriate, and the right to control exclusively any litigation, United States Patent and Trademark Office proceeding, other administrative proceeding related to any infringement, challenge, or claim, or otherwise related to any Mark.

If we believe it is advisable for us to modify or discontinue the use of our Marks, or use one or more additional or substitute marks or trade names, you must do so, and our sole obligation will be to reimburse you for the tangible costs you incur in complying with this obligation. We are not obligated to reimburse you for any loss of revenue attributable to the modified or discontinued Mark or for any expenditures you incur to promote a modified or substitute mark.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

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

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

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

The Franchise Agreement does not require you to participate personally in the conduct of the Franchised Business. However, we are not seeking franchisees who intend for their franchises to be a mere passive investment or persons who are buying franchises for their children or relatives. We believe that your substantial attention to the Franchised Business will be essential to your success. We expect owners and managers to devote their best efforts to the conduct of the Franchised Business, although managers need not be equity owners in a franchisee that is a corporation, partnership, limited liability company, or other business entity. We also expect owners and managers to complete our training

programs. We make no estimate as to the amount of time you must devote to the Franchised Business; however, you are responsible for maintaining a staff of employees and service representatives sufficient to operate the Franchised Business. All of your directors, officers, shareholders, partners, members, managers, and employees must sign The Sports Section, Inc. Non-Solicitation and Non-Disclosure Agreement attached to the Franchise Agreement as Schedule C, agreeing to be bound by certain obligations of the Franchise Agreement, including prohibitions against divulging confidential information or trade secrets, soliciting Sports Section customers, or competing against you.

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

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may promote, market, and sell only the specialty photographic products we approve. You may not promote, market, or sell any product or service that we have not previously approved (*see* Items 8 and 9 of this Offering Circular). The Products we authorize you to sell are described in our Product Price List. You must offer the entire Product line, except the TSS Express Program, which is voluntary. We have the unlimited right to change the types of Products offered; however, we attempt to solicit franchisee feedback before we add new Products or remove any existing Products from our offerings, so that the Products you offer through your Franchised Business are appealing to your customers and clients. If you desire to offer a product or service that we have not previously approved, you must first obtain our written approval. We will not unreasonably withhold our consent to the new product or service you propose.

You may sell the Products to any customers you desire, provided they reside or work within your Territory (*see* Item 12 of this Offering Circular).

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

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the Franchise Agreement. You should read these provisions carefully. The Franchise Agreement is attached to this Offering Circular as Exhibit B.

Provision	Section in Franchise Agreement	Summary
a. Term of the franchise	Section 3.1	10 years
b. Renewal or extension of term	Section 3.2	If you are in good standing under your Franchise Agreement or any renewal Agreement, you may renew your Franchise for an additional 10 year term
c. Requirements for you to renew or extend	Section 3.2	You must notify us in writing, sign new agreement, pay renewal fee (unless you have a Plan 1 franchise which has no renewal fee), have fully performed during previous term, and not be in default under the Franchise Agreement
d. Termination by you	Section 5.2	If we fail to indemnify you for any judgment against you arising out of your proper use of our Marks
e. Termination by us without cause	None	We cannot terminate you without cause
f. Termination by us with cause	Section 9.1	We may terminate only if you default or commit any one of several listed violations
g. "Cause" defined — defaults which can be cured	Section 9.1(j)	20 days for failure to abide by our standards and procedures
h. "Cause" defined — defaults which cannot be cured	Section 9.1(a)-(i) and (k)-(n)	Monetary defaults, failure to meet our minimum productivity level ⁽¹⁾ , abandonment, abuse of our Marks, unapproved transfer, false statements or reports, fraud, breach of confidentiality, conviction of a felony, assignment for benefit of creditors, insolvency, repeated violations
i. Your obligations on termination/nonrenewal	Section 10	Pay outstanding amounts; give us your employee and customer lists, databases, records, and mailing lists; return our confidential information; de-identify your business; promote a separate identity (<i>see</i> Section "r" below)
j. Assignment of contract by us	None	We may freely assign the Franchise Agreement in our absolute discretion
k. "Transfer" by you — definition	Section 8.16	Includes transfer of Franchise Agreement or assets, or ownership change
l. Our approval of transfer by you	Section 8.16	We have the right to approve all transfers, but we will not unreasonably withhold our consent
m. Conditions for our approval of transfer	Section 8.16	Transferee meets our criteria and agrees in writing to be bound by your obligations; you or the transferee pay all amounts due in full, you are not in default under the Franchise Agreement, you or the transferee pay the transfer fee, after transfer at least one owner will actively manage the franchise, you sign a release

Provision	Section in Franchise Agreement	Summary
n. Our right of first refusal to acquire your business	Section 8.16	We can match any offer
o. Our option to purchase your business	None	We do not have an option to purchase your Franchised Business
p. Your death or disability	Section 8.16	Your heirs may assign your interest to anyone who meets our criteria for new franchisees
q. Non-competition covenants during the term of the franchise	Section 8.10 Schedule C	No competing business by Franchisee anywhere. Owners, managers and employees may not be involved in competing business
r. Non-competition covenants after the franchise is terminated or expires	Section 8.10 Schedules D and G	No competing business by Franchisee within Territory for one year. No soliciting Sports Section customers within the Territory for two years. You must transfer your telephone number and directory listings to us.
s. Modification of the agreement	Section 12.5	No modifications without all parties' agreement, but we may unilaterally change the Manual
t. Integration/merger clause	Section 12.2	Only the terms of Franchise Agreement are binding (subject to state law)
u. Dispute resolution by arbitration or mediation	Section 11.2	Except for certain claims, all disputes must be arbitrated in Atlanta, Georgia (subject to state law)
v. Choice of forum	Section 12.14	Litigation must take place in Atlanta, Georgia (subject to state law)
w. Choice of law	Section 12.14	Law of state where Territory is located governs matters related to non-compete covenants. Georgia law applies to all other matters (subject to state law)
x. Limitation of Claims	Section 11.3	Claims related to the Franchise Agreement are barred unless brought within one year from date party knew or should have known of claims

Explanatory Notes

1. If you fail to meet your minimum productivity levels, your Franchise Agreement may be terminated, or we may offer you the option to avoid termination by reducing the size of your territory to a population level that more closely reflects your actual productivity level. *See* Item 12 of this Offering Circular. If you choose to avoid termination by reducing the size of your Territory, you must sign an amendment to your Franchise Agreement, which specifies your reduced territorial boundaries and any new minimum productivity levels. We will not compensate you for the portion of your Territory you lose, and we have the right to offer that portion for sale to another franchisee.

These states have statutes which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Sections 4-72-201 to 4-72-210], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Sections 42-133e to 42-133h], DELAWARE [Code Sections 2551-2556], HAWAII [Rev. Stat. Section 482E-6], ILLINOIS [ILCS, Ch. 815, Sections 705/1-705/44], INDIANA [Stat. Section 23-2-2.7],

IOWA [Code Sections 523H.1-523H.17], MARYLAND [Stat. Sections 11-1301 to 11-1307], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Sections 75-24-51 to 75-24-61], MISSOURI [Stat. Sections 407.400-407.410, 407.420], NEBRASKA [Rev. Stat. Sections 87-401 to 87-410], NEW JERSEY [Stat. Sections 56:10-1 to 56:10-12], RHODE ISLAND [Code Section 19-28.1-14], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code Sections 13.1-557 to 13.1-574], WASHINGTON [Code Sections 19.100.180, 19.100.190], WISCONSIN [Stat. Sections 135.01-135.07]. These and other states may have court decisions that may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise.

A provision in the Franchise Agreement which terminates the Franchise upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

Some states including California [Bus. and Prof. Code Sections 20000-20043] provide that if the Franchise Agreement contains a provision that is inconsistent with state law, the state law will control.

Please see the State Regulation and Requirements Addendum (found immediately after Item 23 of this Offering Circular) to this Offering Circular for additional factors affecting the Franchise Agreement.

Item 18

PUBLIC FIGURES

We do not use any public figures to promote our franchise.

Item 19

EARNINGS CLAIMS

We have attached to this Offering Circular as Exhibit H selected gross revenue information regarding the historical revenue performance of selected franchisees. On reasonable request, we will supply you with data that substantiates this sales information. Other than the information contained in Exhibit H, we do not give or authorize our salespersons to give any oral or written information concerning the actual, average, projected, or forecasted sales, costs, profits, income, or earnings of a particular Franchised Business. Actual results will vary from Franchised Business to Franchised Business and we cannot predict the results you and your Franchised Business will attain. Please refer to the California Addendum to this Offering Circular for additional information regarding earnings claims.

Item 20

LIST OF OUTLETS

**FRANCHISED BUSINESS STATUS SUMMARY
FOR FISCAL YEARS ENDING
MAY 31, 2005/2004/2003^(Note 1)**

State	Transfers	Canceled or Terminated	Not Renewed	Reacquired By Franchisor	Left The System Other	Total From Left Columns (Note 2)	Franchises Operating at Year End (Notes 1&3)
Alabama	1/0/0	0/0/1				1/0/1	6/6/5
Alaska							2/1/1
Arizona		0/0/0				0/0/0	3/3/3
Arkansas		0/0/0				0/0/0	0/0/0
California	2/1/0					2/1/0	16/12/9
Colorado	0/1/0	3/1/0				3/2/0	1/4/3
Connecticut		0/0/2				0/0/2	5/5/2
Delaware							1/1/0
Florida	0/3/1	1/0/0				1/3/1	1410/11
Georgia	0/0/3	2/0/0				2/0/3	14/14/11
Hawaii		0/1/0				0/1/0	0/0/1
Idaho		0/0/1				0/0/1	0/0/0
Illinois	0/0/1	0/1/0				0/1/1	8/8/8
Indiana	0/0/0	0/1/0				0/1/0	5/5/5
Iowa		0/0/0				0/0/0	1/1/1
Kansas	0/0/2					0/0/2	3/3/2
Kentucky							3/3/2
Louisiana		1/0/0				1/0/0	2/3/3
Maine							2/2/1
Maryland		1/0/0				1/0/0	11/5/6
Massachusetts		0/2/0				0/2/0	2/2/4
Michigan	0/1/1					0/1/1	9/9/8
Minnesota	0/1/0	1/0/0				1/1/0	1/2/1

State	Transfers	Canceled or Terminated	Not Renewed	Reacquired By Franchisor	Left The System Other	Total From Left Columns (Note 2)	Franchises Operating at Year End (Notes 1&3)
Mississippi							2/2/2
Missouri		2/0/0				2/0/0	3/5/2
Montana							1/1/1
Nebraska							2/2/2
Nevada	0/0/1	0/2/0				0/2/1	0/0/2
New Hampshire							3/3/3
New Jersey		0/0/0				0/0/0	10/7/5
New Mexico							0/0/0
New York		1/1/1				1/1/1	10/11/9
North Carolina	1/0/2	0/0/2				1/0/4	9/6/6
North Dakota							0/0/0
Ohio	0/1/0	1/0/0				1/1/0	12/11/9
Oklahoma							1/1/1
Oregon							1/1/0
Pennsylvania	1/0/0	0/0/0				1/0/0	11/10/9
Rhode Island	0/0/0					0/0/0	5/5/2
South Carolina							5/4/4
Tennessee		1/1/0				1/1/0	3/4/4
Texas	0/0/2	2/2/3				2/2/5	22/24/18
Utah							1/0/0
Vermont		1/0/0				1/0/0	1/1/1
Virginia	1/0/0	1/1/1				2/1/1	3/3/4
Washington							0/0/0
West Virginia							2/2/2
Wisconsin		1/0/0				1/0/0	6/7/5
Wyoming							0/0/0
TOTALS	6/8/13	17/13/11	0/0/0	0/0/0	0/0/0	23/21/24	222/209/178

Explanatory Notes

1. All numbers are for the 12-month period ended May 31 for each year shown.

2. The numbers in the “Total” column may exceed the number of franchises affected because several events may have affected the same franchise. For example, the same franchise may have had multiple owners.

3. This chart shows the number of franchise agreements in effect at the end of each fiscal year. In instances where franchisees have multiple territories in one or more under one franchise agreement, we have used the state where the franchisee’s principal place of business is located.

4. We also have master franchisors in Canada, New Zealand and Australia. Together, they have sold 14 franchises.

**PROJECTED OPENINGS FOR FISCAL YEAR
BEGINNING JUNE 1, 2005**

State	Franchise Agreements Signed But Franchise Not Open	Projected New Franchised Businesses Between 6/1/05-5/31/06	Projected Company Owned Franchises Opening Between 6/1/05-5/31/06
Alabama	0	1	0
Alaska	0	1	0
Arizona	0	1	0
Arkansas	0	1	0
California	0	2	0
Colorado	0	1	0
Connecticut	0	0	0
Delaware	0	0	0
Florida	0	1	0
Georgia	0	1	0
Hawaii	0	1	0
Idaho	0	1	0
Illinois	0	1	0
Indiana	0	1	0
Iowa	0	1	0
Kansas	0	1	0
Kentucky	0	1	0
Louisiana	0	1	0
Maine	0	1	0
Maryland	1	1	0
Massachusetts	0	1	0
Michigan	0	1	0
Minnesota	0	1	0
Mississippi	0	1	0
Missouri	0	1	0
Montana	0	0	0
Nebraska	0	1	0
Nevada	0	1	0
New Hampshire	0	0	0
New Jersey	0	1	0
New Mexico	0	1	0

State	Franchise Agreements Signed But Franchise Not Open	Projected New Franchised Businesses Between 6/1/05-5/31/06	Projected Company Owned Franchises Opening Between 6/1/05-5/31/06
New York	0	1	0
North Carolina	0	1	0
North Dakota	0	0	0
Ohio	2	1	0
Oklahoma	0	1	0
Oregon	0	1	0
Pennsylvania	0	1	0
Rhode Island	0	0	0
South Carolina	0	1	0
South Dakota	0	1	0
Tennessee	0	1	0
Texas	0	2	0
Utah	0	1	0
Vermont	0	0	0
Virginia	0	1	0
Washington	0	1	0
West Virginia	0	0	0
Wisconsin	0	1	0
Wyoming	0	1	0
TOTALS	3	44	0

A list of the names of all franchisees and the addresses and telephone numbers of their franchises are listed on Exhibit C-1 to this Offering Circular. A list of the name and last known home address and telephone number of every franchisee (or the last known business address or address of a principal officer of a franchisee that is a corporation, partnership, limited liability company, or other business entity) who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the 12-month period ended May 31, 2005, or who has not communicated with us within 10 weeks of the date of this Offering Circular, is attached as Exhibit C-2.

Item 21

FINANCIAL STATEMENTS

Attached to this Offering Circular as Exhibit D are the audited financial statements of The Sports Section, Inc. for the fiscal years ended May 31, 2005; May 31, 2004; and May 31, 2003, including balance sheets and statements of earnings, stockholders' equity, and cash flows. Exhibit D also includes the unaudited financial statements of The Sports Section, Inc. for the interim period ending August 31, 2005.

The financial information of The Sports Section, Inc. in Exhibit D reflects the revenue received from operation of The Sports Section only and does not represent revenues of our Parent Corporation, TSS Photography, Inc. Our Parent receives revenues directly from franchisees for digital file processing

and developing for The Sports Section's franchise network. TSS Photography, Inc., a privately held corporation, has elected not to disclose its financial information.

Item 22

CONTRACTS

The Sports Section, Inc. Franchise Agreement is attached as Exhibit B to this Offering Circular. The following additional contracts or agreements are attached as schedules to the Franchise Agreement:

- Schedule B - State Addendum
- Schedule C - The Sports Section, Inc. Non-Solicitation and Non-Disclosure Agreement
- Schedule E - Guaranty
- Schedule F - Telephone Listing Agreement
- Schedule G - Background Screening Authorization and Consent
- Schedule H - Finders Agreement

Additionally, the Statement of Prospective Franchisees is attached as Exhibit E to this Offering Circular.

Item 23

RECEIPT

The last two pages of this Offering Circular are detachable documents acknowledging your receipt of this Offering Circular. You must sign each Receipt. If you are missing these Receipts, please contact us at this address, telephone number or fax number:

THE SPORTS SECTION, INC.
2150 Boggs Road, Suite 200
Duluth, Georgia 30096
(678) 740-0800
(678) 740-0808 (fax)

**ADDENDUM
TO
THE SPORTS SECTION, INC.
FRANCHISE OFFERING CIRCULAR
STATE REGULATIONS AND REQUIREMENTS**

FOR RESIDENTS OF THE STATE OF CALIFORNIA

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

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

Neither we nor any person or franchise broker identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in that association or exchange.

With respect to Item 5, you do not have to pay any initial franchise fees that you would otherwise be required to pay, until we have met all the obligations we owe you prior to your opening and you have commenced doing business. Once these obligations are completed, you must pay us all such fees we deferred and sign a certificate stating that we are entitled to such fees.

Item 19, "Earnings Claims," shall be supplemented by the addition of the following paragraph at the end of the Item:

"The earnings claims figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your (franchised business). Franchisees or former franchisees, listed in exhibits to this offering circular, may be one source of this information."

The California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination and non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control. We may not terminate your Franchise except for good cause, and we must give you a notice of default and a reasonable opportunity to cure the defects (except for certain defects specified in the statute, for which no opportunity to cure is required by law). The statute also requires that we give you notice of any intention not to renew your Franchise at least 180 days before expiration of the Franchise Agreement.

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

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

THE FRANCHISE AGREEMENT REQUIRES APPLICATION OF THE LAW OF GEORGIA AND A FORUM OF ATLANTA, GEORGIA. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW. To the extent permitted by law, you and we waive any right to or claim for any punitive or exemplary damages against each other and agree that in the event of a dispute between us, each shall be limited to the recovery of actual damages only. Each party further waives trial

by jury and, to the extent permitted by law, all claims arising out of or relating to the Franchise Agreement must be brought within one year from the date on which you or we knew or should have known of the facts giving rise to such claims.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Atlanta, Georgia, with the prevailing party's costs and expenses to be borne by the other party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Regarding our website, www.sports-section.com, please note the following:

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

Each provision of this Addendum to the Offering Circular shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law, and the California Franchise Relations Act, are met independently without reference to this Addendum to the Offering Circular.

FOR RESIDENTS OF THE STATE OF HAWAII

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

For Item 17, see the Hawaii Addendum included in Exhibit B to this Offering Circular for changes to the Franchise Agreement affecting the termination and renewal provisions.

For Item 22, the Hawaii Addendum is included in Schedule B to Exhibit B to this Offering Circular. We are currently effective or we currently have filed franchise registrations in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin. No state has refused to register, or revoked or suspended the registration of our Franchises. During the past several years, we filed registration applications with numerous state regulatory agencies, which applications were never fully completed or we inadvertently failed to respond to state regulator requests for additional or explanatory information. In other instances, we abandoned our registration or failed to seek renewal of the registration once our registration period expired.

FOR RESIDENTS OF THE STATE OF ILLINOIS

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

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

Although the Franchise Agreement requires litigation to be instituted in a court in Georgia, all litigation must be instituted in a court of competent jurisdiction located in the State of Illinois, subject to the arbitration provision of the Franchise Agreement.

FOR RESIDENTS OF THE STATE OF INDIANA

Neither The Sports Section, Inc., the Parent Corporation, the Predecessor nor any person identified in Item 2 has any material arbitration proceeding pending, or has during the 10-year period immediately preceding the date of this Offering Circular been a party to concluded material arbitration proceedings.

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

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

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

FOR RESIDENTS OF THE STATE OF MARYLAND

With respect to Item 17, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise. Additionally, any general release required by the terms and conditions of the Franchise Agreement as a condition of renewal, assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The representations you make in the Statement of Prospective Franchisees (Exhibit E in this Offering Circular) will not act as a release, estoppel or waiver of any liability incurred by us under the Maryland Franchise Registration and Disclosure Law.

With respect to Item 17, under certain circumstances, the Franchise Agreement requires you to submit to a court proceeding in the State of Georgia. These provisions may run contrary to the Maryland Franchise Registration and Disclosure Law. Therefore, nothing will preclude you from being able to enter into litigation with us in Maryland, as long as the nature of the litigation is not the type of dispute, controversy, claim, action, or proceeding which would be subject to arbitration under the Franchise Agreement.

To the extent that any provisions of the Franchise Agreement or Statement of Prospective Franchisees require you to assent to any release, estoppel or waiver of liability as a condition to your purchasing a Sports Section franchise, such provisions are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

FOR RESIDENTS OF THE STATE OF MINNESOTA

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

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

Minn. Stat. Sec. 80C.21 and Minnesota Rule Part 2860.4400J, prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Offering Circular or Franchise Agreement can abrogate or reduce any of your rights provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

FOR RESIDENTS OF THE STATE OF NEW YORK

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

Item 3 of this Offering Prospectus is supplemented with the following: "Neither The Sports Section, the Parent Corporation, the Predecessor nor any person identified in Item 2 of this Offering Circular has been convicted of a felony or pleaded *nolo contendere* to a felony charge or, within the ten year period immediately preceding the application for registration, has been convicted of a misdemeanor or pleaded *nolo contendere* to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations."

Item 4 of this Offering Prospectus is supplemented with the following: "During the ten (10) year period immediately preceding the date of this Offering Prospectus, neither The Sports Section, Inc., the Parent Corporation, the Predecessor nor any predecessor, officer or general partner of The Sports Section, Inc. has been adjudged bankrupt or reorganized due to insolvency or been a principal officer of any company or general partner in any partnership that was adjudged bankrupt or reorganized due to insolvency during or within one year after the period that such officer or general partner of The Sports

Section, Inc. held such position in such company or partnership, or is subject to any pending bankruptcy or reorganization proceeding.”

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

Provisions of general releases are mentioned in the Offering Prospectus and specified in the Franchise Agreement. These releases are limited by the following: all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued under this law shall remain in force, it being the intent that the non-waiver provisions of the General Business Law of the State of New York Sections 687.4 and 687.5 be satisfied.

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

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

THE RESIDENTS OF THE STATE OF NORTH DAKOTA

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

Although the Franchise Agreement provides that the place of arbitration will be selected by us, we agree that the place of arbitration shall be a location that is in close proximity to the site of your business.

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

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

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

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

FOR RESIDENTS OF THE STATE OF RHODE ISLAND

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

FOR RESIDENTS OF THE STATE OF SOUTH DAKOTA

Neither The Sports Section, Inc., the Parent Corporation, the Predecessor nor any person identified in Item 2 has any material arbitration proceeding pending, or has during the 10-year period immediately preceding the date of this Offering Circular been a party to concluded material arbitration proceedings.

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

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

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

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

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

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

FOR RESIDENTS OF THE STATE OF WASHINGTON

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

Franchised Business, any inventory and supplies not purchased from us or upon our express requirement: Provided, that we may offset against amounts owed to Franchisee under this provision any amounts owed by you to us.

If any of the provisions in the franchise offering circular or Franchise Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act (the "Act"), the provisions of the Act will prevail over the inconsistent provisions of the franchise offering circular and Franchise Agreement with regard to any Franchise sold in Washington.

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

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

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