

EXHIBIT B
(TO THE OFFERING CIRCULAR)

FRANCHISE AGREEMENT

**TAB BOARDS INTERNATIONAL, INC.
FRANCHISE AGREEMENT
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**TAB BOARDS INTERNATIONAL, INC.
FRANCHISE AGREEMENT**

THIS AGREEMENT ("Agreement") is made this ____ day of _____, 20 __, between TAB Boards International, Inc. ("TAB"), a Colorado corporation located at 1640 Grant Street, Suite 200, Denver, CO 80203, and _____ ("You"), located at _____, which is managed or owned in part or in whole by _____ ("Managing Party", as further defined below), whose address is _____, who, on the basis of the following understandings and in consideration of the following promises, agree as follows:

DEFINITIONS

For purposes of this Agreement, the following terms shall have the meaning as set forth below:

"Affiliate" means individually or collectively any and all entities controlling, controlled by, or under common ownership with TAB, including DCS, Allen Fishman Business Consultants, Inc., and TAB Boards International (Canada) Corporation.

"Ancillary Business" means certain ancillary services or products approved by TAB, such as consulting services that are not the same as or similar in nature to those that form a part of the SBL System as further described in Section 6.6.

"Amounts Collected on Your Behalf" is defined in Section 4.3.

"Boards" or "TAB Boards" means the groups of business leaders who become TAB Members that You will form as part of Your TAB Business.

"Business(es)" or "TAB Business(es)" means the business You will operate according to the Licensed Methods under the Trademarks and pursuant to the terms of this Agreement.

"Business Assessment Fees" means fees paid by Your TAB Members. You are required to pay a portion of these Business Assessment Fees to TAB on a monthly basis.

"Competitive Activity" is defined in Section 11.1.

"Copyrighted Materials" means the Confidential Manual and all other manuals, systems, binders, videos, software, web content, electronic files and printed materials, Licensed Methods including all revisions of or to any of these materials, provided to You by TAB.

"Confidential Information and Trade Secrets" is defined in Section 11.4.

"Confidential Manual" means the Confidential Manual as described in greater detail in Section 5.5.

"Contract Facilitator" is an independent contractor engaged by a TAB franchisee to form and/or facilitate TAB Boards and to provide SBL coaching to TAB Members in full compliance with TAB's requirements.

"International Conference Facilitator Registration Fee" means the registration fee You must pay for the International Conference as described in Section 4.2.h.

"Kick-Off Marketing Campaign" means the marketing campaign to solicit Members to attend a Group Information Meeting as more fully described in Section 6.11.a.1.

"Kick-Off Marketing Costs" means those costs and expenses associated with the Kick-Off Marketing Campaign.

"Licensed Methods" means individually and collectively, the TAB System and SBL System.

"Managing Party" means that if You are a partnership, corporation, limited liability company, or other legal entity, You will designate one owner, partner, manager, member, or officer as the managing party who will have the management responsibility for operating the Business.

"Marketing Development Fee" means the monthly fee You pay to TAB which is deposited in the Franchise Marketing Account as more fully described in Section 7.1.

"Mass Marketing Campaigns" means the campaigns You will conduct as part of Your Business in order to invite prospective TAB Members to attend Group Information Meetings as more fully described in Section 6.11.

"Mediation" is defined in Section 14.2.

"Member(s)" or "TAB Member(s)" means business leaders who participate in the TAB Boards You form and facilitate and/or to whom you provide SBL coaching.

"Member Administration and Support Fee" means the monthly fee You must pay TAB which is explained in Section 4.2.g.

"Membership Dues" means the dues You will charge Your TAB Members.

"Membership Information" means all aspects of the Licensed Methods that relate to TAB's methods for forming TAB Boards, providing SBL coaching and soliciting new Members, and to all written agreements with Members, membership lists, RMP lists, documents, correspondence, membership data, files, lists of renewal dates, rates, and literature of whatever form respecting TAB Boards, TAB Members, or TAB Member prospects with whom You discussed or have had an appointment to discuss any of the Licensed Methods, in the past, present, or future. The term Membership Information does not include Your work product or matters related solely to an Ancillary Business.

"Non-TAB Members" are business leaders who are not TAB Members.

"Opportunity Fee" is a fee You will pay starting on month 19 after Your Start of Business Operations, or earlier if You so elect, in lieu of the Royalty Fee.

"Other businesses" is defined in Section 2.6.

"TAB Indemnified Parties" is defined in Section 12.2.

"TAB Trademarks" means such service marks, trademarks, trade dress, trade names and copyrights, as may presently exist or which may be modified, changed or acquired by TAB or its Affiliates in connection with the operation of the TAB System including but not limited to, THE ALTERNATIVE BOARD TAB®, THE ALTERNATIVE BOARD®, TIPS FROM THE TOP®, TAB ADVISORY FORUM®, TAB BOARDS®, TAB®, TAB BOARDS REWARDS®, TAB BUSINESS VANTAGE®, POCKET VISION®, and pending applications for the Arrow Design logo, ACHIEVE SUCCESS WITH PEER ADVICE AND COACHING™ and TALKTAB™.

"TAB System" means the proprietary methods and system to operate a TAB Business, including TAB's know-how, trade secrets, materials, and methods for providing these products and services as may be changed, improved, modified and further developed by TAB and its Affiliates from time to time.

"TAB Membership Developer" or "TMD" is an individual who provides field support to assist You in the member acquisition process.

"TAB Membership Developer Field Support Fee" or "TMD Field Support Fee" is a fee You must pay which is described in Section 4.2.d.1.

"TAB Membership Developer Field Support Bonus" or "TMD Field Support Bonus" is a fee You must pay which is described in Section 4.2 d.(2) below.

"Trademarks" means individually and collectively the SBL Marks and the TAB Trademarks.

"You" or "Your" is applicable to all persons, corporations, limited liability companies, partnerships, and the Managing Party. You, Your owners, Your assignees and transferees, which in the context are applicable to an individual or individuals, will mean the owner or owners of an equity or voting interest of the Business or any such assignee or transferee, if You or such assignee or transferee is a corporation, partnership, or limited liability company.

1. BACKGROUND AND PURPOSE

1.1 TAB Businesses

TAB owns, operates, and grants franchises for the establishment and operation of a TAB Business that:

- a) forms TAB Boards, provides facilitation services, both in person and by electronic communication methods for the TAB Boards Meetings and provides private coaching sessions for TAB Members, all according to the TAB System and under the TAB Trademarks. TAB Boards act as an alternative to a formal board of directors, to provide objective advice to Members.
- b) provides personal and business planning coaching for TAB Members, which includes, without limitation, a personal and business planning process for business owners and the businesses they own, all according to the SBL System and under the SBL Marks.

(5) To have direct communications, including without limitation, conducting research surveys and testing programs with any party within Your Protected Territory. Such direct communications may include, but are not limited to, TAB contacting You, Your Members and Your prospective Members served by Your Business. You agree to cooperate by participating in such direct communications, as reasonably requested by TAB.

b) **To Allen E. Fishman**

The following rights are retained by and reserved to Allen E. Fishman, the developer of the TAB System and the SBL System and his successors and assigns: The right to give talks, write books and otherwise communicate information in any form relating to the TAB System and the SBL System and to use the TAB Trademarks and the SBL Marks in connection therewith.

c) **To DCS**

The following rights are retained by and reserved to DCS and its successors and assigns: The right to use any of the methodology, aspects, elements or know-how of the SBL System, for any purpose whatsoever *other than* in connection with the personal and business planning process for business owners and the businesses they own. However, DCS does not have the right to use the SBL Marks.

2.3 Protected Territory

So long as this Agreement is in effect and You are not in default of any provisions in this Agreement, TAB and its Affiliates will not engage in, or grant licenses or franchises to others to engage in, soliciting Member prospects for membership in TAB Boards whose business offices are located within Your Protected Territory, with the exception of Prospect Exceptions, as defined in Section 2.4, and individuals running businesses that have offices both within Your Protected Territory and also within the Protected Territory of another party. You acknowledge that the designation of Your Protected Territory: (i) may be modified pursuant to the terms of this Agreement; and (ii) may vary significantly in terms of size, number of total businesses and demographics from the territories of other TAB franchisees due to density of population, business potential, business practice, or any other conditions deemed important by TAB and that TAB will have no obligation to grant You like or similar variations. Your rights and obligations in and to Your Protected Territory will be subject to, and may be modified by, the following:

a) **Protected Territory Classification**

Your Protected Territory Classification is the then current number of total businesses, as determined by third party vendor(s) selected by TAB in its sole discretion that is set forth in Exhibit I. Your Protected Territory Classification will affect the amount of the Initial Franchise Fee, Marketing Development Fee and Opportunity Fee You pay.

b) **Review And Reclassification Of Your Protected Territory**

Your Protected Territory Classification can increase or decrease with fluctuation in the number of total businesses in Your Protected Territory. Starting with the second year after Your Start of Business Operations, Your Protected Territory Classification will be reviewed annually by TAB. Based on the then most current information available to TAB using the zip codes,

c) **Effect Of Increase In Or Reduction Of Protected Territory Classification On Initial Franchise Fee**

A reduction in the Protected Territory Classification of Your Protected Territory will not, for any reason, result in an adjustment of the Initial Franchise Fee You already paid to TAB, as the Initial Franchise Fee, once paid, is not refundable under any circumstances. If the Protected Territory Classification of Your Protected Territory is increased for any reason, You will pay to TAB the difference of the then current Initial Franchise Fee for the higher Protected Territory Classification and the Initial Franchise Fee You already paid to TAB.

2.4 Marketing Outside Your Protected Territory

You may advertise, market, or otherwise solicit for prospective TAB Members if any one or all of the following requirements are met: (1) the prospect has an office within Your Protected Territory; or (2) You have received TAB's explicit, prior written approval. On occasion, a Prospect Exception from outside Your Protected Territory may become a TAB Board Member if any one or all of the following requirements are met. The term "Prospect Exception(s)" refers to the following:

- a) A prospect with whom You have a previous or existing personal, social, or business relationship (such as the prospect having been Your consulting client);
- b) A prospect referred to You by a TAB Member or other party who personally knows the referred prospect (However, the referring party may not solicit outside Your Protected Territory on Your behalf for prospective TAB Members); or
- c) A prospect who attended a Group Information Meeting presented by You prior to the date of this Agreement in Your Protected Territory, if You were an authorized Contract Facilitator engaged by TAB as an independent contract facilitator to facilitate TAB Boards in a TAB-operated territory.

For clarification, TAB interprets "a previous or existing personal, social, or business relationship" in subparagraph (a) above to mean a prospect with whom a franchisee has a relationship that existed before a franchisee signed the Franchise Agreement, or that developed out of an association that occurred naturally and was not solicited. Additional clarification is contained in the Confidential Manual.

You may only solicit prospective TAB Members using materials and methods approved in the TAB Confidential Manual, or which have been approved in writing by TAB. The SBL System may be used only with TAB Members.

You must obtain TAB's prior written approval before You may advertise, market, or solicit for new TAB Members or use any of the Trademarks in any form of general solicitation, including, but not limited to, advertising through radio, television, print media such as the yellow pages or newsprint, e-mail, direct mail, or a website that uses one or more of the words used in any of the Trademarks.

Any URL or website address that You wish to use that includes any of the Trademarks in any form, including, without limitation, using the word "TAB" along with any geographic location or referring to the TAB Business in any way, will be owned by TAB. If You wish to use such a URL or website address, You will request that TAB apply for ownership of the desired URL or website address and license it to You for Your use so long as this Agreement, or any other agreement with TAB or its

subsequent renewal period. Notwithstanding the foregoing, nothing herein implies that You have a right to a holdover and nothing shall limit TAB's rights and remedies with respect to such holdover.

3.3 Renewal

Upon the expiration of the initial term of this Agreement, You have the option to renew the Agreement by executing the then current Franchise Agreement, obtainable from TAB, for consecutive additional terms consisting of 10 years each, subject to all of the following:

- a) Delivery of written notice to TAB of Your intent to renew. The notice must be received not earlier than 12 months and not later than 6 months prior to the expiration date of the term under which You are then operating;
- b) Not later than 90 days before the expiration date of this Agreement, You will execute the then current Franchise Agreement, which may contain materially different terms from those contained in this Agreement;
- c) Not later than 90 days before the date of expiration of this Agreement, You will pay a renewal fee in the amount of \$5,000;
- d) Prior to execution of the then current Franchise Agreement, You will cure any defaults under this Agreement and any other agreement between You and TAB, including satisfaction of all obligations You may have with TAB or its Affiliates, including, but not limited to, all obligations to pay fees and obligations to comply with the Confidential Manual;
- e) You will have attended and satisfactorily completed such refresher training, if any, as TAB may require as a condition of renewal, in its sole discretion, at the then current fee, at such time and place prior to expiration of the initial term of this Agreement or any renewals thereof; and
- f) You will have executed a release, in the form set forth in Section 10.4(f), however, TAB will not be obligated to release any claim against You for any money owed by You to TAB prior to the renewal date.

4. PAYMENTS TO TAB OR THIRD PARTIES

4.1 Payments Due at Time of Signing Franchise Agreement

You must pay the following amounts to TAB, at the time You sign this Agreement, all of which are set forth on the Addendum to Franchise Agreement as Exhibit I of this Agreement, and none of which are refundable in whole or in part:

a) **Initial Franchise Fee**

An Initial Franchise Fee, which varies depending upon Your Protected Territory Classification as follows:

c) **Opportunity Fee (In Lieu of Royalty Fee)**

Starting on the 19th month after Your Start of Business Operations, or earlier if You so elect, You will pay TAB an Opportunity Fee each month instead of the Royalty Fee.

The Opportunity Fee is for the opportunity that the TAB Business provides You to earn income from TAB Members, including the income from Membership Dues and Business Assessment Fees. The Opportunity Fee is payable monthly, will be in lieu of the Royalty Fee, and will vary by Your Protected Territory Classification as set forth in the table below.

Monthly Opportunity Fee Schedule By Protected Territory Classification			
Personal Class 1	Personal Class 2	Master Licensee Class 1	Master Licensee Class 2
\$1,500	\$2,500	\$3,500	\$4,500

Your Opportunity Fee will be deducted from the Amounts Collected on Your Behalf.

During the 37th through 39th months from Your Start Of Business, You will have the right to give TAB written notice that You wish to elect to pay TAB a Royalty Fee instead of an Opportunity Fee. In such event You will need to execute the Royalty Fee Addendum To Franchise Agreement ("Royalty Fee Addendum"), attached as Exhibit IV. The terms of the Royalty Fee Addendum require, among other things, that You relinquish Your Protected Territory and relinquish all marketing rights. The reversion to Royalty Fee will be effective the first full month following 90 days from the date of notice or sooner, in TAB's sole discretion.

d) **TMD Field Support Fees And Bonuses**

(1) **TMD Field Support Fee**

You will pay TAB a "TMD Field Support Fee" of \$2,500 per week for the 3rd and 4th weeks the TMD assists You in Your Group Information Meetings and other Member development activities. Payment is due upon presentation of the TMD Field Support Fee invoice. You will also pay the travel, accommodation, and living expenses for Your TMD, up to a maximum of \$1,500 for each of the four weeks of TMD assistance.

(2) **TMD Field Support Bonus**

You will pay to TAB a "TMD Field Support Bonus" of the total of the first month's Membership Dues received from new Members who join Your TAB Boards within 150 days after attending a meeting in which the TMD participated in presentations or interviews. The TMD Field Support Bonus will be deducted by TAB from Amounts Collected on Your Behalf. TAB will not earn any Royalty Fee on first month's Membership Dues earned by TMD. These amounts will be used in the TMD compensation plan, including payment of bonuses to the TMDs.

attending the International Conference at the then current International Conference Facilitator Registration Fee, which is currently \$250 per person per conference, and FBE Fee. You will also pay for all travel and living expenses for You and Your guests, employees who attend International Conferences.

i) **First Year Business Coaching Fees**

You are required to use and pay for the services of a Business Coach for a minimum of 90 minutes of business coaching per month for the first four full months and 60 minutes per month for the next eight full months after You complete the Initial Training Program ("First Year Business Coaching"). You are required to pay Your Business Coach for his/her services as invoiced, either directly or to TAB, depending on Your TAB-designated Business Coach. First Year Business Coaching services will be charged at the then current rate, which is currently \$100 per hour, whether the services are provided in person, by telephone, email or fax. You are also responsible for all applicable telephone or other communication expenses incidental to the provision of the First Year Business Coaching. If You elect to pay an Opportunity Fee in lieu of a Royalty Fee, Your obligations to use and pay for First Year Business Coaching will cease at such time as You begin paying the Opportunity Fee. However, You may elect to continue using and paying a Business Coach after election of the Opportunity Fee, subject to Business Coach availability.

j) **Contract Facilitator License Fee For Personal Class 1 And Personal Class 2 Territories Only**

If, pursuant to Section 6.9, You are eligible and You elect to obtain the right to license independent Contract Facilitator(s) in Your Protected Territory, as described below, You will pay TAB a Contract Facilitator License Fee of \$500 per month for each of Your Protected Territories, regardless of the number of Contract Facilitators You choose to engage effective the earlier of sixty (60) days after Your Contract Facilitator attends Initial Training or upon the first month that Your Contract Facilitator facilitates Boards or coaches TAB Members.

k) **Purchases Of Promotional Materials, Designated Materials, Supplemental Products And Services**

You will maintain, at all times and in the quantities set forth in the Confidential Manual, or as otherwise communicated, an inventory of Promotional Materials for use by Your Business.

TAB may from time to time, at TAB's option, require You to purchase, as a part of the TAB Promotional Materials, copies of Designated Materials to give or sell to Your TAB Members, TAB Member prospects, and referral sources as part of Your Member acquisition and retention efforts. The number of copies of Designated Materials that You are required to purchase varies based on Your Protected Territory Classification and will be set forth in the Confidential Manual or otherwise communicated to You. You are not required to purchase more than \$500 of Designated Materials during any six-month period.

TAB may deduct and off-set the amounts due, plus any applicable penalties and/or interest, from Amounts Collected on Your Behalf in the future.

e) **Payment Of Taxes**

You will reimburse TAB, its Affiliates, and designees, promptly and when due, the amount of all sales taxes, use taxes, personal property taxes, and similar taxes imposed upon, required to be collected by, or paid by TAB, its Affiliates, or designees, on account of services or goods furnished to You by TAB, its Affiliates, or designees, through sale, lease, or otherwise, or on account of collection by TAB, its Affiliates, or designees, of the Initial Franchise Fee, the Royalty Fee, or any other payments made by You to TAB, its Affiliates, or designees required under the terms of this Agreement.

f) **Increases For Fees, Products, And Services**

Notwithstanding anything contained herein to the contrary, TAB has the right to increase any fees due from You, as well as any charges for products, materials, and services provided to You (whether referred to in this Section 4 or elsewhere in this Agreement), based on TAB's reasonable judgment, from time to time. However, TAB will notify You of such increases at least 30 days before they go into effect, either by memo to You or by an amendment to the Confidential Manual. However, annual increases in the Opportunity Fee and the Contract Facilitator License Fee are limited to the percentage increase in the Consumer Price Index, calculated as of the same date each year ("Date of Adjustment"). The annual adjustment, if any, will be applied beginning the first January following Your first full 12 months after Your Start of Business Operations and each January thereafter, based on the previous calendar year's Consumer Price Index. "Consumer Price Index" means the Consumer Price Index published by the Bureau of Labor Statistics of the United States Department of Labor, U.S. City Average, All items, and Major Group Figures for all Urban Consumers (CPI-U 1982 - 84 = 100). Prices shall never decrease below the prices for the same items in the previous year.

5. SERVICES AND ASSISTANCE PROVIDED BY TAB

5.1 Training Programs

a) **Initial Training**

TAB will conduct an Initial Training Program at TAB's corporate training and support location, consisting of instruction during a minimum six-day period. The Initial Training Program will include a curriculum that is intended to qualify attendees as both a Certified Facilitator and Certified SBL Coach. During Your Initial Training Program, You will receive approximately 2 days of SBL System training needed to become a "Certified SBL Coach." The availability for parties other than the Managing Party to attend the Initial Training Program will be subject to space considerations and prior commitments and will be scheduled by TAB in its sole judgment. Anyone who will serve as a Facilitator must satisfactorily complete the portion of the Initial Training Program designed for Facilitators. Anyone who will serve as a Certified SBL Coach must satisfactorily complete the portion of the Initial Training Program designed for SBL Coaches.

5.2 New Member Materials And SBL Kits

TAB will provide one set of New Member Materials and one SBL Kit to You for each of Your new TAB Members at no cost.

5.3 Support In Your Protected Territory During Your Kick-Off Campaign

TAB will provide You with a TMD for the first four weeks during which You hold Group Information Meetings; however, You will be responsible to pay for two weeks of TMD Field Support in the 3rd and 4th weeks that You hold Group Information Meetings. Unless Your Kick-Off Campaign is completed within one phase, TAB will schedule a TMD for two weeks during phase one of Your Kick-Off Campaign and for two weeks during phase two of Your Kick-Off Campaign, subject to TMD availability. If Your Kick-Off Campaign is completed within one phase, TAB will schedule a TMD for two weeks during Your Follow-Up Campaign, subject to TMD availability.

Your Kick-Off Campaign will generally consist of direct mail and telemarketing to a number of prospects equal to the then current number of Your RMPs, subject to a maximum of 5,000 prospects for any particular campaign. During the two weeks of each phase (if applicable) of Your Kick-Off Campaign, the TMD will conduct Group Information Meetings.

During the trips to Your Protected Territory, the TMD will provide field support in addition to being the primary presenter of Group Information Meetings and conducting membership interviews that are scheduled during the trips.

The TMD will spend approximately five days in Your Protected Territory, and Your TMD will make up to four separate trips (i.e., one trip for each week of Your first four weeks of Group Information Meetings).

The tentative meeting dates for Your first Group Information Meetings are set forth in the Addendum To Franchise Agreement, attached hereto as Exhibit I.

5.4 International Conferences

TAB will produce, on an annual basis, an International Conference, at a time and place designated by TAB. You are required to attend the International Conference each year, absent extenuating circumstances acceptable to TAB. During any year, International Conferences may consist of any combination of conferences for Facilitators, conferences for Members, or conferences for both Facilitators and Members.

5.5 Confidential Manual

a) General Provisions

The Confidential Manual has evolved through TAB's business practices and has significant value. TAB will provide access to You, during the term of this Agreement, the Confidential Manual. You will not make additional copies of the Confidential Manual. For the purposes of this Agreement, the term Confidential Manual will include, without limitation, references to all written, audio, video, website, training materials and manuals, facilitator's website and electronic materials that TAB or its Affiliates loan to

You or give You access to during the term of this Agreement that relate to the Licensed Methods, Copyrighted Materials and Trademarks, including, but not limited to, the TAB Trademarks, the SBL System, TAB System, and the SBL Marks. In order to protect TAB and to maintain the standards of operation associated with the Licensed Methods, Copyrighted Materials and Trademarks, the Confidential Manual may contain mandatory and suggested specifications, standards, and procedures for the operation of the Business, as well as information relative to Your other obligations hereunder. You agree to operate the Business in accordance with those portions of the Confidential Manual that relate to protection of the Licensed Methods, Copyrighted Materials and Trademarks as may be designated as mandatory or required. All such specifications, standards, and operating procedures will be reasonable and consistent with this Agreement and all applicable laws. Specifications, standards, and operating procedures prescribed from time to time by TAB in the Confidential Manual, or otherwise communicated to You in writing, will constitute provisions of this Agreement as if fully set forth herein. The Confidential Manual constitutes a confidential trade secret of TAB and shall remain the property of TAB. The Confidential Manual cannot be photocopied, reproduced, or disseminated without TAB's written consent.

b) **Changes To Confidential Manual And Licensed Methods**

You understand and agree that due to changes in competitive circumstances, presently unforeseen changes in the needs of customers, and/or presently unforeseen technological and other innovations, the Licensed Methods may need to undergo changes in order that it best serves the interests of TAB, You, other franchisees and licensees and the Licensed Methods. Accordingly, You expressly understand and agree that TAB may from time to time, in its sole discretion, change the components of the Licensed Methods, deleting from, adding to, or modifying those products and services which the Business is authorized to offer; and changing, improving or modifying the Trademarks and making changes to the Confidential Manual. You may be notified of such changes by any method, including but not limited to, e-mail, the Internet or facsimile. Upon TAB's notification, You expressly agree to abide by any such modifications, changes, additions, deletions and alterations and acknowledge that such modifications, changes, additions, deletions and alterations may require further expenditures by You. Further, You agree to execute any and all documents necessary to effectuate the changes. Changes in software programs and hardware or other changes in the Licensed Methods may require You to upgrade Your computer system and incur costs in obtaining other or additional computer hardware, equipment, and software.

You acknowledge that You may also need to purchase updated equipment, products, and supplies in the future and will be responsible for the cost. Further, You expressly agree to comply with such changed requirements and cost of products within 90 days after notice from TAB to You of the changes; provided, however, no such addition or modification will alter Your fundamental status and rights under this Agreement. You agree to accept, implement, and adopt all such modifications at Your own cost, except as otherwise expressly stated in this Agreement. The official current version of the Confidential Manual, and any other TAB loaned manuals, are available online at the TAB facilitator website.

5.6 Initial Inventory Of TAB Materials

You will receive an initial inventory of TAB Membership Materials and TAB Promotional Materials, as set forth in the Confidential Manual, needed for Your initial Group Information Meetings, included in Your Initial Franchise Fee.

5.7 Pricing

TAB may advise or offer guidance to You from time to time concerning suggested minimum service or product prices to be charged by You for Membership Dues and Business Assessment Fees. You will not be obligated to accept any such advice or guidance and will have the sole right to determine the prices You charge. Such advice or guidance will not impose upon You any obligation to charge any particular price. You will not suffer any penalty from TAB whatsoever for failing to accept such guidance. Such advice or guidance concerning prices may be contained in the Confidential Manual, advertisements and/or promotional material prepared or arranged by TAB, or in other written materials or oral consultations.

5.8 Services Provided For Member Administration And Support Fee

In exchange for the Member Administration and Support Fee, TAB will do the following:

- a) Invoice/Charge Your Members as set forth in Section 4.3(a).
- b) Develop, produce, and distribute to You and each of Your active Members, a monthly newsletter currently entitled Tips From The Top®;
- c) Review and evaluate periodic evaluations from active Members;
- d) Provide a central TAB corporate website using the current URL of www.TABBoards.com or another URL selected by TAB;
- e) Provide a periodic report/newsletter for Facilitators that includes ideas and advice;
- f) Provide the TAB Hotline, which can be used by Facilitators to obtain advice from other Facilitators; and
- g) Provide various membership administrative functions.

6. YOUR OBLIGATIONS

In addition to the other obligations set forth in other sections of this Agreement, You are required to do the following, and restricted from doing those things where noted.

6.1 Training

You or Your Managing Party will attend and successfully complete the Initial Training Program, the First Year Advanced Training, and the First Year Business Coaching. In addition, all Contract Facilitators engaged by Your Business will attend the portion of the Initial Training Program designated

for Contract Facilitators by TAB. All Your costs for travel, meals, lodging, telephone charges and other such expenses involved in attending the training programs provided by TAB or its Affiliates will be Your responsibility.

6.2 Office Equipment and Location

You will own or lease and keep in good working order a personal computer with DVD and/or CD-ROM bay and LCD projector, all of which will meet the minimum requirements set forth in the Confidential Manual. You will also have a telephone line that is answered with identification of The Alternative Board®. Required office equipment, including the necessary specifications and/or minimum requirements of any such office equipment, may be changed by TAB in accordance with the standards and specifications set forth in the Confidential Manual. You will send proof of owning or leasing all required office equipment to TAB before Your first Group Information Meeting of Your Kick-Off Campaign, or TAB may lease such equipment for You and charge the lease payments to You. All costs for acquiring and maintaining Your office equipment will be Your sole responsibility. We may have minimum requirements for selecting an office as described in the Confidential Manual.

6.3 Start of Business

Your Start of Business Operations is the first day of the month after You successfully complete the Initial Training Program, unless You acquired Your Business from another franchisee, or You have operated as a Contract Facilitator engaged by either another TAB franchisee or Us in a geographic area that includes some part of the Protected Territory, in which case Your Start of Business Operations is the date any person first signed any kind of TAB agreement or as specified in Exhibit I of Your Franchise Agreement to operate a Business or facilitate TAB Boards in that geographic area. For purposes of this Agreement, the date of Your Start of Business Operations is set forth in the Addendum To Franchise Agreement, attached hereto as Exhibit I.

6.4 Diligent Performance; Best Efforts

You agree to act in good faith and use Your best efforts to comply with Your obligations under this Agreement and cooperate with TAB in accomplishing the purposes of this Agreement. The Business will be managed at all times by You or Your Managing Party, who will have successfully completed the Initial Training Program. You agree, at all times, to give prompt, courteous, friendly, and efficient service to all TAB Members. You agree that, in all dealings with TAB Members, suppliers, TAB, and the public, You will adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. This conduct includes keeping confidential and not disclosing information about personal or business matters of a confidential nature that You hear from TAB Members at TAB Board Meetings or from any private consulting or private coaching sessions with TAB Members. You also agree to refrain from any business or advertising practice that may be injurious to the business or reputation of TAB and the goodwill associated with the Trademarks and Licensed Methods.

6.5 Presentation Of Uniform Image

The presentation of a uniform image to the public is an essential element of the Licensed Methods. You therefore agree that the Business will offer only such types and classes of services and products, including Supplemental Products and Services, as TAB authorizes from time to time for use by Your Business. You further agree to conduct the Business in accordance with the formats, specifications, standards, and procedures prescribed from time to time by TAB. You recognize that TAB may change

the formats, specifications, standards, and procedures from time to time and You agree to adopt and implement such changes in conducting the Business. You may not market or conduct other board meetings of business leaders, other than through TAB Boards. You may not conduct TAB Board Meetings via television, cable, network, telephone, telecommunications device, computer or computer modem, closed circuit or satellite transmission, or by technological means or methods in use now or developed during the term of the Franchise Agreement, without our written approval, which approval may be withheld for any reason whatsoever.

6.6 Permitted Ancillary Businesses

You, Your Managing Party, partners and/or Contract Facilitator(s) licensed by You may offer and advertise within or outside Your Protected Territory, Ancillary Business(es), so long as: (i) You do not use the Licensed Methods, Copyrighted Materials or Trademarks; (ii) the Ancillary Business does not constitute a Competitive Activity, as defined in Section 11.1; and (iii) Ancillary Business would not, in TAB's sole opinion, compete with the Business and/or would not likely harm or disparage the goodwill associated with the Business and/or the Licensed Methods.

6.7 Approved Suppliers and Use of Products

You shall purchase all products, services, supplies, and equipment and materials required for the operation of the Business from manufacturers, suppliers, or distributors designated by Us, or from other suppliers We approve who meet Our specifications and are able to provide products and equipment in accordance with the standards as to quality, appearance and service, and who adequately demonstrate their ability to supply Your needs in a timely and reliable manner. You acknowledge and understand that We or Our Affiliates may receive rebates, commissions, allowances, and other benefits from such approved or recommended suppliers in relation to products and services purchased by You and other TAB franchisees.

If You desire to use any product not supplied by TAB that bears any of the Trademarks or contains any Licensed Methods, Copyrighted Materials, as defined below, the supplier of any such product must first receive written authorization from TAB. In no event may You sell any such products or services that bear any of the Trademarks or Copyrighted Materials without TAB's approval, which may be withheld for any reason. TAB may require the supplier to pay to TAB a fee, as determined by TAB in its sole discretion, for use of the Trademarks or Copyrighted Materials.

TAB will have the right to impose reasonable limits on the number of approved suppliers of any products or services. TAB will be entitled to revoke its approval of any product or service if (1) any such product or service fails to continue to meet TAB's standards and specifications; or (2) if the supplier of any such product or service breaches any agreement it may have with TAB. TAB may be an approved supplier and, in some cases, TAB will be the only approved supplier for certain products and services.

You may not reship, transship, or sell any products purchased from TAB to any other current or former TAB franchisee or distributor or any reseller of the products, either within or outside of the United States. You may sell the products purchased through TAB only through Your Business and only to clients who are the actual end users of the products. In addition, You cannot purchase products from any of TAB's current or former franchisees without TAB's prior consent. You must obtain Our consent in writing before You distribute other materials or offer any other type of products or services using Our Trademarks or Licensed Methods.

6.8 Lists for Mass Marketing Campaigns

You will use the services of TAB or its designees for licensing or renting TAB-approved Member prospect lists for use with all Your required Mass Marketing Campaigns. To improve the accuracy of Your Member prospect list, during Your first 18 months or until You have elected the Opportunity Fee, You will either re-license or purchase an update of Your lists of Member prospects in Your Protected Territory as defined in the Confidential Manual.

6.9 Contract Facilitators

a) Master Licensees

If You have either a Master Licensee Class 1 or Master Licensee Class 2 Territory, You may (and TAB recommends that You) engage independent Contract Facilitators to both facilitate TAB Boards and to provide private coaching services for TAB Members, during such time that You or Your Managing Party are facilitating a minimum of one TAB Board per month and providing monthly private coaching services for the TAB Members of that TAB Board.

b) Personal Class 1 and Class 2 Territory

In addition, if You have a Personal Class 2 Territory or a Personal Class 1 Territory, where according to Our guidelines, there is no contiguous territory available to make Your territory a Personal Class 2 Territory, You will be eligible to elect to obtain the right to license independent Contract Facilitator(s) in Your Protected Territory by giving TAB written notice of Your desire to license Contract Facilitator(s) and agreeing to pay the Contract Facilitator License Fee.

The Contract Facilitator License Fee will start with the first full month in which Your first Contract Facilitator facilitates a TAB Board or provides coaching services to Members, but in no event later than 60 days from the first full month after the date that that Contract Facilitator completes the Initial Training Program. The Contract Facilitator License Fee will continue monthly for the remainder of the calendar year in which it was elected, with automatic renewal for each following year unless written notice of termination is given. The notice must be given during any day in December, which would be effective as of January 1 of the following year. In order to relinquish the right to license Contract Facilitator(s), You must provide, along with the written notice, a written acknowledgment signed by the Contract Facilitator(s) that they have no rights to use, nor will they be using the Licensed Methods as of January 1. You will need to send TAB a notice of election of Contract Facilitator License Fee, TAB's then current Contract Facilitator Agreement and the then current fee for their training. If You have opted out of the Contract Facilitator License Fee, You may opt back in at any time by following the same procedures for initial opt-in.

c) Approval by TAB

All Contract Facilitators must be approved by TAB, which approval will not be unreasonably withheld, and must satisfactorily complete the Initial Training program required for the Contract Facilitators. TAB's approval of any Contract Facilitators is not

an endorsement or warranty of the Facilitator, and You assume responsibility for recruiting, investigating and qualifying Your Contract Facilitators. TAB is in no way responsible for the actions or conduct of Your Contract Facilitators.

d) **Compliance with Guidelines**

Any use of Contract Facilitators must strictly follow TAB's guidelines, as set forth in the Confidential Manual, to avoid any possibility that the Franchisee/Contract Facilitator relationship could be deemed a sub-franchise relationship or a business opportunity subject to any applicable state or federal registration or disclosure requirement – which is hereby strictly prohibited by TAB. These guidelines include, but are not limited to, the following: (1) You must use TAB's current form Contract Facilitator Agreement when using Contract Facilitators, which form can be obtained from TAB, and must be reviewed at Your expense by Your attorney to comply with applicable state laws; and (2) Your Contract Facilitators cannot be required to make any payments to You, TAB, or any companies affiliated with You or TAB. (3) You are required to pay for and should not be reimbursed by the Contract Facilitator for the following: (a) training fees to TAB; and (b) products and services that are required for the operation of the business which are realistically only available from TAB or TAB's Affiliates or from a third party who gives TAB or You a rebate; and (4) Contract Facilitators are to be paid on a commission basis only, based on a percentage of Membership Dues and Business Assessment Fees that are collected by TAB or You from TAB Members facilitated by Your Contract Facilitators. You are responsible for paying Your Contract Facilitators any commissions owed from the amounts You receive from TAB.

If You desire, Your Contract Facilitators can pay for the following: (a) payments to TAB, its Affiliates, or third parties (even if TAB or You receives a rebate), as long as those purchases are for products or services that are optional and not essential to the operation of the business; (b) payments to TAB, its Affiliates, or third parties (even if TAB or You receives a rebate), as long as those purchases are for products or services that are merely recommended and not required by TAB or You; and (c) payments directly to third parties, even if required, who are not affiliated with TAB or You for expenses relating to the business, such a travel expenses and regular business expenses, so long as TAB or You do not receive a rebate.

If at any time You or Your Contract Facilitator(s) terminate Your Contract Facilitator Agreement, You must notify TAB in writing within 10 days of the termination.

e) **Contract Facilitator Agreement**

You will deliver to TAB a fully executed, original contract, in the form then required by TAB ("Contract Facilitator Agreement"), prior to Contract Facilitator commencing the Initial Training Program. You are responsible for assuring that the Contract Facilitator complies with the lawful obligations contained in the Contract Facilitator Agreement. TAB makes no representations or guarantees, express or implied, that the Contract Facilitator Agreement is legal and/or enforceable in any particular state. It is Your sole responsibility to verify, with a licensed attorney in the state in which You do business, that the Contract Facilitator Agreement meets the requirements of all

applicable laws and/or regulations in the state in which You do business. If You fail to deliver to TAB said Contract Facilitator Agreement, and permit a Contract Facilitator to facilitate a TAB Board or coach a TAB Member, TAB will have the right to treat such failure as a material default under this Agreement and good cause for termination.

f) **Completion of Training Program**

Each Contract Facilitator used by You must successfully complete the Initial Training Program presented by TAB in order to certify Contract Facilitators at Your sole cost and expense. Contract Facilitator will not be permitted to reimburse You for the cost of the Initial Training Program. You shall monitor each Contract Facilitator to assure he or she complies with all provisions of the Contract Facilitator Agreement and the facilitation and private coaching session requirements set forth in the Confidential Manual.

6.10 **Tips From The Top[®] And TAB Hotline**

You are required to create, during Your TAB Board Meetings, notes of the best advice expressed during each of Your TAB Board Meetings, including the name of the person who gave the advice. You will use the notes to submit three written business tips and points of business advice during each calendar quarter of each year to the Tips From The Top[®] newsletter and give Your advice to the TAB Hotline. Submissions to the Tips From The Top[®] newsletter and the TAB Hotline will comply with the then current published guidelines for the publications. TAB may use the business tips or points of business advice if TAB decides to do so, in its sole discretion.

6.11 **Membership Mass Marketing Campaigns And Reporting**

a) **Mass Marketing Campaigns**

You must conduct Mass Marketing Campaigns per the guidelines set forth in the Confidential Manual in order to reach all RMPs in Your Territory. The marketing of Member prospects will be done using TAB's designated methods and within the time frames set forth in the Confidential Manual. There is no guarantee that marketing efforts required or recommended by TAB will achieve any minimum amount of results. While Your number of RMPs may fluctuate subsequently with changes in population, number of total businesses, etc., the number of RMPs You are required to market to during Mass Marketing Campaigns subsequent to Your Kick-Off Campaign will not be increased by more than 10% over the number of RMPs marketed to during Your Kick-Off Campaign, regardless of the actual percentage increase or decrease which may take place. TAB recommends, but does not require, that You also market other prospects for membership who are not RMPs but run businesses that have offices located within Your Protected Territory.

You must also include TAB as a mail recipient in all Mass Marketing Campaigns for which You do not or are not required to use TAB's corporate marketing department for campaign coordination.

Beginning with the 19th month after Your Start of Business Operations, or when You elect to begin paying TAB an Opportunity Fee, as more fully described in Section 4.2.(c), whichever is earlier, You will no longer be required to conduct mandatory Mass Marketing Campaigns.

The required Mass Marketing Campaigns, which are more fully described in the Confidential Manual, are:

(1) **Kick-Off Campaign.** The purpose of the Kick-Off Campaign is to invite prospective TAB Members to attend Group Information Meetings and begin the Member development process to potentially form initial boards in Your Protected Territory. All RMPs must be marketed during the Kick-Off Campaign period. TAB, in its sole discretion, may require You to conduct Your Kick-Off Campaign in more than one phase to reduce the number of RMPs to whom You market in each phase. TAB's decision may be based on factors including but not limited to having more than 2,500 RMPs and geographic logistics. You will typically start Your Kick-Off Campaign within 30 days following Your Start of Business Operations and will typically complete it within 90 days after Your Start of Business Operations, subject to TMD availability. The Kick-Off Campaign will consist of a Mass Marketing Campaign, possibly conducted in either one or two phases, as determined by TAB, and will be targeted to the then current number of RMPs in Your Protected Territory, the exact number and definition of which is determined by TAB in its sole discretion. However, regardless of the number of Your RMPs, You will not be required to market to any more than a maximum of 5,000 prospects in any particular Mass Marketing Campaign. If Your number of RMPs exceeds 5,000, You must consult with TAB's corporate marketing department to decide upon a mutually agreeable set of prospects to whom to market.

In order to increase the likelihood of forming Your first TAB Board(s), TAB, in its sole discretion, may require an additional number of prospects, not to exceed 1,500, to be marketed during the Kick-Off Campaign for Personal Class 1 or Personal Class 2 Territories. You are also responsible for arranging and paying for meeting rooms, food, and equipment that meets TAB's specifications for TAB Group Information Meetings in Your Protected Territory for Your Kick-Off Campaign.

(2) **Follow Up Campaign.** After Your Kick-Off Campaign, and typically within 90-120 days from the start of Your Kick-Off Campaign, You must conduct another campaign to a number of prospects equal to Your then current number of RMPs, subject to availability of TMDs, if applicable, and subject to the aforementioned maximum of 5,000 prospects for any particular Mass Marketing Campaign.

(3) **Mass Marketing Campaigns.** For the first 18 months after Your Start of Business Operations, You will also be required to conduct two Mass Marketing Campaigns, one during every calendar six months after the calendar six months in which Your Kick-Off Campaign and Follow-Up Campaign take place until Your election or obligation to pay the Opportunity Fee, whichever occurs first.

(4) **Updating Membership List.** You are responsible for keeping Your Member prospect list updated in order to correct any inaccuracies.

b) **Use of TAB's Corporate Marketing Department**

You will use TAB's corporate marketing department to direct and oversee implementation of the required Mass Marketing Campaigns, but only those Mass Marketing Campaigns that take place prior to Your election or obligation to pay the Opportunity Fee, whichever occurs first.

6.12 Support of Direct Communications

You agree to cooperate by supporting or participating in TAB's direct communication with You, Your TAB Members and prospective TAB Members, including, without limitation, the research and testing programs as set forth in Section 2.5 above and as reasonably requested by TAB.

6.13 Required Licenses, Permits, And Certificates/Compliance with Law

You warrant and represent that You have familiarized yourself with the laws and licensing requirements which govern the operation of the Business in the Protected Territory. You agree to operate the Business in full compliance with all applicable laws, ordinances, and regulations, including, without limitation, government regulations relating to workers' compensation insurance, unemployment insurance and withholding, and payment of federal and state income taxes, social security taxes, and sales taxes. Further, You are required to obtain any approvals required by law and to comply with all laws with respect to Your marketing efforts, including, without limitation, permission to fax, call, or send e-mail to prospects. You agree to obtain and maintain in force throughout the term of this Agreement all required licenses, permits, and certificates relating to the operation of the Business.

6.14 Third Party Obligations

You agree to comply with all agreements with third parties concerning Your Business, including, without limitation, all terms of any TAB Member agreements, and You agree to pay all obligations incurred in connection with Your Business on a timely basis.

6.15 Insurance Coverage

You agree to procure and maintain in full force and effect throughout the term of this Agreement, at Your sole cost and expense, the required insurance coverage set forth in the Confidential Manual. TAB, in its reasonable discretion, may modify the insurance coverage requirements in the Confidential Manual, and You agree to comply with any such change within such reasonable time as TAB may require. Upon 30 days' notice to You, TAB may increase the minimum protection requirements as of the renewal date of any policy, and may require different or additional kinds of insurance at any time, including, without limitation, excess liability (umbrella) insurance.

All insurance policies obtained by You and/or required in the Confidential Manual will: (1) name TAB as an additional or "added" insured, if permitted by the insurance company to do so; (2) contain a waiver by the insurance carrier of all subrogation rights against TAB, its Affiliates, officers, directors, and

employees; and (3) provide that TAB receive 30 days' written notice prior to the termination, cancellation, expiration, or modification of any such policy.

6.16 Evidence Of Insurance

Within 30 days of this Agreement or prior to the commencement of Your Kick-Off Campaign, whichever is earlier, and annually thereafter, You agree to furnish to TAB a copy of the certificate, or other evidence, of the insurance or renewal or extension for each required insurance policy, together with evidence of payment of premiums and the policy limits then required. If You at any time fail or refuse to maintain in effect any insurance coverage required by this Agreement, or to furnish satisfactory evidence thereof, after 30 days notice to You, TAB, at its sole option and in addition to its other rights and remedies hereunder, may, but need not, obtain such insurance coverage on Your behalf, and You agree to promptly execute any applications or other forms or instruments required to obtain any such insurance. You further agree to, in such case, pay to TAB, on demand, any costs, expenses, and premiums incurred by TAB, or TAB may, at its option, deduct the cost of such insurance, plus any administrative costs and expenses incurred by TAB in obtaining such insurance, from Your Gross Received Revenue.

6.17 Warranties And Guarantees

Any warranty or guarantee relating to services or products offered by Your Business must be authorized by TAB. You agree to honor all proper claims under such authorized warranties and guarantees issued by You, to replace all products or refund all monies in accordance with the terms and conditions of such warranties and guarantees, and to otherwise fully comply with the obligations of such warranties and guarantees. TAB has developed or may develop certain product and service warranties and guarantees that it deems to be essential to the successful operation of the Business. You acknowledge the significance of such authorized warranties and guarantees and agree to furnish all authorized warranties and guarantees to all Members and other customers of the Business who qualify. You further agree to fully, accurately, and clearly inform Members and other customers of Your Business about such warranties and guarantees in accordance with the policies and procedures from time to time prescribed by TAB.

6.18 Methods Of Payment For Members

TAB may make arrangements with Visa, MasterCard, American Express, and other credit card issuers or sponsors, check verification services, electronic funds transfer (EFT) systems, and financial institutions offering retail financing as TAB designates from time to time, in order that the Business may accept customers' credit cards, checks, and other methods of payment. EFT fees at the then current rate are Your sole responsibility at all times. Credit card fees will be shared by You and TAB in the following manner: (1) while You are paying TAB a Royalty Fee, credit card fees at the then current rate will be allocated between You and TAB based upon the Royalty Fee split currently in effect. For example, assuming an earned amount of \$100, a 2.8% credit card fee, and a 65%/35% Royalty Fee split, the resulting \$2.80 credit card fee would be divided based upon the royalty split as follows: \$1.82 from franchisee (65% of the \$2.80 fee) and \$.98 from TAB (35% of the \$2.80 fee); or (2) while You are paying TAB an Opportunity Fee, credit card and EFT fees will be Your sole responsibility. The Business may not make its own arrangements for such credit card processing. This does not limit Your right to accept credit card payments solely in connection with the conduct of any Ancillary Business.

6.19 Ownership And Control Of Business

You or Your Managing Party will, at all times, own and control Your Business. At TAB's request, You or Your Managing Party will promptly provide TAB with satisfactory proof of Your ownership. You represent that the Statement of Ownership, attached hereto as Exhibit II and by this reference incorporated into this Agreement, is true, complete, accurate, and not misleading. You will promptly provide TAB with written notice if the information contained in the Statement of Ownership changes at any time and will comply with the applicable transfer terms contained below.

You have the sole right and responsibility for the manner and means by which the day-to-day operation of the Business is determined and conducted and for achieving its business objectives. Subject to any approval, inspection and enforcement rights reserved to TAB, this right and responsibility includes, without limitation, the employment, supervision, setting the conditions of employment and discharge for Your employees and independent contractors, safety concerns, and the achievement of conformity with the Licensed Methods. You shall not incur any obligations or indebtedness except in Your name.

In all dealings with third parties including, without limitation, employees, suppliers and customers, You shall disclose in an appropriate manner acceptable to TAB that You are an independent entity licensed by TAB and that any time You use Your title (i.e. president), it should clearly relate to the position You hold with Your entity and not with TAB.

TAB's retention and exercise of the right to approve certain matters, to inspect the Business and its operation and to enforce its rights, exists only to the extent necessary to protect TAB's interest in the Licensed Methods, Copyrighted Materials and Trademarks for the benefit of TAB, its Affiliates and other licensees and franchisees. Neither the retention nor the exercise is for the purpose of establishing any control, or the duty to take control, over those matters which are clearly reserved to TAB, nor shall they be construed to do so. You acknowledge that no approvals, consents, waivers, conditions, or the like by TAB are an endorsement by TAB or a warranty by TAB of the success of the franchise or the appropriateness of the particular items, persons, or matters so approved. Furthermore, although TAB will collect certain payments on Your behalf, TAB shall have no responsibility to You for Your share of any payments otherwise payable to You hereunder if a TAB Member fails to pay TAB. You bear the risk of uncollectibility.

If You are a corporation, partnership, limited liability company, or other entity, or in the future become a corporation, partnership, limited liability company, or other entity, TAB will require Your officers, directors, shareholders, partners, members, or other owners or managers to sign the Guaranty And Assumption Of Franchisee's Obligations, attached hereto as Exhibit III.

6.20 Support Of Membership Conference

You will use Your best efforts to encourage Your Members to attend all International Conferences that TAB may produce to which Members are invited.

6.21 Use of Licensed Methods

You will use the TAB System for forming and facilitating TAB Boards and when using the TAB Trademarks. You are required to provide to Your new Members, in exchange for their Business Assessment Fee, the New Member Materials, an SBL Kit, and TAB Business Vantage®.

You will use the SBL System as part of the monthly private coaching session provided to TAB Members. You will provide an SBL Kit to each Member for whom You are providing SBL Coaching.

6.22 Testing

As part of the Licensed Methods and as more fully set forth in the Confidential Manual, TAB may require that You provide personality or behavioral testing or assessments for all of Your new TAB Members. In addition, TAB may require that You utilize a specific type of personality or behavioral testing or assessment method or program provided by a specific vendor, unless, pursuant to an agreement You have entered into prior to the date of this Agreement, You are contractually obligated to a different vendor to not use an alternative personality or behavioral testing or assessment method or program for a specific period of time, in which case any such vendor shall be set forth here: _____ . This requirement, as more fully set forth in the Confidential Manual, is contingent upon the pricing of any such required vendor being competitive with similar type personality or behavioral testing or assessment methods or programs.

7. ADVERTISING AND MARKETING

7.1 Marketing Development Fee

Beginning with the first month in which TAB is entitled to its Royalty Fee, You will begin to pay a monthly Marketing Development Fee equal to 1% of Gross Received Revenue that will be deposited by TAB into the Franchise Marketing Account. TAB withholds the applicable amount of Marketing Development Fee and other amounts owed to it before making payments to You.

Commencing with the 13th month after Your Start of Business Operations, or in the month You elect to begin paying an Opportunity Fee in lieu of the Royalty Fee, whichever is earlier, Your Marketing Development Fee will be the greater of: (1) \$100 for a Personal Class 1 Territory, \$200 for a Personal Class 2 Territory, \$300 for a Master Licensee Class 1 Territory, or \$400 for a Master Licensee Class 2 Territory; or (2) 1% of Your Gross Received Revenue received by TAB during the previous month. The Marketing Development Fee will be paid monthly to TAB by deducting, on the 10th business day of each month from the Amounts Collected on Your Behalf. The following terms and conditions apply to the Franchise Marketing Account:

- a) The Franchise Marketing Account will be administered by TAB. Upon Your written request, TAB will send You an annual unaudited financial statement for the Franchise Marketing Account that indicates how the funds in the Franchise Marketing Account have been spent during the previous year. TAB does not have the Franchise Marketing Account audited, so audited financial statements are not available;
- b) The Franchise Marketing Account may be used for efforts that TAB believes, in its sole judgment, will help the marketing efforts of the Licensed Methods, including, but not limited to, production and placement of media advertising, media relations and administrative costs, and creating and testing direct response literature, direct mailings, brochures, collateral material, advertising, surveys, or other public relations expenditures, including agency costs and commissions, and for other similar expenses. In any fiscal year, an amount greater or less than the aggregate contribution of all Businesses to the Franchise Marketing Account in that year may be spent. The Franchise Marketing Account may borrow from TAB or other lenders to cover deficits or invest any surplus

for future use. Any amounts that remain in the Franchise Marketing Account at the end of each year accrue and may be applied toward the next year's expenses;

- c) TAB may use reasonable amounts from the Franchise Marketing Account to pay for TAB's and its Affiliates' administrative and overhead costs, expenses, salaries, and overhead expenses related to the administration and operation of the Franchise Marketing Account and its programs, including conducting market research, preparing material, and other programs as well as administration, collecting and accounting for Franchise Marketing Account contributions.
- d) TAB will not be liable for any act or omission with respect to the Franchise Marketing Account that is consistent with this Agreement and is done in good faith. You understand and acknowledge that the Marketing Development Fee is intended to maximize general public recognition and patronage of the Trademarks and the products and services offered by the Businesses, for the benefit of all licensed by TAB to use the Licensed Methods. TAB does not guarantee that advertising expenditures from the Franchise Marketing Account will benefit You or any other franchisee directly or on a pro rata basis. TAB undertakes no obligation to ensure that Franchise Marketing Account expenditures in or affecting any geographic area are proportionate or equivalent to the contributions of franchisees operating in that geographic area or that any TAB franchisee will benefit directly or in proportion to its contribution to the Franchise Marketing Account from the development of advertising and marketing materials or the placement of advertising. TAB assumes no other direct or indirect liability or obligation to You for collecting amounts due to any advertising account or for maintaining, directing, or administering any advertising account.

7.2 Directory Listings

You agree to list Your Business under the name The Alternative Board® in both the yellow pages and white pages of the principal, regular business telephone directory distributed within the largest market within Your Protected Territory, in such directory categories as are specified by TAB and utilizing any standard forms of listing. Such classified directory listings may, at the option of TAB, be arranged for and placed by TAB and may list other Franchisees, and other parties licensed by TAB to use the Trademarks, who are operating within the distribution area of such classified directories, with the cost of such advertisements reasonably apportioned among and paid by all Franchisees and other licensees of TAB listed therein.

You may not use any advertising or promotional plans or materials or any of the Trademarks or any portion of the Trademarks as part of a domain name or on any websites on the Internet or the World Wide Web until You receive TAB's written approval. If You request such approval from TAB and TAB approves Your request, TAB will file for the ownership of the domain name and license it to You, so long as this Agreement is in effect. You will be responsible for the costs of filing for the domain name and all renewals thereof. You will execute with TAB an assignment ("Conditional Assignment Of Telephone And Directory Listings, Etc."), a form of which is attached hereto as Exhibit VI, upon executing this Agreement.

7.3 Other Advertising And Public Relations

TAB may furnish You with approved public relations release formats and local marketing plans and materials, including, without limitation, newspaper ads, radio commercials, sales aids, and other promotional and marketing materials. You may create Your own advertising materials; however, all Your advertising will be in a type and format as TAB approves, conducted in a dignified manner, and conformed to the standards and requirements TAB specifies. TAB will approve or disapprove of Your materials within 10 business days of the date TAB receives it. If You choose to advertise locally, You may purchase local advertising separately through local marketing and media sources within Your Protected Territory.

Any websites on the Internet or the World Wide Web created or managed by You that contains any of the Trademarks must be preapproved by TAB and at all times comply with TAB's specific corporate brand identity guidelines, as set forth in the Confidential Manual.

8. RECORDS AND REPORTS

8.1 Record Keeping

You agree to make use of a uniform bookkeeping system, accounting, reporting forms, and chart of accounts for the Business that will conform to requirements that may be prescribed by TAB in the Confidential Manual. You agree to retain all invoices, order forms, time cards, payroll records, check stubs, bank deposit receipts, sales tax records and returns, cash disbursements journals, and general ledgers used in the operation of the Business during the term of this Agreement, and for at least three years after the fiscal year to which they relate (or such longer period as may be required by law) at a location of which TAB will be kept advised.

8.2 Reports

- a) You agree to submit to TAB, no later than the 10th day of each month, a completed Change of Membership Status Report that gives any status change information concerning Your Members. You are also required to submit to TAB, no later than the 10th day after each calendar quarter, a quarterly financial information report, if a form for such report is prescribed by TAB in the Confidential Manual. You will, within 120 days after the end of each of Your fiscal years, provide to TAB annual unaudited financial statements for the Business, prepared as prescribed by TAB in the Confidential Manual, as well as sales tax returns and state and federal income tax returns, if requested by TAB. If these financial statements or tax returns show an underpayment of any amounts owed to TAB, You must immediately pay any amounts due to TAB.
- b) Even though You are not paying TAB a percentage of fees from Your Ancillary Business Activities of You and Your Contract Facilitators, You must report the annual income from such other opportunities to TAB within 60 days of the end of each calendar year. TAB will be authorized to use such information, without using Your name, to disclose the amount of such income to prospective franchisees and others, because such information may be important to TAB's marketing efforts in obtaining new franchisees. If TAB determines through an audit that You have under-reported Your gross revenue

from the other opportunities by more than two percent, in addition to any amounts due, You must pay TAB the cost of any such required audit.

8.3 Inspections And Audits

TAB will have the right for its personnel or other parties authorized by TAB to enter Your place or places of business during normal business hours, without prior notice, to examine Your operations, facilities, books, and records, and to inspect and audit, or cause to be inspected and audited, the business records, bookkeeping and accounting records, sales and income tax records, and returns and other records of the Business and Your tax returns and books and records. All such books and records and supporting documents will at all times be kept at Your office, provided that books, records, and supporting documents more than two years old may be placed in a public storage facility which furnishes record retrieval in one week or less. You agree to fully cooperate with representatives of TAB and with independent accountants hired by TAB to conduct any such inspection or audit. All required financial information will be prepared in accordance with tax basis accounting, consistently applied, and will be accurate and complete in all material respects. These rights shall survive expiration or termination of this Agreement.

If any such inspection or audit discloses monies owed by You to TAB, You agree to pay to TAB, within 15 days after receipt of the inspection or audit report, the amount due of such understatement, plus interest at the rate set forth in Section 4.3(c). Further, if such inspection or audit is made necessary by Your failure, within 30 days following specific written notice, to furnish reports, supporting records, financial statements, or other documents or information as herein required, or failure to furnish reports, supporting records, financial statements, documents or information on a timely basis, and if any such inspection or audit discloses that amounts due TAB have been understated by more than two percent in any consecutive period of three or more months, You agree to reimburse TAB for the cost of such audit or inspection, including, without limitation, the costs, expenses, and charges of any independent accountants and the travel expenses, room and board, and compensation of parties employed by TAB to conduct such an audit. Any and all payments owed by You as a result of an inspection or audit that are not made by You within the 15 days will be deducted from Amounts Collected on Your Behalf.

8.4 Release Of Financial Information

You agree to provide to TAB and authorize TAB to use any financial information that TAB may reasonably request for use in any earnings claims information. Such information may involve revenues derived from Supplemental Products and Services and through Your Ancillary Business, if any, to Members, current and past or Non-TAB Members. Earnings information provided by You to TAB will not mention Your name without Your approval.

8.5 TAB's Right To Inspect And Review The Operation Of The Business

TAB will have the right, without notice, to attend and observe any and all activities that are part of the Business, including, without limitation, Your TAB Board Meetings and private coaching sessions. TAB will have the right to review the operation and administration of the Business by quality control testing, periodic field reviews, and such other tests, reviews, and inspections and other reasonable actions deemed desirable by TAB.

TAB will also have the right, without prior notice, to conduct quality reviews of Your TAB Board Meetings and/or private coaching sessions at reasonable times and from time to time. However,

regardless of the number of such reviews, You will only be required to pay for the reasonable travel and accommodation expenses of the TAB representative conducting the review once every 36 months.

9. PROPRIETARY MATERIALS AND TRADEMARKS

9.1 Names, Trademarks, Copyrights, And Proprietary Information

TAB's name, the Trademarks (including the TAB Trademarks and the SBL Marks), copyrights, and other proprietary information have significant value. You will follow TAB's rules when using its name, the Trademarks (including the TAB Trademarks and the SBL Marks), copyrights, and other proprietary information. You may not use TAB's name or any of the trade names or Trademarks in connection with the sale of an unauthorized service or product or in a manner not authorized in writing by TAB. You may use the Trademarks for marketing purposes that are beyond typical TAB Member prospect marketing purposes only with TAB's prior written approval. Such approval will not be unreasonably withheld.

You acknowledge and agree that any and all goodwill associated with the Names, Trademarks, Copyrights, and Proprietary Information are TAB's property and shall inure directly and exclusively to the benefit of TAB and that, upon the expiration of termination of this Agreement for any reason, no monetary amount shall be assigned or attributable to any goodwill associated with Your use of any of these items.

9.2 Membership Information

You will use all Membership Information, defined below, solely for the purpose of operating the Business. You will keep the Membership Information confidential and not disclose its contents to anyone, except pursuant to a valid court order, or with the permission of TAB and the TAB Member to whom the information pertains.

You acknowledge that TAB owns and controls the Membership Information, all of which constitutes Confidential Information and Trade Secrets (as defined in Section 11.4) of TAB, and You acknowledge that TAB has valuable rights in and to such Confidential Information and Trade Secrets. You further acknowledge that You have not acquired any right, title, or interest in or to the Membership Information, except for the right to use the Membership Information in the operation of Your Business as it is governed by this Agreement. Membership contracts must be signed and accepted by TAB for parties to become Members, and their resignations must be acknowledged in writing by TAB. You have no right to submit a membership application on behalf of a Member prospect or to submit a Member's resignation from a TAB Board without the Member's knowledge and signature. Any attempt to do either of these things will make the application or resignation null and void and create grounds for termination of this Agreement under Section 10.3.

9.3 Copyrighted Materials

You acknowledge that TAB or a TAB Affiliate owns the copyright in the Copyrighted Materials. You agree that Your right to use the Copyrighted Materials is derived solely from this Agreement. Any unauthorized use of any of the Copyrighted Materials by You constitutes an infringement of the rights of TAB or its Affiliate in and to the Copyrighted Materials. You agree not to contest or oppose, or to assist

anyone else to contest or oppose, TAB's or a TAB Affiliate's application for registration of any of the Copyrighted Materials in the United States or any foreign country. All Copyrighted Materials used by You will bear the appropriate copyright notice.

9.4 Use Of Trademarks

You agree that You will only use the Trademarks as may be specified by TAB in the identification, marketing, promotion, or operation of Your Business. Except as hereinafter provided, You agree to use the trademark "THE ALTERNATIVE BOARD[®]" and/or "TAB Boards[®]" as the primary identification of the Business, provided that You agree to identify Yourself as the independent owner and operator of the Business in the manner prescribed by TAB. If You desire to use Your existing trade name or business name in conjunction with the use of the Trademarks in advertising, promotional, or information materials, or on signs, business cards and/or letterhead, then You agree to first seek the written approval of TAB for such dual use, which approval may be withheld by TAB for any reason.

You acknowledge that TAB has a prior and superior claim to the Trademarks. You agree, in all circumstances, to use the Trademarks so that they are more prominent than any secondary name or designation in identifying the Business and related products and services. If the Trademarks cannot be used by You in all or part of the Protected Territory in which You are to conduct the Business, You agree to use only such other name as TAB has approved in writing.

9.5 Legal Name; Trade Names

You acknowledge that TAB or its Affiliates have a prior and superior claim to the Trademarks. You acknowledge that TAB or its Affiliate(s) have the sole right to own, license, and control Your use of the Trademarks and that such Trademarks will remain under the sole and exclusive ownership and control of TAB or a TAB Affiliate.

You acknowledge that You have not acquired any right, title, or interest in the Trademarks, except for the right to use them in the operation of Your Business as it is governed by this Agreement. You will not use any of the Trademarks in the legal name of Your corporation, partnership, or any other business entity used in conducting the Business provided for in this Agreement. However, You will identify Your Business as a TAB franchise, solely with the Trademarks. You agree not to use any of the Trademarks, or material parts thereof, as part of an electronic mail address or on any websites on the Internet or World Wide Web without TAB's prior approval, and You agree not to use or register any of the Trademarks as a domain name on the Internet or World Wide Web.

9.6 Display Of Trademarks

You agree to prominently display the Trademarks, in the manner prescribed by TAB, on or in connection with the Business' marketing materials, stationery, other forms, and packaging materials designated by TAB and to give such notices of trade and service mark registrations and copyrights as TAB specifies.

9.7 Infringement Of Trademarks

You agree to notify TAB in writing of any possible infringement or illegal use by others of a trademark the same as or confusingly similar to the Trademarks that may come to Your attention. You acknowledge that TAB will have the right, in its sole discretion, to determine whether any action will be

taken on account of any possible infringement or illegal use. TAB may commence or prosecute such action in its own name and may join You as a party thereto, if TAB determines it to be reasonably necessary for the continued protection and quality control of the Licensed Methods, Copyrighted Materials and Trademarks. TAB will bear the reasonable cost of any such action, including attorneys' fees. You agree to fully cooperate with TAB in any such litigation.

9.8 Change Of Trademarks

In the event that TAB or a TAB Affiliate, in its sole discretion, will determine it is necessary to modify or discontinue use of any proprietary Trademarks, or to develop additional or substitute marks, You will, within a reasonable time after receipt of written notice from TAB of such a modification or discontinuation, take such action, at Your sole expense, as may be necessary to comply with such modification, discontinuation, addition, or substitution.

9.9 Creative Ownership

Any rights or ownership of material not related to TAB, its Licensed Methods, Copyrighted Materials or Trademarks shall remain the property of the original owner(s) and must not contain any designations, words, logos, designs or references to TAB, its Licensed Methods, Copyrighted Materials or Trademarks. You hereby assign all proprietary rights of all intellectual property, inventions, copyrights, and trade secrets in relation to the Business to TAB without additional consideration. You hereby assign, and will execute such additional assignments or documentation to effectuate the assignment of these rights, developed in part or in whole in relation to the Business, during the term of this Agreement, as TAB may deem necessary in order to enable it, at its expense, to apply for, prosecute, and obtain copyrights, patents, or other proprietary rights in the United States and in foreign countries, or in order to transfer to TAB all right, title, and interest in said property.

You will promptly disclose to TAB all improvements, advertisements or other marketing materials, inventions, discoveries, creations, patents, copyrights, trademarks, and confidential information relating to the Business which You or any of Your owners, officers, or employees, agents, contractors has made or may make solely, jointly, or commonly with others, and will promptly create a written record of the same. In addition to the foregoing, You acknowledge and agree that any improvements or modifications, whether or not copyrightable, directly or indirectly related to the Business, will be deemed to be a part of the Business and will inure to the benefit of TAB. Any changes, improvements, or enhancements made to the Business or the Licensed Methods as the result of suggestions or other input from You or Your Contract Facilitators, including without limitation, all copyrightable works, will become part of the Licensed Methods and owned by TAB without any rights of ownership by You or Your Contract Facilitators, and will be available for use by all Facilitator/Business Coaches. The expression "any changes, improvements, or enhancement" includes, without limitation, any methods or materials, such as ad copy, for advertising or marketing for the services and products of the Business, as well as methods or materials for providing the services and products of the Business.

10. DEFAULT AND TERMINATION

10.1 Termination By TAB With Notice And Opportunity To Cure

TAB may, at its option and without prejudice to any other rights or remedies provided for in this Agreement or at law or in equity, terminate this Agreement for "good cause." Subject to applicable law

and except as otherwise provided in this Agreement, TAB will give You at least 30 days' prior written notice of termination, unless a longer period of time is required or shorter period of time is permitted by applicable state law. The notice will state the reason(s) for termination and will provide that, during the 30-day period, You have the right to cure any default.

Without limitation as to other situations, good cause for termination will exist if You or an officer, director, or shareholder of a corporate franchisee, partner of a partnership franchisee, or member of a limited liability company franchisee, or any guarantor of this Agreement:

- a) Do not perform all of the lawful terms, conditions, and obligations contained in this Agreement or the Confidential Manual;
- b) Misrepresent information that You are required to report to TAB in connection with this Agreement or in Your application to become a franchisee;
- c) Lose any permit or license which is a prerequisite to the operation of the Business;
- d) Use a Contract Facilitator who: (1) has not signed a Contract Facilitator Agreement, in the form required by TAB; (2) has not successfully completed training required by this Agreement; (3) has been determined by TAB, in its sole discretion, to be unqualified to serve as a Facilitator; or (4) has not complied with the terms of the Contract Facilitator Agreement by making payments of any kind to You, TAB, or a third party affiliated in any way with You or TAB.
- e) Misuse the Trademarks, Copyrighted Materials, or Confidential Information and Trade Secrets,
- f) Engage in conduct which, in the sole opinion of TAB, reflects unfavorably upon the operation, maintenance, goodwill, and/or reputation of the Licensed Methods or the Business;
- g) Commit any other act that constitutes good cause under applicable law or court decisions;
- h) Fail to provide TAB with the reports and other financial information as required under this Agreement or as set forth in the Confidential Manual; or
- i) Fail to pay Your lawful debts and taxes when due, provided that You will not be in default hereunder during the period that You may be reasonably contesting such debt or taxes.

10.2 Termination For Non-Payment Of Sums Due

TAB may terminate this Agreement for non-payment of sums due by You to TAB or any of TAB's Affiliates (without prejudice to any other rights or remedies provided for in this Agreement or at law or in equity) or suppliers. If termination is based on any of the foregoing, TAB will provide You written notice of default, but TAB will, if permitted by applicable law, only be required to grant You 7 days to cure such default. Such termination will be effective 30 days after notice is given to You, if not cured within the applicable period.

10.3 Termination By TAB Without Notice And Without Opportunity To Cure

Notwithstanding anything contained herein to the contrary, if state law permits, TAB will be permitted to terminate this Agreement (without prejudice to any other rights or remedies provided for in this Agreement or at law or in equity) immediately and without notice when the basis or ground(s) for termination is:

- a) Conviction of a felony or any other criminal misconduct that adversely affects the operation, maintenance, reputation, or goodwill of the Business;
- b) Fraudulent activity that, in the sole opinion of TAB, adversely affects the operation, maintenance, reputation, or goodwill of the Business;
- c) Failing for 30 consecutive business days or longer to facilitate, or provide a certified TAB Facilitator to facilitate, a TAB Board Meeting regularly scheduled during such period;
- d) Failure to comply with Your Mass Marketing obligations set forth in this Agreement;
- e) Tendering more than two checks to TAB or its Affiliates within a 12-month period that are returned by the bank due to no account or insufficient funds;
- f) Performing any other act or omission that permits termination without notice and/or an opportunity to cure under applicable state law;
- g) Commission of a default that is not curable;
- h) Three or more failures or refusals to comply with the provisions of this Agreement, during any twelve consecutive months, for which You have received written notice, whether or not such failures or refusals are cured after notice;
- i) Commission of a default under any other agreement between You and TAB or its Affiliates, and failure to cure such default within any period permitted by such agreement;
- j) Bankruptcy, insolvency, or making a general assignment for the benefit of creditors as permitted by applicable law;
- k) Diversion, concealment, failure to report, or an attempt to divert, conceal, or fail to report any marketing for TAB Members in a manner or in an area that is in violation of this Agreement or any other agreement involving TAB to which You have knowledge;
- l) Engaging in any activity which is deemed or interpreted to be sub-franchising;
- m) Engaging in any activity that is a Competitive Activity, as defined in Section 11; or
- n) Violation of the transfer or assignment provision of this Agreement.

10.4 Obligations Upon Termination, Transfer Or Expiration

After any termination, expiration, or transfer of this Agreement, for any reason whatsoever, You agree:

- a) Not to directly or indirectly at any time or in any manner: (i) identify Yourself (except in resumes or applications in pursuit of employment) or any business as a current or former Affiliate of TAB or of the Business, as a current or former TAB licensee or franchisee, or as otherwise associated with TAB; (ii) use any of the Trademarks or Copyrighted Materials, any colorable imitation thereof, or anything confusingly similar or other indicia of TAB or the Business in any manner or for any purpose; (iii) utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association between You and TAB; or (iv) do anything which would indicate that You are or ever were an authorized TAB licensee or franchisee;
- b) To destroy or return to TAB promptly all stationery, letterheads, signs, sign-faces, marketing and advertising materials, training materials, instructional programs, materials and forms, invoices, copies or facsimiles of any of the above materials, any materials containing any of the Trademarks or Copyrighted Materials, Confidential Manual, or any other item identifying or relating to the Business;
- c) To notify within 10 business days, the telephone company, listing agencies, answering services, email providers, World Wide Web hosting providers, Internet service providers, and any other organizations where You have used the TAB Trademark(s) or name, that You are no longer associated with TAB and that all references to The Alternative Board and TAB must be removed from Your listings. Also, You will immediately notify all callers requesting information about the former Business, TAB, or TAB Boards that such inquiries should be made to another phone number as specified by TAB;
- d) To deliver promptly all Membership Information to TAB;
- e) To furnish to TAB, within 30 days after the effective date of any termination or expiration of this Agreement, evidence satisfactory to TAB of Your compliance with the foregoing obligations;
- f) To execute a mutual release in a form consisting of the following:

You, for Yourself, and Your heirs, assigns, agents and representatives, and, if You are an entity other than an individual, Your officers, directors, shareholders, or members, hereby fully and forever unconditionally release and discharge TAB, and TAB's Affiliates, including, without limitation, TAB's successors, assigns, agents, representatives, and their respective officers, employees, and directors, from any and all claims, demands, obligations, actions, liabilities, and damages of every kind and nature whatsoever, in law or in equity, whether known or unknown to You, which You may now have against TAB or TAB's Affiliates and any of their shareholders, directors, officers, agents, employees and their successors and assigns which may hereafter be discovered, in connection with, as a result of, or in any way arising from, any relationship or transaction with TAB or TAB's Affiliates, however characterized or described, which relate in any way to this Agreement and the franchise relationship created thereby, from the beginning

of time until the date of this release, it being acknowledged that TAB has fulfilled its obligations pursuant to all previous agreements between You and TAB.

TAB, for itself and for its Affiliates, hereby fully and forever releases and discharges You, Your heirs, assigns, agents, and representatives, from any and all claims, demands, obligations, actions, liabilities, and damages of every kind and nature whatsoever in law or in equity, whether known or unknown to it, which it may now have against You, or which may hereafter be discovered, in connection with, as a result of, or in any way arising from any relationship or transaction with You, however characterized or described, which relate in any way to this Agreement and the franchise relationship created thereby, from the beginning of time until the date of this release, it being acknowledged that You have fulfilled Your obligations pursuant to all previous agreements between You and TAB. Notwithstanding anything herein to the contrary, in the event that You have not fulfilled all of the obligations set forth in this Section 10.4, those obligations contained in this Agreement and any post-term obligations will be excluded from the release.

- g) To take such action as may be required to: (1) remove from the Internet or World Wide Web all of Your websites referring to Your former Business or any of the Trademarks; and/or (2) execute with TAB a Conditional Assignment Of Telephone And Directory Listings, Etc., a form of which is attached hereto as Exhibit VI, assigning to TAB all telephone numbers, directory listings, fax numbers, Internet website addresses and domain names, and other listings, whether in electronic or other media, used or to be used by You in the operation of Your Business.
- h) You agree to pay to TAB, within 15 days after the effective date of any termination or expiration of this Agreement, or such later date as the amounts due to TAB are determined, all amounts owed to TAB which are then unpaid. You agree to allow TAB to make a final inspection and audit of Your books and records during normal business hours within a two-year period for the purpose of verifying all amounts owed to TAB;
- i) Comply with any and all other post-term obligations as set forth in this Agreement; and
- j) You agree that You shall not, at any time or in any manner, disparage TAB or any of its Affiliates, officers, directors, members, or any other franchisees, their products or services, or take any action detrimental or disruptive to any of them.

10.5 Facilitating TAB Boards After Termination

Notwithstanding the above, You may request that TAB permit You to continue, after the termination or expiration of this Agreement, to facilitate and/or coach some or all of the parties who are TAB Members as of the last day of this Agreement. The request must be in writing and TAB may approve or reject the request in its sole discretion. If approved by TAB, Your request will be subject to the following conditions:

- a) You will not market for any new Members;

- b) You will continue to facilitate/coach some or all of Your then existing TAB Members as a TAB corporate Contract Facilitator, pursuant to the terms of the then current corporate Contract Facilitator agreement to be executed by You and TAB; and
- c) TAB may revoke any approval for Your continuing right to facilitate/coach at any time following the termination or expiration of this Agreement if You fail to fulfill the facilitation and private coaching standards and requirements set forth in the Confidential Manual.

If You obtain TAB's approval to facilitate and/or coach TAB Members following termination or expiration of this Agreement and execute the then current corporate Contract Facilitator agreement, You will not be required to immediately comply with all post-termination obligations set forth in this Agreement, but You will comply with any such unfulfilled obligations upon TAB's request at any time after the termination or expiration of this Agreement and all such obligations will survive the termination or expiration of this Agreement.

10.6 TAB's Relationship With Your Former Members

Upon any expiration or termination of this Agreement, TAB retains the right to sell and provide products and services, including, without limitation, those relating to the TAB Licensed Methods and the SBL System and other Supplemental Products and Services, to any and all of the TAB Members formerly served by Your Business, and to continue to solicit such Members for additional business. TAB will have full rights to assign another person or entity to render the services and sell the products offered by You during the time You were operating the Business, through franchising, licensing, or any other legal method. Although TAB Members are considered to be both Your Members and TAB's Members during the term of this Agreement, upon the expiration or termination of this Agreement, You will have no right to the TAB Members, and the TAB Members shall belong to TAB, its successors and assigns. Furthermore, TAB assumes no liability or responsibility for any acts or omissions which may give rise to liability to any of Your TAB Members during the term of this Agreement.

11. NON-COMPETITION; CONFIDENTIALITY

11.1 No Competitive Activity

For purposes of this Agreement, a "Competitive Activity" means services and products that are the same as, similar to, or competitive with the Licensed Methods. "Competitive Activity" also refers to: (1) facilitating groups of business leaders who run businesses that are not in the same business field, which group meetings are the same as or similar in nature to TAB Boards; and/or (2) providing regularly-scheduled private coaching sessions or providing strategic planning services for business owners and/or their Planning Teams that use exercises that are the same as or similar in nature to those exercises that are used by the SBL System. The term "Competitive Activity" does not include Ancillary Businesses.

In certain circumstances as TAB may determine, TAB will specifically agree, as may be noted in Exhibit I to this Agreement, that certain business consulting projects in which You have been engaging in the 12 months prior to executing this Agreement will not be considered Competitive Activity.

You and those persons referred to in Section 11.3, further agree:

- a) During the term of this Agreement, not to engage, directly or indirectly, in any Competitive Activity anywhere other than as expressly authorized under this Agreement. You acknowledge that a violation of this section would constitute an unfair method of competition and would hinder Your ability to devote sufficient time to the Business;
- b) For a period of two years following the later of: (i) the termination, transfer, or expiration of this Agreement, (ii) the date of the last TAB Board Meeting that You facilitate with TAB's permission, or (iii) the entry of a final order by an arbitrator or a court of competent jurisdiction enforcing this covenant, You shall not:
 - (1) serve, directly or indirectly, as an owner, partner, investor, shareholder, director, officer, employee, principal, agent, advisor, or consultant, or in any other capacity of any other entity in any Competitive Activity;
 - (2) own, operate, franchise, conduct, engage in, or be connected with, or have any interest in or assist any person or entity engaged in, any Competitive Activity; or
 - (3) divert or attempt to divert any business related to, or any customer or account of, Franchisee, TAB, or any other franchisee licensed by TAB, by direct inducement or otherwise, or divert or attempt to divert the employment of any employee of Franchisee, TAB, or any other franchisee licensed by TAB, to any entity to conduct Competitive Activity by any direct inducement or otherwise.

The geographic boundary of this restriction in Section 11.1(b) is within the Protected Territory, within 25 miles of the outer boundaries of the Protected Territory, and within 25 miles of the outer boundaries of any other location in which TAB Boards meet, unless authorized by TAB in a separate, written agreement; and

- c) During the term of this Agreement and at any time thereafter, not to use, copy, or imitate or cause or permit any other party to use, copy, or imitate, directly or indirectly, (1) any of the Licensed Methods for any unauthorized purpose; (2) any confusingly similar method, format, procedure, technique, system, name, trade dress, mark, symbol, emblem, tagline, insignia, term, designation, design, diagram, promotional material, or course material of TAB; or (3) any facility or program of TAB.

Each of the foregoing covenants is to be construed as severable and independent and is to be interpreted and applied consistent with the requirements of reasonableness and equity, and are intended to protect TAB, its Affiliates, and their successors and assigns and may be enforced by any of them.

11.2 Conforming To The Requirements Of Law

The parties hereto acknowledge that they have attempted to limit Your right to compete only to the extent necessary to protect TAB's legitimate business interests. The parties recognize, however, that reasonable people may differ in making such a determination. Consequently, the parties hereby agree that, if the scope or enforceability of the restrictive covenant is in any way disputed at any time, an arbitrator or court may modify and enforce the covenant to the extent that they believe to be reasonable under the circumstances existing at the time. You acknowledge that You will be able to earn a livelihood without violating the foregoing restrictions.

11.3 Parties To Whom Restrictions Apply

The restrictions set forth in this Section 11 will apply to You and Your Managing Party. In addition, if the Franchisee under this Agreement is a partnership or limited liability company, such restrictions will apply to each of the partners, members, and managers thereof. If the Franchisee under this Agreement is a corporation, such restrictions will apply to each officer, director, and shareholder owning (of record or beneficially) 20% or more of the stock of the Franchisee. Such restriction will also apply to the spouse of each of the foregoing persons. TAB, at its option, may require that You cause each of Your partners, managers, officers, members, directors, non-managing parties and shareholders owning 20% or more of Your stock, and Facilitators, and, if You are an individual, immediate family members, to execute a Non-Disclosure And Non-Competition Agreement, in a form set forth in Exhibit V attached to this Agreement.

11.4 Confidential Information and Trade Secrets

You acknowledge that the operations, marketing, advertising, and related information and materials which are developed and utilized in connection with the operation of the Business, the Confidential Manual, all aspects of the Licensed Methods, all information regarding Your Members, and the Membership Information constitute TAB's Confidential Information and Trade Secrets ("Confidential Information and Trade Secrets"). Such Confidential Information and Trade Secrets are the unique, exclusive property and a trade secret of TAB and/or TAB's Affiliates. You acknowledge that any unauthorized disclosure or use of the Confidential Information and Trade Secrets would be wrongful and would cause irreparable injury and harm to TAB and/or TAB's Affiliates. You further acknowledge that TAB and its Affiliates have expended a great amount of effort and money in obtaining and developing the Confidential Information and Trade Secrets, that TAB and its Affiliates have taken numerous precautions to guard the secrecy of the Confidential Information and Trade Secrets, and that it would be very costly for competitors to acquire or duplicate the Confidential Information and Trade Secrets.

You will not at any time, publish, disclose, divulge, or in any manner communicate to any person, firm, corporation, association, partnership, or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of TAB or in the operation of Your Business, any of the Confidential Information and Trade Secrets. You further agree not to use, copy, or imitate or cause or permit any other party to use, copy, or imitate, directly or indirectly, (i) any of the Licensed Methods for any unauthorized purpose; (ii) any confusingly similar method, format, procedure, technique, system, name, trade dress, mark, symbol, emblem, tagline, insignia, term, designation, design, diagram, promotional material, or course material of TAB or its Affiliates; or (iii) any facility or program of TAB or its Affiliates.

12. RELATIONSHIP OF PARTIES; INDEMNIFICATION

12.1 Relationship Of The Parties

Nothing in this Agreement is intended to nor does it create the relationship of employer and employee, principal and agent, co-partners, joint ventures, fiduciary, or any other similar relationship, the existence of which is hereby expressly denied by both parties hereto, between You and TAB, and You agree that You are in all respects an independent contractor. You do not have the authority to bind TAB to any agreement, whether written or oral, without the signature of the President or CEO of TAB. You

will not be treated as an employee, partner, or joint venture of TAB for Federal or State Income Tax purposes, and You are responsible for paying Your estimated income and self-employment taxes.

12.2 Indemnification

You agree to indemnify and hold harmless TAB, its subsidiaries and Affiliates, and their respective shareholders, directors, officers, employees, agents, successors, and assigns (the "TAB Indemnified Parties") from and against, and to reimburse them for, all liabilities, obligations, actual and consequential damages, taxes, costs, expenses, and losses (including, without limitation, costs of judgment or settlement, attorneys' fees, accountants' fees, and expert witness' fees, costs and expenses of investigation and proof of facts, court costs and expenses, other litigation expenses, and travel and living expenses) reasonably incurred by any of them in connection with any claim, litigation, or other action arising out of Your Business and the operations of Your Business, or arising out of any services performed by any third parties (such as, but not by limitation, the services of Contract Facilitators) brought against any of the TAB Indemnified Parties, or in which any of them is named or threatened to be named as a party. You agree to be responsible for and will pay and satisfy any judgment or settlement that might arise out of any such claim, litigation, or other action. Without limiting the generality of the foregoing, You further agree that, if TAB is made a party to any lawsuit or other legal action in connection with Your activities or the activities of the Business or any Affiliates of Yours, TAB may, at its sole option, either: (1) tender the defense and/or prosecution of the case or action to You, and You agree to then be responsible for diligently and promptly pursuing such case or action at Your sole cost and expense; or (2) hire counsel directly to protect its interests and bill You for all costs, fees, and expenses (including, without limitation, attorneys' fees, accountants' fees, and expert witness' fees, costs and expenses of investigation and proof of facts, court costs and expenses, other litigation expenses, and travel and living expenses). This Section 12.2 will not apply to any claim based on Your use of the Trademarks. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

12.3 Disclaimer Of Warranties

EXCEPT AS EXCLUSIVELY SET FORTH IN WRITING AND SIGNED BY TAB, TAB AND ITS AFFILIATES MAKE NO EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE TAB MEMBERSHIP MATERIALS, TAB PROMOTIONAL MATERIALS, OR ANY OTHER PRODUCTS AND GOODS DEVELOPED, USED, LICENSED, LEASED, OR SOLD BY OR FOR TAB, INCLUDING, BUT NOT RESTRICTED TO, THE WARRANTY OF TITLE AND THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. TAB'S SOLE AND EXCLUSIVE LIABILITY FOR ANY WARRANTIES EXTENDED BY YOU WILL BE TO REPAIR OR REPLACE, AT TAB'S OPTION, ANY OF THE PRODUCTS AND GOODS SOLD, LICENSED, OR LEASED BY TAB TO YOU WHICH ARE NOT IN COMPLIANCE WITH SUCH WARRANTY, IF ANY. UNDER NO CIRCUMSTANCES WILL TAB'S LIABILITY EXCEED THE DOLLAR AMOUNT OF THE PURCHASE PRICE OR INITIAL FRANCHISE FEE PAID BY YOU FOR ANY PRODUCTS OR GOODS NOT IN COMPLIANCE WITH SUCH WARRANTY, IF ANY, WHICH MAY BE EXTENDED AS PROVIDED HEREIN. IN NO EVENT WILL TAB BE LIABLE TO ANY PARTY, INCLUDING, BUT NOT LIMITED TO, YOU OR YOUR CUSTOMERS, FOR ANY TORT DAMAGES OR INDIRECT, SPECIAL, GENERAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS OR ANTICIPATED PROFITS AND LOSS OF GOODWILL, ARISING IN CONNECTION WITH THE USE OF OR INABILITY TO USE THE PRODUCTS AND/OR GOODS FOR ANY PURPOSE WHATSOEVER.

13. ASSIGNMENT, TRANSFER, AND ENCUMBRANCE

13.1 By TAB

This Agreement is fully assignable and transferable by TAB, in whole or in part, and will inure to the benefit of any assignee(s), transferee(s), or other legal successor(s) to its interest herein. Upon such assignment, TAB will be relieved of all liability under this Agreement.

13.2 Conditions For Transfer Of Business By You

a) Limitations On Transfer By You

You may not transfer the Business or any interest in the Business or any interest in You or any of Your assets used in connection with the Business without TAB's consent. For purposes of this Agreement, a "transfer" shall mean and include any voluntary or involuntary, direct or indirect, assignment, sale, gift conveyance, or other disposition of an interest including without limitation: (a) transfer of any capital stock, partnership interest, limited liability interest or other ownership interest of You; (b) merger or consolidation of You; (c) transfer in bankruptcy or otherwise by operation of law or by order of court of ownership interests in You; or (d) any change of control or management of the Business.

b) Requirements Of Transfer And Transferee

If You and Your owner(s) are in full compliance with this Agreement, TAB will not unreasonably withhold its approval of the transfer of the Business, provided that: (1) the proposed transferee(s) are, in the sole opinion of TAB, individuals of good moral character who have sufficient business experience, aptitude, and financial resources to own and operate the Business; (2) You fulfill Your obligations and otherwise meet TAB's then applicable standards for new franchisees; and (3) the following conditions are met prior to, or concurrently with, the effective date of such transfer of the Business:

(1) All obligations, including all amounts owed by You and Your owner(s) to TAB or its Affiliates have been assumed by the transferee or have been paid;

(2) The transferee has completed the Initial Training Program or such other training program as may then be required of new franchisees and paid TAB its Initial Training Fee based on TAB's then current rates for initial training of new franchisees. This training requirement cannot be satisfied by the transferee completing the Contract Facilitator training program;

(3) The transferee and any Managing Party, if the franchisee is a legal entity, has executed and agreed to be bound by the then current franchise agreement and such ancillary agreements as used by TAB in the granting of franchises for TAB;

(4) You have paid TAB a transfer fee of \$7,500 to cover TAB's reasonable cost in effecting the transfer;

(5) If applicable, You or the transferee have paid TAB an additional transfer fee if You are transferring the Business within 3 years of the date of this Agreement, in an amount equal to the difference between the Initial Franchise Fee paid by You and the amount of the full Initial Franchise Fee in effect as of the date You transfer this Agreement;

(6) You and Your owner(s) have executed a mutual release in a form satisfactory to TAB, as described in Section 10.4(f), of any and all claims against TAB and its Affiliates, officers, directors, employees, and agents;

(7) TAB will have the right, but not the obligation, to approve the material terms and conditions of such transfer, including, without limitation, determining that the price and terms of payment are not so burdensome as to adversely affect the future operations of the Business in the Protected Territory by the assignee in compliance with TAB's then standard franchise agreement and ancillary agreements; and

(8) If the party to whom You are transferring Your Business was introduced to You via a franchise broker or other referral source working with Us (for example, if the transferee is a "Registered Prospect" forwarded to TAB via a franchise broker or other referral source), You must also pay any applicable referral fees charged by the broker or other referral source and any sales commission which would have been paid to any TAB salesperson working with the party to whom You are transferring Your Business.

13.3 Your Death Or Disability

- a) Upon the death, permanent disability, insanity, or appointment of a conservator or guardian of You (or Your principal owner), You or Your (or Your principal owner's) estate, the executor, administrator, conservator, or other personal representative will, within 180 days, assign such person's interest in the Business to a third party approved by TAB. Such assignment, including, without limitation, any transfer by bequest or inheritance, will be subject to the same conditions as any other assignment hereunder, and, if the heirs or beneficiaries of any such person are unable to meet the conditions of Section 13.2, such personal representative will have a reasonable time, not to exceed 180 days from the date of such death or permanent disability, to dispose of Your interest or the interest of such owner of You, which disposition will be subject to all the terms and conditions for assignments contained in Section 13.2. Failure to so dispose of Your interest or the interest of such owner within 180 days will constitute a breach of this Agreement. If necessary, within 15 business days after the date of Your death or disability, You or Your personal representative will appoint an interim manager who has been pre-approved by TAB, to operate the Business until the rights to own the Business have been assigned within the 180 day period referenced in this Section 13.3. If You or Your personal representative fail to appoint an interim manager within 15 business days, TAB may appoint one as set forth in Section 13.6.
- b) TAB's consent to a transfer of any interest, subject to the restrictions of this Section 13.3, will neither constitute a waiver of any claims it may have against You nor be deemed a waiver of TAB's right to demand exact compliance with any of the terms or conditions of this Agreement by the transferee.

13.4 Assignment To A Legal Entity

This Agreement and the assets and liabilities of the Business may be assigned by You to a corporation, limited liability company, or other legal entity in which You own and control not less than 67% of the equity and voting power of all issued and outstanding ownership interests, subject to Your Managing Party continuing as the Managing Party of the Business. The Articles of Incorporation, Bylaws, and other organizational documents of such entity will recite that the issuance and assignment of any interest therein is restricted by the terms of this Agreement, and all issued and outstanding equity ownership certificates of such entity will bear a legend reflecting or referring to the restrictions herein. You will furnish to TAB, at any time and from time to time upon request in such form as TAB may require, a list of all owners of equity in such entity reflecting their respective ownership interests.

13.5 TAB's Right Of First Refusal

If You obtain a bona fide, executed, and written offer from a responsible and fully-disclosed purchaser to sell or transfer an interest in the Business or an ownership interest in You, if You are a legal entity, You will submit an exact copy of such offer to TAB by sending the information via registered mail, separately, to both the Chief Executive Officer and the President of TAB. TAB will have the right, exercisable by written notice delivered to You or Your owner(s) within 30 days from the date of delivery of an exact copy of such offer to TAB, to purchase such interest or such ownership interest in the Business or such ownership interest in You for the price and on the terms and conditions contained in such offer, provided that TAB may substitute cash for any form of payment proposed in such offer and will have not less than 30 days to prepare for closing. You are responsible for paying all of the debts of Your Business; however, TAB may, at closing, pay any of Your trade creditors out of the purchase price, and set off against the purchase price any of Your unpaid debts to TAB. If TAB does not exercise its right of first refusal, You or Your owner(s) may complete the sale to such purchaser pursuant to and on the terms of such offer, subject to TAB's approval of the purchaser as provided in Section 13.2 and this Section 13.5; provided, however, that if the sale to such purchaser is not completed within 120 days after delivery of such offer to TAB, or if there is a material change in the terms of the sale, TAB will again have the right of first refusal herein provided.

13.6 Operation Of Franchise Because Of Your Inability

In order to prevent any interruption of the Business which would cause harm to the Business, if You and/or Your TAB approved Contract Facilitators are unable to operate the Business for a period of 45 days or longer for any reason whatsoever, You authorize TAB to appoint an interim manager to operate the Business for so long as TAB deems necessary and practical. All income from the operation of the Business will be kept in a separate account and the expenses of the Business, including reasonable compensation and expenses of TAB and its agents, will be charged to the account. TAB will retain 50% of the Business' Gross Received Revenue as a management fee. Nothing contained herein will be construed to require TAB to operate the Business in the case of Your inability to operate same, and the rights set forth herein may be exercised in the sole and absolute discretion of TAB.

14. REMEDIES, DISPUTE RESOLUTION, WAIVERS, ETC.

14.1 Injunctive Relief

TAB will be entitled, without posting a bond or bonds totaling more than \$500, to the entry of temporary, preliminary, and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement or any other related agreement relating to Your use of TAB's names and Trademarks or the SBL System and SBL Mark, Your obligations upon termination or expiration of this Agreement, and assignments or attempted assignments of the Business and ownership of You. If TAB secures any such injunction or order of specific performance, You agree to pay to TAB an amount equal to the aggregate of its costs and expenses of obtaining such relief, including, without limitation, reasonable attorneys' fees, costs and expenses in connection therewith, and any damages incurred by TAB as a result of the breach of any such provision. Your sole remedy in the event of the entry of such injunctive relief will be the dissolution of such injunctive relief, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived hereby).

14.2 Dispute Resolution

a) Mediation

TAB and You acknowledge that during the term of this Agreement or thereafter certain disputes may arise between the parties that the parties are unable to resolve by negotiation, but that may be resolved through mediation. To facilitate the resolution of any dispute that may arise TAB and You agree that before commencing any arbitration proceeding (as provided below, the dispute will first be submitted to non-binding mediation (the "Mediation") in Denver, Colorado or the city nearest TAB's principal place of business at the time, which has an office of the Center for Public Resources ("CPR") office, unless the parties mutually agree to another location. The Mediation shall be conducted under the then current CPR Procedure for Resolution of Franchise Disputes (the "CPR Mediation Rules") except to the extent the CPR Mediation Rules differ from the terms of this Agreement, in which event, the terms of this Agreement shall be applied. TAB and You shall select the mediator from the CPR Panel of Neutrals (unless the parties mutually agree to the selection of another mediator). If the parties cannot agree on the selection of a mediator, CPR shall make the selection. The cost of the Mediation, including the mediator's fee and expenses, shall be split equally between TAB and You. All negotiations and mediation proceedings (including all statements and settlement offers made by either party or the mediator in connection with the Mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. If the parties, after a good faith effort to settle the dispute using Mediation, are unable to reach settlement, the parties agree that the dispute will be resolved pursuant to the following Section 14.2(b).

b) **Arbitration**

(1) **General Scope of Arbitration**

EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION 14.2(b), ALL CONTROVERSIES, DISPUTES, OR CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE BREACH THEREOF (INCLUDING, BUT NOT LIMITED TO, CONTRACT, TORT, AND STATUTORY CLAIMS) BETWEEN TAB, ITS AFFILIATES, OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, AND ATTORNEYS (IN THEIR REPRESENTATIVE CAPACITY) AND YOU, YOUR OWNERS, AND YOUR GUARANTORS, IF APPLICABLE, WILL BE SUBMITTED FOR ARBITRATION TO BE ADMINISTERED BY THE DENVER, COLORADO, OFFICE OF THE AMERICAN ARBITRATION ASSOCIATION ("AAA") (OR THE AAA OFFICE NEAREST TO TAB'S PRINCIPAL PLACE OF BUSINESS AT THE TIME), ON DEMAND OF EITHER PARTY. SUCH ARBITRATION PROCEEDINGS WILL BE CONDUCTED IN DENVER, COLORADO, OR IF TAB'S PRINCIPAL PLACE OF BUSINESS IS NOT IN DENVER, THE AMERICAN ARBITRATION ASSOCIATION OFFICE NEAREST TO TAB'S PRINCIPAL PLACE OF BUSINESS AT THE TIME.

(2) **Matters for Which Arbitration is Not Required**

Notwithstanding the foregoing, TAB may bring an action for injunctive relief in any court having jurisdiction to enforce TAB's trademark or proprietary rights, the non-competition and confidentiality provisions of this Agreement, or as is otherwise necessary in order to avoid irreparable harm to TAB, its Affiliates, or the franchise system as a whole.

(3) **Disputes Regarding Enforceability or Scope of Arbitration Clause**

Any disputes concerning the enforceability or scope of the arbitration clause shall be resolved pursuant to the Federal Arbitration Act, 9 U.S.C. § 1 et seq. ("FAA"), and You acknowledge that, notwithstanding any contrary language in this Agreement or in TAB's Uniform Franchise Offering Circular, the FAA preempts any state law restrictions on the enforcement of the arbitration clause in this Agreement according to its terms, including any restrictions on the site of the arbitration.

(4) **Rules Governing Conduct of Arbitration**

Except as otherwise provided in this Agreement, the arbitration will be conducted in accordance with the then-current commercial arbitration rules of the American Arbitration Association. The arbitrator(s) will have the right to award or include in the award any relief which he, she, or they deem proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from date due), specific performance, injunctive relief, attorneys' fees, and other costs in accordance with this Agreement, but subject to the limitations set forth in this Section 14.2(b). The award and decision of the arbitrator will be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction, and each

party waives any right to contest the validity or enforceability of such award. The arbitrator will apply the provisions of any applicable limitation on the period of time in which claims must be brought. The parties further agree that, in connection with any such arbitration proceeding, each will submit or file any claim that would constitute a compulsory counterclaim, as defined by Rule 13 of the Federal Rules of Civil Procedure, within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be barred. This provision will continue in full force and effect subsequent to and notwithstanding expiration or termination of this Agreement. You and TAB agree that arbitration will be conducted on an individual, not a class-wide, basis and that none of the parties hereto will be entitled to consolidation of arbitration proceedings involving such parties with those of any third party, nor will the arbitrator or any court be empowered to order such consolidation. Notwithstanding anything contained herein to the contrary, the arbitrator will not be permitted to award punitive damages.

(5) Number of Arbitrators. The arbitration shall be conducted by a panel of 3 arbitrators, unless the parties agree to use only 1 arbitrator or if the amount in dispute is less than \$50,000.00, in which case only 1 arbitrator shall be used.

(6) Severability. In the event that any provision of this Section 14.2(b) is unenforceable, that provision is severable from the remainder of this arbitration clause, and the balance of the arbitration agreement shall remain in full force and effect. In addition, any ruling invalidating any other portion of the Franchise Agreement shall not affect the validity of this arbitration clause.

14.3 Costs And Attorneys' Fees

If TAB or any of its Affiliates take action to enforce this Agreement or take any action due to Your breach of this Agreement, You shall reimburse TAB and its Affiliates for its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce or seek relief for a breach of this Agreement.

14.4 WAIVER AND LIMITATION OF LIABILITIES

YOU HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE TAB INDEMNIFIED PARTIES (AS DEFINED IN SECTION 12.2)

TAB AND YOU HEREBY IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY YOU.

TO THE FULL EXTENT PERMITTED BY LAW, TAB AND THE TAB INDEMNIFIED PARTIES WILL NOT BE LIABLE TO YOU FOR PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, OR CONSEQUENTIAL DAMAGES, AND IN THE EVENT OF A DISPUTE AGAINST TAB OR THE TAB INDEMNIFIED PARTIES, YOU WILL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED.

15. MISCELLANEOUS PROVISIONS

15.1 No Warranties Or Guarantees

TAB assumes no liability or obligation to You by granting any waiver, approval, or consent to You, or by reason of any neglect, delay, or denial of any request therefore.

15.2 Non-Waiver

No waiver by TAB of performance of any obligation or this Agreement shall be construed as a waiver of any other or future default or performance obligation. Further, TAB's forbearance, delay, failure to exercise an express waiver of a right or TAB's decision to take some other action regarding breach by any other franchise owner(s) shall not be evidence of a practice, custom or policy of TAB and shall not waive or impair TAB's ability to exercise any right, power or option it has under this Agreement in the event of the same, similar or different breach by You. In addition, TAB's acceptance of any payments due from You after any breach by You shall not constitute a waiver of said breach nor limit TAB's ability to fully exercise its rights under this Agreement as a result of Your breach.

15.3 Force Majeure

Neither TAB nor You will be liable for loss or damage or deemed to be in breach of this Agreement if it exercises its best efforts to perform its obligations hereunder and its failure to perform its obligations results from: (1) transportation, material, or energy shortages, or the voluntary foregoing of the right to acquire or use any of the foregoing, in order to accommodate or comply with the orders, requests, regulations, recommendations, or instructions of any federal, state, or municipal government or any department or agency thereof; (2) compliance with any law, ruling, order, regulation, requirement, or instruction of any federal, state, or municipal government or any department or agency thereof; (3) acts of God; (4) acts or omissions of the other party; (5) fire, strike, embargo, insurrection, war (whether or not officially declared), or riot; or (6) acts of terrorism, defined herein as any act by a person or persons, intending to or actually causing harm, who are acting either independently or are in any way connected, directly or indirectly, to organizations, whether or not recognized by any governmental authority, against the interests of the United States or directly or indirectly against any of the parties to the transaction. Any delay resulting from any of said causes will extend performance accordingly or excuse performance in whole or in part, as may be necessary.

15.4 Cumulative Rights

The rights and remedies of TAB hereunder are cumulative and no exercise or enforcement by TAB of any right or remedy hereunder will preclude the exercise or enforcement by TAB of any other right or remedy hereunder which TAB is entitled by law to enforce.

15.5 Governing Law/Consent To Jurisdiction

Except as specifically otherwise provided in Section 14.2(b), all disputes to be arbitrated by You and TAB pursuant to this Agreement will be governed by the Federal Arbitration Act, and no procedural arbitration issues are to be resolved pursuant to any state statutes, regulations, or common law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement will be interpreted under the laws of the state of Colorado.

and any dispute between the parties will be governed by and determined in accordance with the substantive laws of the state of Colorado, which laws will prevail in the event of any conflict of law. If a state regulator requires an amendment to this Agreement, the amendment is attached hereto in a State Law Addendum as Exhibit VIII. TAB will not, however, be precluded from contesting the validity, enforceability, or applicability of such laws or regulations in any action relating to this Agreement or to its rescission or termination.

You and TAB have negotiated regarding a forum in which to resolve any disputes that may arise between You and TAB and have agreed to select a forum in order to promote stability in Your relationship with TAB. Therefore, if a claim is asserted in any arbitration or legal proceeding involving You, Your officers, or Your directors (collectively, "Your Affiliates") and TAB or TAB's Affiliates, including, without limitation, its officers, directors, or sales employees, both parties agree that the exclusive venue for disputes between them will be in the state and federal courts of Colorado. Notwithstanding the foregoing, if TAB's principal place of business is not located in Denver, Colorado, the nearest city to TAB's principal place of business at the time with a state and Federal court will be substituted for Denver, Colorado, and as noted above mediation will be conducted in the city closest to TAB's principal place of business which has a CPR office, and arbitration will be conducted in the city closest to TAB's principal place of business which has an AAA office, at the time of such mediation or arbitration.

15.6 Time for Bringing Action

You agree that any claim or action brought by You relating to or arising from this Agreement will be barred if not brought within 1 year of the occurrence of the circumstances giving rise to such claim or action, comes to the attention of or should reasonably have come to Your attention.

15.7 Binding Effect

This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, successors, and permitted assigns.

15.8 Time Is Of The Essence

Time is of the essence of this Agreement and in the performance of each and every term and provision hereof.

15.9 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and constitute one and the same instrument. This Agreement will become binding when one or more counterparts hereof, individually or taken together, will bear the necessary signatures.

15.10 Notices

All notices, consents, requests, demands, and other communications hereunder are to be in writing, and are deemed to have been duly given or made: (1) when delivered in person; (2) three days after deposited in the United States mail, first class postage prepaid; (3) in the case of telegraph or overnight courier services, one business day after delivery to the telegraph company or overnight courier

service with payment provided for; or (4) in the case of telex, telecopy, or facsimile, when sent and verification received, in each case addressed as follows:

If to TAB, to: TAB Boards International, Inc.
1640 Grant Street, Suite 200
Denver, Colorado 80203
Attention: Jason P. Zickerman, President and COO
Facsimile: (303) 839-0012

with a copy to: TAB Boards International, Inc.
1640 Grant Street, Suite 200
Denver, Colorado 80203
Attention: Finance Department
Facsimile: (303) 839-0012

And a copy to: TAB Boards International, Inc.
1640 Grant Street, Suite 200
Denver, Colorado 80203
Attention: Legal Department
Facsimile: (303) 839-0012

If to You, to the address indicated on the signature page of this Agreement, or to such other address as any party may designate by notice to the other parties in accordance with the terms of this Section 15.10.

15.11 Entire Agreement

The terms contained herein, including all addenda, riders, and exhibits to this Agreement and all other agreements related to the franchise relationship between the parties, constitute the entire agreement between the parties, and there are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein (other than those written disclosures required by law). Except as otherwise provided herein, including, without limitation, TAB's right to modify the provisions of the Confidential Manual, no amendment to this Agreement is binding unless executed by both parties. Furthermore, no amendment to this Agreement is binding upon TAB unless such amendment is executed on behalf of TAB by its CEO or President.

15.12 Severability

Should any provision of this Agreement be construed or declared invalid, such decision will not affect the validity of any and all remaining provisions, each of which will remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated. If any restriction contained in this Agreement is deemed too broad to be capable of enforcement, the arbitrator or the Court, as the case may be, is hereby authorized to modify or limit such restriction to the extent necessary to permit its enforcement. All covenants contained in this Agreement, including, but not limited to, those relating to non-competition, will be interpreted and applied consistent with the requirements of reasonableness and equity.

15.13 Ambiguity

In the case of any question of ambiguity relating to any provisions contained herein, there will not be any construction against the drafter of the document.

15.14 Headings And References

Headings and paragraph titles are for convenience of reference only and shall not define, limit, or extend the scope or intent of this Agreement or any provision thereof. All terms and words used herein shall be construed to include the number and gender as the context of this Agreement may require. Each section of this Agreement shall be construed independently of any other section or provision of this Agreement. Any rights reserved to TAB may be exercised in its sole discretion, unless specifically stated to the contrary.

16. REPRESENTATIONS, WARRANTIES, AND ACKNOWLEDGMENTS

You represent, warrant, and acknowledge as follows:

16.1 Disclosure Document

You have received a copy of the complete disclosure document required by the Trade Regulation Rule of the Federal Trade Commission concerning the franchise at least 10 business days prior to the date on which this Agreement was executed. You have received a fully completed copy of this Agreement at least 5 business days prior to signing it.

16.2 No Violation Of Any Other Agreement Or Commitment

The execution and performance of this Agreement by You does not violate or constitute a breach of the terms of any other agreement or commitment to which You are a party.

16.3 Legal, Valid, And Binding Validation

The individuals executing this Agreement on Your behalf are duly authorized to do so, and, upon its execution, this Agreement will constitute Your legal, valid, and binding obligation.

16.4 Compliance

You and each of Your partners, members, managers, or shareholders, as the case may be, if You are a partnership, limited liability company, or a corporation, have fully read this Agreement and all related agreements, and fully understand the terms and the import of the same, and represent that each of You is capable of complying and will comply therewith.

16.5 Consultation with Advisers; Independent Investigation; Acknowledgment Of Franchisee

TAB has advised You to consult with advisers of Your own choosing and You have been given ample time to do so before signing this Agreement. You have conducted an independent investigation of the Business contemplated by this Agreement and recognize that the success of the Business is speculative and depends, to a large extent, upon Your ability as an independent business person, as well as other factors. TAB does not make any representations or warranties as to the potential success of the

Business and no one is authorized to make any such representations or warranties. You understand that You may sustain losses as a result of the operation or the closing of the Business. You understand that the business venture contemplated by this Agreement involves a high degree of financial risk and depends to a large degree on Your skills, abilities, initiative, and hard work. TAB does not furnish or authorize any parties to furnish any oral or written information concerning the actual or potential sales, costs, income, or profits of the Business and You have not received or relied upon any warranty or guarantee, expressed or implied, as to the potential volume, profits, or success of the Business contemplated by this Agreement. Actual results vary from Business to Business and TAB cannot estimate the results of any particular Business. You acknowledge that if You were referred to TAB and You purchase a Franchise, the referral source, whether it be another franchisee or a TAB Facilitator or an unaffiliated third party, may be entitled to a referral fee.

16.6 Non-Reliance On Representations

You are not relying upon any representations by TAB or its officers, directors, shareholders, employees, agents, or servants about the Business contemplated by this Agreement that are contrary to the provisions of this Agreement, any ancillary documents, or the accompanying Uniform Franchise Offering Circular.

16.7 Different Forms Of Agreements

You are aware of the fact that other franchise owners of TAB may operate under different forms of agreements and, consequently, that TAB's obligations and rights with respect to its various franchise owners may differ materially in certain circumstances. For example, those who have been previously engaged by TAB as a Corporate Contract Facilitator or who have completed Corporate Contract Facilitator training prior to November 30, 2003, may operate under different terms and/or forms of agreements.

16.8 TAB May Refuse To Grant You A Franchise

YOU UNDERSTAND AND AGREE THAT TAB HAS NO OBLIGATION TO ACCEPT YOUR APPLICATION AND MAY REFUSE TO GRANT A FRANCHISE FOR ANY REASON, OR FOR NO REASON, WITHOUT DISCLOSING THE BASIS FOR ITS DECISION. YOU ACKNOWLEDGE THAT, UNLESS AND UNTIL TAB NOTIFIES YOU IN WRITING WITH A TAB-EXECUTED FRANCHISE AGREEMENT THAT THE FRANCHISE HAS BEEN GRANTED, YOU ARE NOT A FRANCHISEE AND MAY NOT RELY UPON BECOMING A FRANCHISEE OF TAB.

16.9 Survival

All of Your obligations which expressly or by their nature survive the expiration, termination, or assignment of this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration, termination, or transfer of this Agreement and until they are satisfied in full or by their nature or express terms expire.

16.10 No Right To Sub-franchise

TAB hereby expressly forbids sub-franchising of any kind. You hereby agree that You have no right to sell or negotiate the sale of franchises in the name of or on behalf of TAB. TAB further prohibits

You from establishing any contractual relationship with any other party which could be deemed or interpreted to have established a sub-franchise relationship. You hereby agree that, to the full extent permitted by applicable law, sub-franchising of any kind on Your part or behalf shall be grounds for immediate termination of Your Franchise Agreement without notice and without opportunity to cure.

IN WITNESS WHEREOF, the undersigned parties hereto have duly executed this Agreement as of the date that TAB accepts this Agreement.

NOTE: Acceptance of this Agreement by TAB can only be made if executed by the CEO or President of TAB.

**THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION, WHICH
MAY BE ENFORCED BY THE PARTIES.**

FRANCHISEE

Individually
Address: _____

Phone: _____
Facsimile: _____

OR: (If a corporation, limited liability company, or partnership)

Company Name

By: _____
Title: _____
Address: _____

Phone: _____
Facsimile: _____

By: _____
Title: _____
Address: _____

Phone: _____
Facsimile: _____

TAB BOARDS INTERNATIONAL, INC.

By: _____
Jason P. Zickerman
President and Chief Operating Officer

Date: _____

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**EXHIBIT I
TO FRANCHISE AGREEMENT**

ADDENDUM TO FRANCHISE AGREEMENT

This "**Addendum**" to the TAB Boards International, Inc. Franchise Agreement ("Agreement"), dated _____, 200_, between TAB Boards International, Inc. ("TAB") and _____ ("You"), is made effective as of the date of the Agreement. To the extent not defined herein, all capitalized references in this Addendum will have the meanings as defined in the Agreement.

1. Protected Territory

The following zip codes, postal codes, and/or counties, which are located in the state(s) or province(s) of _____, constitute Your Protected Territory:

As the United States Postal Service, or other applicable governmental entity, changes zip codes or postal codes in Your Protected Territory, TAB will use reasonable efforts to keep Your Protected Territory synchronized with these changes. As You become aware of any zip code or postal code changes in Your Protected Territory, please provide written notice of any such changes to TAB at Your earliest convenience.

The current estimate of the number of total businesses in Your Protected Territory, based upon TAB's most current criteria, as of the date of the Agreement, is _____ and, therefore Your current Protected Territory Classification is:

Protected Territory Classification	Number Of Total Businesses	Check Box Below
Personal Class 1	7,500 or less	
Personal Class 2	7,501 to 15,000	
Master Licensee Class 1	15,001 to 22,500	
Master Licensee Class 2	22,501 to 30,000	

2. Initial Franchise Fee

Based upon Your Protected Territory Classification listed in paragraph 1 above, the amount You have paid to TAB as an Initial Franchise Fee, is: \$ _____.

3. Number Of Total Businesses And RMPs

According to a recent count from list provider(s) used by TAB, the total number of businesses in Your Protected Territory is _____. Notwithstanding this current number of total businesses located in Your Protected Territory, You are only required to market, during

the first 18 months after Your Start of Business Operations or until You begin paying an Opportunity Fee, whichever is earlier, to the following number of prospects per the terms of the Agreement, which represents the current number of RMPs in Your Protected Territory:

_____.

TAB will order RMP lists for Your Protected Territory at a designated time prior to the start of Your Kick-Off Campaign. The information contained in these lists may contain overlapping entries and/or information which is not current. Moreover, there will likely be prospects in Your Protected Territory to whom You can market that are not included on these lists. This is a result of the nature of how these lists are compiled and TAB will assume no responsibility for any such omissions or errors.

TAB relies on third-party vendors to supply the data used to calculate total businesses and RMPs, and thus TAB has no control over changes to this data which may take place at any time. The total business and RMP calculations listed in this Agreement are the then current figures obtained by TAB from third-party vendor(s) on a periodic basis at TAB's sole discretion. These figures may change over time for reasons outside of TAB's control. You hereby agree and acknowledge that there will be absolutely no argument and/or negotiation regarding the calculation of RMPs or total businesses or the content of any RMP lists or lists of prospects supplied by TAB pursuant to this Agreement.

No individual on behalf of TAB is authorized to sign this Agreement if the current merged count of total businesses for Your Protected Territory exceeds 30,000.

4. Kick-Off Marketing Costs

Based upon Your RMP count above and the current rates charged by the TAB Corporate Marketing Department for mass marketing assistance, the portion of Your Kick-Off Marketing Costs for Your Kick-Off Campaign that are due and payable upon signing the Agreement is \$_____. Additional marketing assistance and/or resources are available by contacting the TAB Corporate Marketing Department directly to discuss Your needs, availability of additional assistance and/or resources, and applicable charges for any such additional assistance and/or resources.

5. Initial Training Program

Your Initial Training Program will take place at a TAB-designated location, which is currently in Denver, Colorado, the week of _____. Upon execution of this Agreement, You have paid to TAB an Initial Training Fee of \$_____.

6. Initial Group Information Meetings

Your initial Group Information Meeting will be scheduled tentatively for _____, 200_, subject to TMD availability.

7. Start of Business Operations

For the purposes of the Agreement, Your Start of Business Operations, as defined in the Agreement, is: _____, 200_. NOTE: This date must be initialed by TAB's CEO or President & COO to be effective. _____ [CEO or President & COO Initials]

8. Managing Party and Facilitator(s)

a) The Managing Party approved for Your Business is:

b) Facilitator(s) approved for the initial Board(s) You form is (are):

9. Acknowledgment of Non-Competitive Activity

TAB agrees that the following business consulting projects in which You have been engaging in the 12 months prior to the date of execution of the Agreement will not be considered a Competitive Activity subject to the restrictions described in Section 11.1 of the Agreement:

***NOTE: This section must be initialed by TAB's CEO or President & COO to be effective.
_____ [CEO or President & COO Initials]**

Fully executed this ____ day of _____, 200_.

FRANCHISEE

By: _____

Title: _____

By: _____

Title: _____

OR:

Individually

TAB BOARDS INTERNATIONAL, INC.

By: _____

Title: Jason P. Zickerman, President and Chief Operating Officer

EXHIBIT II
TO FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP

This "Statement of Ownership", attached as Exhibit II to the TAB Boards International, Inc. Franchise Agreement ("Agreement"), dated _____, 200__, between TAB Boards International, Inc. ("TAB") and _____ ("You"), will further define Your form of ownership, as well as those parties which have an ownership interest in You. To the extent not defined herein, all capitalized references in this Statement of Ownership will have the meanings as defined in the Agreement.

Your Name: _____

Your Trade Name (if different from above): _____

Form of Ownership
(Check One)

Individual Partnership Corporation Limited Liability Company

If a partnership, provide name and address of each partner, percentage of business owned, whether active in management, and state in which partnership was formed on the lines below.

If a corporation, provide the state and date of incorporation, the names and addresses of each officer and director, and the names and addresses of every shareholder, including percentage of stock owned by each, on the lines below.

If a limited liability company, provide the state and date of formation, the names and addresses of each manager, and the names and addresses of every member, including percentage of membership interest held by each member, on the lines below.

Use additional sheets if necessary. Any and all changes to the above information must be reported to TAB. You acknowledge that this Statement of Ownership applies to each Business authorized under the Agreement.

By: _____

Date: _____

Print Name

Franchisee Initials _____

EXHIBIT III
TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "Agreement"), by TAB BOARDS INTERNATIONAL, INC. ("TAB") in favor of _____ ("the franchisee, who is referred to in the Agreement as "You" and who is referred to in this Guarantee as "Franchisee"), each of the undersigned ("Guarantor(s)") hereby personally and unconditionally guarantees to TAB, its Affiliates (as defined in the Agreement), and their successors and assigns for the term of the Agreement and thereafter as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned Guarantor(s) agrees to be personally bound by, and personally liable for the breach of each and every undertaking, agreement, covenant, and provision in the Agreement. Guarantor(s) further agree to be personally and unconditionally bound by each and every undertaking, agreement and covenant set forth in the Agreement. Each of the Guarantor(s) agrees to personally comply with and abide by the non-competition provisions, other restrictive covenants and nondisclosure provisions contained in the Agreement, as well as the provisions in the Agreement relating to trademarks, assignment and transfer, to the same extent as and for the same period of time as Franchisee is required to comply with and abide by such covenants and provisions. All of the foregoing obligations of the undersigned shall survive any expiration or termination of the Franchise Agreement or this Guarantee.

Each of the undersigned Guarantor(s) waives the following:

1. Notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed;
2. Protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; and
3. Any right he or she may have to require that any action be brought against Franchisee or any other person as a condition of liability.

Each of the undersigned Guarantor(s) consents and agrees that:

1. His or her direct and immediate liability as defined herein will be joint and several;
2. He or she will render any payment or performance required under the Agreement upon demand, if Franchisee fails or refuses punctually to do so;
3. Such liability will not be contingent or conditioned upon pursuit by TAB of any remedies against Franchisee or any other person; and
4. Such liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which TAB may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way

modify or amend this guaranty, which will be continuing and irrevocable during the term of this Agreement, including renewals thereof.

If TAB or any of its Affiliates are required to enforce this Guarantee in any judicial proceeding or appeal thereof, the Guarantor(s) shall reimburse the TAB and Affiliates for their costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

The undersigned Guarantor(s) also recognize that certain disputes relating to the Agreement are to be resolved by arbitration and hereby consent to such arbitration. The terms contained in the Agreement any applicable Addendum and this Guarantee constitute the entire agreement between the parties, and there are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein. The Guarantor(s) further agree to the arbitration provisions of the Agreement and agree to be subject to the terms thereof.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, each of the undersigned Guarantor(s) has affixed his or her signature effective as of the same day and year as the Agreement was executed.

GUARANTOR(S)

Print Name

Signature (Individually)
Address: _____

Phone: _____

Facsimile: _____

Date: _____

Print Name

Signature
Address: _____

Phone: _____

Facsimile: _____

Date: _____

TAB HEREBY ACKNOWLEDGES AND ACCEPTS THE FOREGOING UNDERTAKINGS BY THE GUARANTOR(S) WHO SIGNED ABOVE.

TAB BOARDS INTERNATIONAL, INC.

By: _____

Jason P. Zickerman,
President and Chief Operating Officer

Date: _____

EXHIBIT IV
TO FRANCHISE AGREEMENT

ROYALTY FEE ADDENDUM TO FRANCHISE AGREEMENT

This "Royalty Fee Addendum" to the TAB Boards International, Inc. Franchise Agreement ("Agreement"), dated _____, 200__, between TAB Boards International, Inc. ("TAB") and _____ ("You"), is executed on the _____, 200__ . To the extent not defined herein, all capitalized references in this Royalty Fee Addendum will have the meanings as defined in the Agreement.

RECITALS

A. You desire to pay TAB a Royalty Fee of 35% on all Membership Dues earned by Your Business instead of an Opportunity Fee pursuant to the terms of the Agreement.

B. You understand and acknowledge that, by entering into this Royalty Fee Addendum, that You are relinquishing Your Protected Territory in its entirety, relinquishing all rights to market for new Members.

C. TAB agrees to allow You to pay TAB a 35% Royalty Fee in lieu of the Opportunity Fee, subject to the conditions of this Royalty Fee Addendum, by entering into this Royalty Fee Addendum, as set forth below.

NOW, THEREFORE, in consideration of the terms and conditions hereinafter set forth, and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, TAB and You, intending to be legally bound, agree as follows:

1. When This Exhibit May Be Executed

This Exhibit may only be executed between the 37th and 39th months of Your Start of Business Operations, which are the months between _____, 20__ and _____, 20__.

2. Decision To Pay Royalty Fee In Lieu Of Opportunity Fee

Beginning with the first day of the month following the Effective Date of this Royalty Fee Addendum ("Royalty Fee Date"), You will pay TAB a monthly Royalty Fee equal to 35% of the Membership Dues earned by Your Business instead of an Opportunity Fee. The method and manner of payment of the Royalty Fee shall be the same as that set forth in the Agreement.

3. Credit Card Fees

Although, as of the Royalty Fee Date, You will be paying TAB a monthly Royalty Fee, all credit card fees will be Your sole responsibility after the Royalty Fee Date.

4. No Protected Territory

As of the Effective Date of this Royalty Fee Addendum, You voluntarily relinquish Your Protected Territory. You hereby acknowledge and understand that TAB may and will seek to put a new franchisee into Your former Protected Territory. You hereby acknowledge and understand that all

provisions in the Agreement that grant, describe, or otherwise relate to Your former Protected Territory are hereby null and void.

5. No Marketing Rights

As of Effective Date of this Royalty Fee Addendum, You voluntarily relinquish all rights granted by the Agreement to conduct Mass Marketing Campaigns. You hereby acknowledge and understand that You have no rights to market for new Members and may only add Members who qualify as "Prospect Exceptions," meaning that they are (a) social or personal acquaintances of Yours; (b) referrals from an existing TAB Board Member or another person who personally knows the referred prospect; or (c) persons who attended a TAB Group Information Meeting presented by You before the Effective Date.

6. Marketing Development Fee

As of the Royalty Fee Date, You will no longer be required to pay the Marketing Development Fee in light of Your relinquishment of all marketing rights.

7. No Operating TAB Boards

At any time You are no longer operating any TAB Boards, You will be considered in default and subject to the termination provisions of the Agreement as set forth in Section 10.1.

8. Other Franchise Agreement Provisions

This Royalty Fee Addendum only addresses and modifies those provisions and terms of the Agreement discussed specifically herein. All other provisions and terms of the Agreement remain in full force and effect.

9. Effective Date

This Addendum is effective as of _____ (the 1st full month following 90 days from Your election to exercise Your rights hereunder), unless sooner in TAB's discretion. If You would like for TAB to consider an early date, enter that date below, and if acceptable, an officer of TAB will initial below:

Request for early effective date of _____, 20_____.

Accepted by TAB, only if the President or Chief Executive Officer of TAB initials here: _____.

[The rest of this page was intentionally left blank. Signature Page to follow.]

FRANCHISEE:

By: _____

Title: _____

By: _____

Title: _____

OR:

Individually

TAB BOARDS INTERNATIONAL, INC.

By: _____

Jason P. Zickerman,
President and Chief Operating Officer

EXHIBIT V
TO FRANCHISE AGREEMENT

NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

In consideration of, and as an inducement to, the execution of the TAB Boards International, Inc. Franchise Agreement ("Agreement"), dated _____, 200_, between TAB BOARDS INTERNATIONAL, INC. ("TAB") and _____ ("Franchisee"), this "Non-disclosure and Non-competition Agreement" is made and entered into between TAB, Franchisee, the individuals listed in the Statement of Ownership, attached as Exhibit II to the Agreement, all persons employed by Franchisee as Facilitators, Franchisee's officers, directors and their immediate family members, each of whom shall be referred to as an "Associate." To the extent not defined herein, all capitalized references in this Non-disclosure and Non-competition Agreement will have the meanings as defined in the Agreement.

RECITALS

A. TAB owns, operates, and grants franchises for the establishment and operation of businesses ("Business(es)" or "TAB Business(es)") that:

(i) form groups ("TAB Board(s)" or "Board(s)") of business leaders who become TAB members ("TAB Member(s)", or "Member(s)"), provide facilitation services, both in person and by electronic communication methods, for the meetings of such TAB Boards ("TAB Board Meeting(s)"), and provide private coaching sessions for TAB Members. TAB Boards act as an alternative to a formal board of directors, to provide objective advice to Members. The individual who promotes, organizes and conducts the TAB Board Meetings is called a "TAB Facilitator(s)" or "Facilitator(s)". The proprietary methods and system to do the foregoing, including TAB's know-how, trade secrets, materials, and methods for providing these products and services as may be changed, improved, modified and further developed by TAB and certain entities controlling, controlled by, or under common ownership with TAB ("Affiliates") from time to time, is referred to as the "TAB System"; and

(ii) provide personal and business planning coaching for TAB Members, which includes, without limitation, a personal and business planning process for business owners and the businesses they own. The proprietary methods and system of such planning process including the know-how, trade secrets, and materials associated with it, as they may be changed, improved, modified and further developed by TAB and its Affiliates from time to time is referred to as the Strategic Business Leadership[®] System ("SBL System").

B. "TAB Trademarks" mean such service marks, trademarks, trade dress, trade names and copyrights, as may presently exist or which may be modified, changed or acquired by TAB or its Affiliates in connection with the operation of the TAB System including but not limited to, THE ALTERNATIVE BOARD TAB[®], THE ALTERNATIVE BOARD[®], TIPS FROM THE TOP[®], TAB ADVISORY FORUM[®], TAB BOARDS[®], TAB[®], TAB BOARDS REWARDS[®], TAB BUSINESS VANTAGE[®], POCKET VISION[®], and pending applications for the Arrow Design logo, ACHIEVE SUCCESS WITH PEER ADVICE AND COACHING[™] and TALKTAB[™].

C. "SBL Marks" means such service marks, trademarks, trade dress, trade names and copyrights, as may presently exist or which may be modified, changed or acquired by TAB or its Affiliates in

connection with the operation of the SBL System including but not limited to STRATEGIC BUSINESS LEADERSHIP® ("SBL Marks"); and

D. The TAB Trademarks, SBL Marks, TAB System and SBL System are sometimes collectively referred to as the Licensed Methods ("Licensed Methods").

THEREFORE, in consideration of the foregoing, the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate, Franchisee, and TAB, intending legally to be bound, agrees as follows:

1. **Membership Information.** The term "Membership Information" means all aspects of the Licensed Methods that relate to TAB's methods for forming TAB Boards, providing SBL coaching and soliciting new Members, and to all written agreements with Members, membership lists, RMP lists, documents, correspondence, membership data, files, lists of renewal dates, rates, and literature of whatever form respecting TAB Boards, TAB Members, or TAB Member prospects with whom Franchisee discussed TAB Boards or have had an appointment to discuss TAB Boards, in the past, present, or future. The term Membership Information does not include Franchisee's work product or matters related solely to an Ancillary Business.

Associate acknowledges that TAB owns and controls the Membership Information, all of which constitutes Confidential Information and Trade Secrets (as defined in paragraph 2 below) of TAB, and acknowledge that TAB has valuable rights in and to such Confidential Information and Trade Secrets. Associate further acknowledges that it has not acquired any right, title, or interest in or to the Membership Information, except for the right to use the Membership Information in the operation of the Business.

Franchisee and Associate will use all Membership Information, defined below solely for the purpose of operating the Business. Associate will keep the Membership Information confidential and not disclose its contents to anyone, except pursuant to a valid court order, or with the permission of TAB and the TAB Member to whom the information pertains.

2. **Confidential Information And Trade Secrets** Associate acknowledges that the operations, marketing, advertising, and related information and materials which are developed and utilized in connection with the operation of the Business, the Confidential Manual, all aspects of the Licensed Methods, all information regarding TAB Members, and the Membership Information constitute TAB's Confidential Information and Trade Secrets ("Confidential Information and Trade Secrets"). Such Confidential Information and Trade Secrets is the unique, exclusive property and a trade secret of TAB and/or TAB's Affiliates. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information and Trade Secrets would be wrongful and would cause irreparable injury and harm to TAB and/or TAB's Affiliates. Associate further acknowledges that TAB and its Affiliates have expended a great amount of effort and money in obtaining and developing the Confidential Information and Trade Secrets, that TAB and its Affiliates have taken numerous precautions to guard the secrecy of the Confidential Information and Trade Secrets, and that it would be very costly for competitors to acquire or duplicate the Confidential Information and Trade Secrets.

Associate will not at any time, publish, disclose, divulge, or in any manner communicate to any person, firm, corporation, association, partnership, or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of TAB or in the operation of the Business, any of the Confidential Information and Trade

Secrets. Associate further agree not to use, copy, or imitate or cause or permit any other party to use, copy, or imitate, directly or indirectly, (i) any of the Licensed Methods for any unauthorized purpose; (ii) any confusingly similar method, format, procedure, technique, system, name, trade dress, mark, symbol, emblem, tagline, insignia, term, designation, design, diagram, promotional material, or course material of TAB or its Affiliates; or (iii) any facility or program of TAB or its Affiliates.

3. Competitive Activity For purposes of this Agreement, a "Competitive Activity" means services and products that are the same as, similar to, or competitive with the Licensed Methods. "Competitive Activity" also refers to: (1) facilitating groups of business leaders who run businesses that are not in the same business field, which group meetings are the same as or similar in nature to TAB Boards; and/or (2) providing regularly-scheduled private coaching sessions or providing strategic planning services for business owners and/or their Planning Teams that use exercises that are the same as or similar in nature to those exercises that are used by the SBL System. The term "Competitive Activity" does not include Ancillary Businesses.

4. Ancillary Business Franchisee and/or Associate may offer and advertise certain ancillary services or products approved by TAB, such as consulting services which are not the same as or similar in nature to those that form a part of the SBL System ("Ancillary Businesses(es)"), so long as: (i) the Trademarks or the Licensed Methods are not used; (ii) the Ancillary Business does not constitute a Competitive Activity; and (iii) Ancillary Business would not, in TAB's sole opinion, compete with the Business and/or would not likely harm or disparage the goodwill associated with the Business and/or the Licensed Methods.

5. In Term Non-Competition Covenant

Associate hereby covenants and agrees that, during the term of his or her employment or other association with Franchisee, except while associated with or operating the Business in a manner authorized by TAB, neither Associate nor any member of his or her immediate family will engage, directly or indirectly, in any Competitive Activity anywhere other than as expressly authorized under this Agreement. You acknowledge that a violation of this section would constitute an unfair method of competition and would hinder Your ability to devote sufficient time to the Business.

For a period of two years following the later of either the termination for any reason, transfer, or expiration of this Agreement or the date of the last TAB Board Meeting that Franchisee facilitate with TAB's permission: neither Associate nor any member of his or her immediate family will:

(a) serve, directly or indirectly, as an owner, partner, investor, shareholder, director, officer, employee, principal, agent, advisor, or consultant, or in any other capacity of any other entity; or own, operate, franchise, conduct, engage in, or be connected with, or have any interest in or assist any person or entity engaged in, any Competitive Activity within the Protected Territory or within 25 miles of the outer boundaries of the Protected Territory or within 25 miles of the outer boundaries of any other location in which TAB Boards meet, unless authorized by TAB in a separate, written agreement.

(b) Divert or attempt to divert any business related to, or any customer or account of, Franchisee, TAB, or any other franchisee licensed by TAB, by direct inducement or otherwise, or divert or attempt to divert the employment of any employee of Franchisee, TAB, or any other franchisee licensed by TAB, to any entity to conduct Competitive Activity by any direct inducement or otherwise.

6. Post-Term Covenant Not To Compete

For a period of two years following the later of: (i) the termination for any reason, transfer, or expiration of this Agreement; (ii) the date of the last TAB Board Meeting that Franchisee facilitate with TAB's permission; or (iii) the entry of a final order by an arbitrator or a court of competent jurisdiction enforcing this covenant, neither Associate nor any member of his or her immediate family shall:

(a) Serve, directly or indirectly, as an owner, partner, investor, shareholder, director, officer, employee, principal, agent, advisor, or consultant, or in any other capacity of any other entity that is engaged in any Competitive Activity;

(b) Own, operate, franchise, conduct, engage in, or be connected with, or have any interest in or assist any person or entity engaged in, any Competitive Activity; or

(c) Divert or attempt to divert any business related to, or any customer or account of, Franchisee, TAB, or any other franchisee licensed by TAB, by direct inducement or otherwise, or divert or attempt to divert the employment of any employee of Franchisee, TAB, or any other franchisee licensed by TAB, to any entity to conduct Competitive Activity by any direct inducement or otherwise.

The geographic boundaries of the restrictions in this Section 6 are within the Protected Territory, within 25 miles of the outer boundaries of the Protected Territory and within 25 miles of the outer boundaries of any other location in which TAB Boards meet, unless authorized by TAB in a separate, written agreement.

7. Conforming To The Requirements Of Law

The parties hereto acknowledge that they have attempted to limit Associate's right to compete only to the extent necessary to protect TAB's legitimate business interests. The parties recognize, however, that reasonable people may differ in making such a determination. Consequently, the parties hereby agree that, if the scope or enforceability of the restrictive covenant is in any way disputed at any time, an arbitrator or court may modify and enforce the covenant to the extent that they believe to be reasonable under the circumstances existing at the time. Associate acknowledges that he or she will be able to earn a livelihood without violating the foregoing restrictions.

8. Injunction

Associate hereby acknowledges and agrees that, in the event of any breach or threatened breach of this Non-disclosure and Non-competition Agreement, TAB, its Affiliates and/or Franchisee will be authorized and entitled to obtain, from any court of competent jurisdiction, preliminary and permanent injunctive relief, as well as an equitable accounting of all profits or benefits arising out of any such violation, which rights and remedies will be cumulative and in addition to any other rights or remedies to which TAB, its Affiliates or Franchisee may be entitled.

9. Effect Of Waiver

The waiver by Associate, Franchisee, TAB or its Affiliates of a breach of any provision of this Non-disclosure and Non-competition Agreement will not operate or be construed as a waiver of any subsequent breach thereof.

10. Binding Effect

This Non-disclosure and Non-competition Agreement will be binding upon and inure to the benefit of Associate, Franchisee, TAB and its Affiliates, and their respective heirs, executors, representatives, successors, and assigns.

11. Entire Agreement

This Non-disclosure and Non-competition Agreement and any documents referenced herein contain the entire agreement of Associate, Franchisee, and TAB relating to the matters set forth herein. It may not be changed orally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension, or discharge is sought.

12. Governing Law

This Non-disclosure and Non-competition Agreement will be governed by and construed under the laws of the state of Colorado.

13. Jurisdiction And Venue

In the event of a breach or threatened breach by Associate of this Non-disclosure and Non-competition Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of the State of Colorado, and irrevocably agrees that venue for any action or proceeding will be in the City and County of Denver, Colorado. All parties waive any objection to the jurisdiction of these courts or to venue in Denver, Colorado. Notwithstanding the foregoing, TAB, its Affiliates or Franchisee may enforce this Non-disclosure and Non-competition Agreement in any court of proper jurisdiction in the state where the Franchisee's Business is located.

14. Severability

If any provision of this Non-disclosure and Non-competition Agreement will be held, declared, or pronounced void, voidable, invalid, unenforceable, or inoperative for any reason, by any court of competent jurisdiction, government authority, or otherwise, such holding, declaration, or pronouncement will not affect adversely any other provisions of this Non-disclosure and Non-competition Agreement, which will otherwise remain in full force and effect.

15. Costs Of Enforcement

In any action at law or in equity to enforce any of the provisions or rights under this Non-disclosure and Non-competition Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, will pay the successful party or parties all costs, expenses and reasonable attorney's fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party will recover judgment in any such action or proceeding, such costs, expenses and attorney's fees will be included as part of such judgment.

IN WITNESS WHEREOF, the parties have signed this Non-disclosure and Non-competition Agreement on the date first above written.

FRANCHISEE:

By: _____
Title: _____

ASSOCIATE

COMPANY:

TAB BOARDS INTERNATIONAL, INC.

By: _____
Jason P. Zickerman,
President and Chief Operating Officer

EXHIBIT VI
TO FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT OF TELEPHONE AND DIRECTORY LISTINGS, ETC.

In consideration of, and as an inducement to, the execution of the TAB Boards International, Inc. Franchise Agreement ("Agreement"), dated _____, 200__, between TAB BOARDS INTERNATIONAL, INC. ("Assignee") and _____ ("Assignor"), this "Conditional Assignment Of Telephone And Directory Listings, Etc." is made and entered into on even date herewith, between Assignee and Assignor. To the extent not defined herein, all capitalized references in this Conditional Assignment Of Telephone And Directory Listings, Etc. will have the meanings as defined in the Agreement.

Pursuant to the terms of the Agreement, and other valuable consideration, Assignor assigns to Assignee all telephone numbers, directory listings, fax numbers, Internet website addresses and domain names, and other listings, whether in electronic or other media, used or to be used by Assignor in the operation of Assignor's Business. Assignee assumes the performance of all of the terms, covenants, and conditions of the telephone, directory, or other company with respect to any such listings with the same force and effect as if they had originally been issued to Assignee. This Conditional Assignment Of Telephone And Directory Listings, Etc. is valid on the effective date first set forth above and is, in all circumstances, irrevocable. Assignee may fill in, add, or change the effective date and the listings at any time. The telephone, directory, or other company involved with any such listings is hereby authorized by both Assignee and Assignor to rely on this Conditional Assignment Of Telephone And Directory Listings, Etc. Furthermore, both Assignee and Assignor will hold harmless and indemnify the telephone, directory, or other company involved with any such listings from any claims based on reliance on this Conditional Assignment Of Telephone And Directory Listings, Etc.

ASSIGNOR:

By: _____

Title: _____

By: _____

Title: _____

OR:

Individually

ASSIGNEE:

TAB BOARDS INTERNATIONAL, INC.

By: _____

Title: Jason P. Zickerman,
President and Chief Operating Officer

EXHIBIT VII
TO FRANCHISE AGREEMENT

CLOSING ACKNOWLEDGMENT

This "Closing Acknowledgment", attached as Exhibit VII to the TAB Boards International, Inc. Franchise Agreement ("Agreement"), dated _____, 200__, between TAB Boards International, Inc. ("TAB") and _____ ("Franchisee"), must be completed before or at the same time Franchisee signs the Agreement. To the extent not defined herein, all capitalized references in this Closing Acknowledgment will have the meanings as defined in the Agreement.

Prospective Franchisee Name: _____

Prospective Franchisee Address: _____

Date: _____ Phone: _____

Where did you hear about TAB? _____

TAB salesperson handling this sale: _____

A. The following are true and correct:

Yes ___ No ___ I had a face-to-face meeting with a salesperson or TAB representative.

If yes, the date of said meeting was: _____

_____, 20__ The date which I received the Uniform Franchise Offering Circular about the TAB Franchise.

_____, 20__ The date I received a fully completed copy (other than signatures) of the Agreement I later signed.

_____, 20__ The earliest date on which I signed the Agreement or any other binding document (not including the receipt).

_____, 20__ The earliest date on which I delivered cash, check, or consideration to a TAB representative or any other salesperson.

B. Representations

1. I had an opportunity to review TAB's Offering Circular and Agreement and understand the terms, conditions, and obligations of the Agreement.

Initial _____

2. I had an opportunity to seek professional advice regarding the Offering Circular and the Agreement.

Initial _____

3. No promises, agreements, contracts, commitments, representations, understandings, "side deals," or otherwise have been made to or with me with respect to any matter, including, but not limited to, any representations or promises regarding advertising (television or otherwise), marketing, site location, operational assistance, or other services, nor have I relied in any way on any such promises, agreements, contracts, commitments, representations, understanding, or "side deals," except as explicitly set forth in the Agreement, or a written addendum or exhibit thereto, signed by me and an officer of TAB.

Initial _____

4. No oral, written, or visual claim or representation, promise, agreement, contract, commitment, representation, understanding, or otherwise, which contradicted or was inconsistent with the Offering Circular or the Agreement, was made to me.

Initial _____

5. No oral, written, or visual claim or representation, which stated or suggested any sales, income, expense, profits, cash flow, tax effects, or otherwise, was made to me by any person or entity representing TAB.

Initial _____

TAB does not make or endorse any franchisee or other individual to make or endorse any representations, warranties, projections, or disclosures of any type of any financial information, date, or results with respect to this or any other franchise, whether with respect to sales, income, expenses, profits, cash flow, tax effects, or otherwise, whether made on behalf of or for TAB, any franchisee, or other individual, and expressly disclaims any such financial information, data, or results. If any such representations have been made to You by any person, immediately inform an officer of TAB.

In addition, TAB does not permit any promises, agreements, contracts, commitments, representations, understandings, "side deals," or otherwise, or variations or changes in or supplements to the Agreement, except by means of a written Amendment thereto, signed by Franchisee and an officer of TAB.

The Prospective Franchisee understands and agrees to all of the foregoing.

Prospective Franchisee

Prospective Franchisee

APPROVED BY:

TAB BOARDS INTERNATIONAL, INC.

By: _____
Title: Jason P. Zickerman
President and Chief Operating Officer

EXHIBIT VII
TO FRANCHISE AGREEMENT

STATE LAW ADDENDUM

STATE LAW ADDENDUM - CALIFORNIA

"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."

Notwithstanding anything contained in the foregoing **Franchise Agreement** and Uniform Franchise Offering Circular to the contrary, the following provisions of the California Investment Law shall apply to any franchise or franchisee located in the State of California, which shall control to the extent of any inconsistency:

Item 3

Neither **TAB**, nor any person or franchise broker in Item 2 of the UFOC 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 such persons from membership in such association or exchange.

Item 10

Add the following: "We will comply with all appropriate laws governing any direct financing offered by us to You including, if applicable, the California Finance Lenders Law."

Item 17

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the **Franchise Agreement** contains a provision that is inconsistent with the law, the law will control.

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

The **Franchise Agreement** contains a covenant not to compete that extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

The **Franchise Agreement** requires binding arbitration. The arbitration requires binding arbitration. The arbitration will occur in Denver, CO with the costs being borne by the losing party. These provisions may not be enforceable under California law.

California Corporations, Code, Section 31125 requires the franchisor to 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 **Franchise Agreement** requires application of the law of Colorado. This provision may not be enforceable under California law.

Other Provisions Unaffected: All other terms and provisions contained in the **Franchise Agreement** shall remain in full force and effect, except to the extent specifically modified herein.

www.tabboards.com is our website.

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.

Dated on the day of _____, 200__.

TAB BOARDS INTERNATIONAL, INC.

By: _____
Jason P. Zickerman, President

FRANCHISEE

By: _____

Effective Date:

STATE LAW ADDENDUM - INDIANA

The Indiana Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with Indiana law, including the Indiana Franchises Act, Ind. Code Ann. § 23-2-2.7 (1985). To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Franchise Agreement contains a provision regarding termination and nonrenewal that is inconsistent with these provisions of the Indiana Deceptive Franchise Practices Act, the Act will control.
- b. If the Franchise Agreement requires Franchisee to execute a release of claims or to acknowledge facts the would negate or remove from judicial review any statement, misrepresentation or action the would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, and such acknowledgments shall be void with respect to claims under the Acts.
- c. If the Franchise Agreement contains covenants not to compete upon expiration or termination of the Franchise Agreement that are inconsistent with the Indiana Deceptive Franchise Practices Act, the requirements of the Act will control.
- d. The Indiana Deceptive Franchise Practices Act provides that substantial modification of the Franchise Agreement by Franchisor requires written consent of the Franchisee. If the Franchise Agreement contains provisions that are inconsistent with this requirement, the Act will control.
- e. If the Franchise Agreement requires litigation to be conducted in a forum other than the State of Indiana, the requirement may be unenforceable as a limitation on litigation under the Indiana Deceptive Franchise Practices Act §23-3-3.7(10).
- f. If the Franchise Agreement requires that it be governed by a state's law, other than the State of Indiana, to the extent that such law conflicts with the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, the Acts will control.

With respect to Item 8 of the Offering Circular, Franchisor will not obtain money, goods, services or any other benefit from any other person with whom the Franchisee does business, on account of, or in relation to, the transaction between the Franchisee and the other person, other than for compensation for services rendered by Franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

Each provision of this Addenda shall be effective only to the extent that the jurisdictional requirements of the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, with respect to each such provision, are met independent of this Addenda. This Addenda shall have no force or effect if such jurisdictional requirements are not met.

As to any state law described in this Addenda that declares void or unenforceable any provision contained in the Franchise Agreement, the Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

TAB BOARDS INTERNATIONAL, INC.

FRANCHISEE

By: _____
Jason P. Zickerman, President

By: _____

Date: _____

Date: _____

Effective date:

STATE LAW ADDENDUM - HAWAII

The following modifies and supersedes the Offering Circular and Franchise Agreement with respect to franchises offered for sale or sold in the State of Hawaii, as followings:

COVER SHEET.

Add the following:

THESE FRANCHISES HAVE BEN 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 AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND FRANCHISEE.

No release language set forth in the Franchise Agreement shall relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

The undersigned does hereby acknowledge receipt of this Addendum.

TAB BOARDS INTERNATIONAL, INC.

By: _____
Jason P. Zickerman, President

Date: _____

FRANCHISEE:

By: _____

Date: _____

Effective Date:

STATE LAW ADDENDUM - NEW YORK

The following modifies and supersedes the Offering Circular with respect to franchises offered for sale or sold in the State of New York, as followings:

The following replaces the last two paragraphs on the Cover Page:

"INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT D OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS OFFERING CIRCULAR. IF YOU LEARN THAT ANYTHING IN THE OFFERING CIRCULAR IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW BUREAU OF INVESTOR PROTECTION AND SECURITIES 120 BROADWAY, 23RD FLOOR NEW YORK, N.Y. 10271"

The following is added to the Cover Page:

"THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE SET THOSE SET FORTH IN THIS PROSPECTUS."

The following is added at the beginning of Item 1:

All references to "Protected Territory" throughout this Offering Circular shall be deemed to be modified by TAB's right to grant non-exclusive, non-protected territories within the City of New York, Borough of Manhattan ("Manhattan"). TAB reserves the right to grant non-exclusive territories, to change the classification of territories, and to modify Your obligations related to Mass Marketing Campaigns, RMP List updates and related matters, only if Your territory is located in Manhattan. TAB reserves these rights only with respect to Manhattan due to the unique density of businesses located in Manhattan.

In Item 3 of the UFOC, substitute the following:

Neither TAB, its predecessors, any person identified in Item 2, nor any affiliate offering franchises under our principal trademark has an administrative, criminal or civil action (or a significant number of civil actions irrespective of materiality) pending against it, him or her alleging a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

Neither TAB, its predecessors, any person identified in Item 2, nor any affiliate offering franchises under our principal trademark 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 or pleaded nolo contendere to a misdemeanor charge or been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Neither **TAB**, its predecessors, any person identified in Item 2, nor any affiliate offering franchises under our principal trademark is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

The following paragraph is hereby added at the beginning of Item 4:

Neither **TAB** nor any predecessors, officer or general partner of **TAB** has, during the 10-year period immediately preceding the date of the offering prospectus, been adjudged bankrupt or reorganized due to insolvency, or was a principal officer of any company or a 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 **TAB** held such position in such company or partnership, nor has any such bankruptcy or reorganization proceeding been commenced

In Item 5 of the UFOC, add the following sentence:

"We use the proceeds from Your payment of the initial franchise fee to defray our costs and expenses for providing training and assistance to You and for other expenses."

In Item 17 section d of the UFOC is hereby modified to provide that you may terminate the Franchise Agreement on any grounds available by law.

In Item 17 section j of the UFOC is hereby modified to provided:

No assignment 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**.

In Item 17 section w of the UFOC is hereby modified to provide:

Colorado law applies. The foregoing choice of law should not be considered a waiver of any right conferred upon either the Franchisor or upon the Franchisee by the GBL of the State of New York, Article 33. This language has been included in this **Offering Circular** as a condition of registration. The Franchisor and Franchisee do not agree with the above language and believe that each of the provisions of the **Franchise Agreement** including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the **Franchise Agreement** and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

[SIGNATURE PAGE TO FOLLOW]

TAB Boards International, Inc.

By: _____
Jason P. Zickerman, President

Date: _____

FRANCHISEE:

By: _____

Date: _____

Effective Date:

LAW ADDENDUM - WASHINGTON

The following modifies and supersedes the Offering Circular and Franchise Agreement with respect to franchises offered for sale or sold in the State of Washington, as followings:

The State of Washington has a statute, RCW 19.100.180 which may supersede the **Franchise agreement** in **Your** relationship with the **TAB** including the areas of termination and renewal of **Your** franchise. There may also be court decisions which may supersede the **Franchise Agreement** in **Your** relationship with **TAB** including the areas of termination and renewal of **Your** franchise.

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

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 Revised Code of Washington shall prevail.

A release or waiver of rights executed by **You** shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the **TAB's** reasonable estimated or actual costs in effecting a transfer.

The undersigned does hereby acknowledge receipt of this Addendum.

TAB BOARDS INTERNATIONAL, INC.

By: _____
Jason P. Zickerman, President

Date: _____

FRANCHISEE:

By: _____

Date: _____

Effective Date:

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