

Item 11

FRANCHISOR'S OBLIGATIONS

Franchise Agreement Obligations

Except as listed below, we are not required to provide you with assistance under the Franchise Agreement and Exhibits:

Before Opening

Before opening the franchise unit, we will:

1. Review for approval any location within your Marketing Area proposed by you (Article 1, Section 1 of Franchise Agreement).
2. Train you to operate the franchise unit (Article 1, Section 5 of Franchise Agreement). Our training program is described in more detail below.
3. Reasonably assist you, as necessary in our judgment, in the start-up of your Franchise, including assistance in working through our "First Gear" pre-opening program before your attendance at **STICK MEN UNIVERSITY**®. (Article 1, Section 5 of Franchise Agreement)
4. Provide you with a start-up materials package. A list of the start-up materials package as of the date of this Offering Circular is attached as Exhibit E.
5. Provide the services of appropriate staff member(s) of ours to assist and counsel you in the start of the franchise unit and during the first year of operation. We can charge a reasonable per diem fee for the services of the staff member(s), (Article 1, Section 9 of Franchise Agreement).
6. Provide you with our specifications for initial equipment, including computer and telephone system, inventory and approved suppliers (Article 2, Sections 3 and 4 of Franchise Agreement). See Exhibit F and Item 8 of this Offering Circular.
7. Provide you with our specifications for the operation of your franchise and loan you one copy of our Operations Manual. (Article 2, Section 6 of Franchise Agreement). We will also provide you with modifications to the Operations Manual, which will be available on our System's Intranet. Our Operations Manuals, and modifications to them, are confidential and remain our property. A copy of the Table of Contents of our Operations Manuals, current at least as of our last fiscal year end, is attached as Exhibit G.

Site Selection

You are responsible for selecting the franchise unit site where you wish to operate and for giving us notice of the proposed site. We reserve the right to approve the site you select and we will act timely to give you notice if we disapprove of the site. If we have not disapproved of the site within fifteen (15) days of receiving written notice of it, then we will be deemed to have approved it. Among the factors we consider before approving franchise sites are population

density, general location within the Marketing Area, neighborhood, traffic patterns, parking, size, physical characteristics of the building and lease terms, zoning restrictions, the ARCGIS, ARCMAP Version 9.1 software (population) data for your Marketing Area and the location of our franchisees that are adjacent to you. The essence of our core values, care and integrity, requires that each franchisee in the System respect all other franchisees. When you select a site location for your franchise unit, you must consider each of the factors described in this paragraph, while honoring our core values. You cannot operate from more than one location within your Marketing Area, unless you receive written approval from us to do so. We can approve you to operate from more than one location within your Marketing Area if we decide there is a sound business reason for doing so, and we approve the site of the additional location.

Telephone System

If you are a franchisee new to our System, you are required to purchase/lease, up-date and maintain an IP telephone system that meets our specifications and standards. After substantial research, we have determined that the IP telephony package and program offered by Verizon Business Network Services, Inc. ("Verizon") will provide the best uniform hardware, installation services, training and support services, as well as internet access for our franchisees' purposes ("Approved IP System"). If you are a franchisee commencing business operations in a Marketing Area where we haven't previously operated, you must have installed upon starting your business operations an Approved IP System at your franchise location. Verizon will be responsible for providing the hardware for, installation of, training for and support of the Approved IP System. Verizon will also provide the internet access that you will use in your business. You must pay for all the products and services provided by or on behalf of Verizon. You must also pay for the internet access, and all costs relating to the installation of equipment pertaining to it.

If you are a renewing franchisee with an existing Franchise Agreement, an Approved IP System must be installed and be operative at your renewing franchise location(s): (a) no later than January 1, 2010 or, (b) the date the existing service provider's contract expires, which ever is later, but in no event later than December 31, 2010. If an existing franchisee is transferring its franchise to you, you must begin business operations using an Approved IP System as a new franchisee new to our System.

Every installed Approved IP System must be operated, up-graded and maintained as required by us at your expense. The specific technology guidelines for the Approved IP System are available on our System's intranet TruckStop website to which you will have access if you become a franchisee.

Included in the Approved IP System are telephone services offered by TARGUS Information Corporation, a Delaware corporation ("Targus") that you must use. Targus' services are paid from our National Advertising Fund. You must acknowledge in the Franchise Agreement you sign with us that all knowledge, information, reports, data, source code and documents you acquire or have access to pertaining to services provided by Targus and its successor, if any, in connection with a Commercial Information Services Agreement between Targus and us is deemed Confidential Information, and you must maintain the confidentiality of such information at all times, even after your Franchise Agreement terminates.

We intend to continue to research and develop all applications of the IP telephony system. Although we intend to continue to use Verizon as the IP telephony system and internet access provider for our franchisees, we reserve the right to select a successor IP telephony and/or

internet provider if we determine that it is in the best interest of the **TWO MEN AND A TRUCK®** System to do so.

Certain telephone technology allows franchisees with multiple locations to have one or more telephone numbers that “roll over” to or “hunt” for an open line in one location or another. This telephone technology can be used to avoid the obligations under our Franchise Agreement, including the avoidance of properly staffing one or more franchise locations as required. Consequently, we do not permit the use of “roll over” or “hunt” telephone line system technology where you have multiple franchise locations.

Time of Opening

Franchise units are typically open for business one to three months after signing a Franchise Agreement or paying consideration to us. This time period is generally determined by how long it takes you to complete training and obtain your first trucks. You are required to open your franchise unit within four months of signing the Franchise Agreement.

Pre-Opening Training Program

You must attend and successfully complete our training program before operating a franchise unit. The training program is conducted at **STICK MEN UNIVERSITY®** in Lansing, Michigan. The training program is a minimum 15-day course and is offered at least four (4) times a year. The experience of persons in charge of the training program is described in Item 2. Except where we train additional personnel that you request and we approve to be trained, there is no extra charge for this pre-opening training program. You are, however, responsible in every instance for all travel and living expenses that you or any of your employees incur in connection with the pre-opening training.

During Operation

During your operation of a franchise unit, we will, among other things:

1. Give you reasonable assistance and advice, as necessary in our discretion, for the operation of the franchise unit. At your request, we will provide the services of appropriate staff personnel to assist and counsel you during the operation of the franchise unit. We can charge a reasonable per diem fee for the services of the staff personnel (Article I, Section 7 of Franchise Agreement).
2. Continually update our Operations Manual and specifications relating to the franchise business (Article II, Section 6 of Franchise Agreement). We can change our specifications and Operations Manual at any time and you must comply with those changes, except those changes cannot modify the terms of the Franchise Agreement.
3. Review for approval advertising materials proposed by you (Article II, Section 10 of Franchise Agreement).
4. Administer the Advertising Fund (Article IV, Section 3 of Franchise Agreement). Additional information about the Advertising Fund is provided below.

5. Review proposed transferees of the business for approval of any proposed transfers and train approved transferees after payment of the transfer fee (Article VII, Section 2 of Franchise Agreement).

We do not control, and do not have the right to control, decisions regarding the persons you hire, discipline or terminate as employees or agents. We do not control, and do not have the right to control your other day-to-day franchise business activities. Even so, we may take any legal action necessary to enforce our rights under the Franchise Agreement.

Advertising

You must pay 1% of your gross receipts to us as an advertising fee. We use the advertising fees paid by all Franchisees to fund our advertising program and pay for certain telephone services you receive in connection with your franchise business. All franchises, including franchises licensed to our affiliates, pay an advertising fee, although not all franchises pay at the same rate.

The goals of our advertising program are to: maximize public recognition of our service marks, expand our System through the solicitation and licensing of additional franchise units; produce advertising and support materials for our Franchisees to use for advertising in their local markets; provide the means and materials for producing signs for our Franchisee's trucks; make promotional items available for purchase by our Franchisees; and pay the expenses of the advertising program. We will expend all Advertising Fund money as we determine to be most effective to achieve the goals of the program. We are not required to spend the Advertising Fund contributions to place advertising within the local area licensed to you or in any specific media.

As part of our advertising program, we produce camera-ready artwork for print advertising. We customize the artwork for Franchisees with their locations and phone numbers at no additional cost. If a Franchisee requests advertising artwork not in our portfolio, we can charge a reasonable fee for the services of the Marketing Department to produce the requested product.

Television and radio spots produced in conjunction with outside advertising agencies are also available for Franchisee use. A fee is charged to copy, customize and ship the television or radio spots in the format required by the media chosen by the Franchisee.

TWO MEN AND A TRUCK® promotional brochures are also available to Franchisees. They are printed and customized at a Franchisee's request subject to our company policy. They are available to Franchisees for a price equal to the cost of production and shipping. We administer and control the Advertising Fund in our sole discretion. Our Advertising Fund is not independently audited, but we account for advertising fees separately on our books. On request, we will provide an annual statement showing how we have spent advertising fees. We and our affiliates do receive payments for providing goods or services to the Advertising Fund.

In our fiscal year ending December 31, 2006, 35.88% of our advertising expenditures were used to develop and stock the **TWO MEN AND A TRUCK® PRO SHOP**, 18.10% for labor and services provided to **TWO MEN AND A TRUCK® PRO SHOP** and our Advertising Department, developing the Internet Web Page, purchasing and shipping Trade Show booths and developing TV ads, 23.13% for contracted consulting and production services, 15.32% for all national media buys, promotional events and trade shows, 3% for truck and office signage,

1.27% was paid to a Florida Area Representative. The advertising funds are used in the solicitation of candidates for the purpose of granting additional franchise licenses. Approximately 3.30% of the advertising expenditures in 2006 were related to the solicitation or granting of franchise licenses.

If we do not use advertising fees during the fiscal year in which we receive them, we will use those fees in the following year.

In any calendar year, you must spend an amount equal to or greater than 3% of your gross receipts of the previous calendar year for advertising and promoting your business in your Marketing Area (see Article IV, Section 3 of the Franchise Agreement). For new Franchisees (excluding new Franchisee transfers) who have not been in operation for all 12 months of the previous calendar year, there is an exception to the 3% requirement. These new Franchisees must average during their first calendar year a minimum expenditure of \$1,000 per month on local advertising until they have been in business for one full calendar year. For example, a new Franchisee who completed its first move in March must invest \$10,000 (\$1,000 x 10 months) on local advertising during the first calendar year of business. In this example, the new Franchisee would be required to spend a minimum of \$12,000 (\$1,000 x 12 months) during the second calendar year, because at the beginning of the second calendar, the new Franchisee would still not have been in the operation for 12 months during the previous calendar year. Beginning with the third calendar year, the new Franchisee in this example would be required to spend a minimum of 3% of the previous calendar year's (i.e. second calendar year's) gross revenues on local advertising.

A new Franchisee to whom a franchise has been transferred must spend on local advertising during the first calendar year the Franchisee operates, at minimum, an annualized portion of the 3% of gross sales of the prior year's sales. For example, if a franchise had generated \$2,000,000 in gross sales in the year 2004 and the Franchisee had sold the franchise on July 1, 2005, the transferee (new) Franchisee would have been required to spend a minimum of \$30,000 ($\$2,000,000 \times 3\% \times 6/12$ months) on local advertising from July through December in the year 2005. In this example, if the gross sales for the calendar year 2005 (without regard to the transfer) had been \$2,400,000, then the transferee (new) Franchisee would have had to spend a minimum of \$72,000 ($\$2,400,000 \times 3\% \times 12/12$ months) during the calendar year 2006.

Any advertising or marketing materials you desire to use that we do not produce must be approved by us before their use. Except in the case of a minor violation that can be immediately cured (as determined in our sole discretion), you must pay our Advertising Fund One Thousand (\$1,000) Dollars in liquidated damages for failing to obtain approval or authorization for advertising in accordance with the terms of the Franchise Agreement.

We have selected for the System, with the assistance of Franchisees, a supplier, DAC Group/Broome Marketing, to handle all paid advertising for printed and internet telephone directories used to advertise franchise businesses. **All print and internet telephone directory services and advertising must be obtained through this supplier, or its successor, if any.** Placement of print and internet advertising in telephone directories is coordinated through our Marketing Department and the supplier, thereby enabling the ads, formats and messages to be generally uniform throughout the System.

Presently we offer each Franchisee an annual \$750 discount on expenses incurred for advertising in the Franchisee's primary Yellow Pages Directory, provided that:

- The Franchisee has complied with the contract and rules and guidelines with respect to the supplier we have selected pertaining to telephone directory and internet directory advertising.
- The Franchisee expends at least \$2,000 in the calendar year for its primary Yellow Page Directory advertisement.
- If the Franchisee is advertising in a Yellow Page Directory(ies) covering more than one franchise Marketing Area, the Franchisee participates in placing a cooperative display ad or other paid advertising in the Yellow Page Directory(ies) advertising in more than one Marketing Area.

To promote cooperative advertising in the Yellow Pages, we presently pay twenty-five (25) percent of the total cost of: (1) an ad the size of a dollar bill (TQC) for advertising for two or three franchises, or (2) a double column half page ad (DHC) for advertising for four or more franchises. If a telephone directory covers less than 50 percent of the population of your Marketing Area AND also covers one or more other **TWO MEN AND A TRUCK®** marketing areas, there must be only one **TWO MEN AND A TRUCK®** display ad in the directory and the franchises must co-operatively advertise for the publication.

- If Franchisees participating in the cooperative ad wish to invest in a larger ad, they may do so and will be responsible for 100 percent of the additional cost.
- If Franchisees participating in the cooperative ad wish to invest in a smaller ad, they may submit a proposal to us. If we approve the proposal, we will pay twenty-five (25) percent of the cost of the reduced size ad.
- If the pro-rated cost of a Yellow Page advertisement exceeds any participating Franchisee's minimum local advertising expenditure requirement per the terms of its Franchise Agreement AND the Franchisee(s) are unable to afford cooperative payment (as determined by us in our sole discretion), we may, in our sole discretion, authorize alternative advertising options for the Yellow Page Directories in question.
- You may declare only one publication as your primary publication in a given twelve (12) month period. If you are participating in a cooperative ad in your primary yellow page directory, your \$750 discount will be applied toward your pro-rated share of the cooperative ad.
- Franchisees participating in cooperative advertising must work together to ensure that all paid in-column listings in the Yellow Pages and business white pages are consistent (i.e. either everyone has a bold listing or no one has a bold listing).
- You may not place your in-column advertising in **bold type**, or otherwise manipulate your in-column advertising so as to cause such advertising to appear first or higher up in the listing than it would ordinarily appear, unless we explicitly approve such advertising in writing prior to the listing. We will not generally approve such a listing request, however, if a Franchisee's Marketing Area population substantially predominates in a particular directory, we may, in our sole discretion, authorize such advertising.

- To assist Customers in selecting the Franchisee that will best fit the Customer's needs, we recommend that Franchisees state in their advertisements the area(s) each Franchisee serves, which in no event can describe an area outside of the Franchisee's Marketing Area (i.e. "serving the ABC area(s)").
- If you wish to advertise in a directory covering more than one Marketing Area and another Franchisee(s) with a Marketing Area(s) covered by the directory chooses not to advertise in the directory, you must give us written notice of your desire to advertise in the directory and of the other Franchisee(s) unwillingness to advertise in it. Upon our independent verification of the non-participating Franchisee's unwillingness to advertise, we will provide you with written notice that you are authorized to advertise independently and without the participation of the unwilling Franchisee(s). Until such written notice is provided, you would not be authorized to advertise independently in the directory.
- If Franchisees advertising in a directory covering multiple Marketing Areas cannot coordinate or do not coordinate their advertising in a reasonable manner, as determined solely in our discretion, then we will mandate the advertisement as we, in our sole discretion, deem reasonable, and the Franchisees will be responsible for the cost of such advertising.
- Specialty directories are covered by our general marketing policy.

The net amount paid for Yellow Page Directory Advertising after discount is the amount used to calculate the local marketing/advertising requirement.

Although a third-party supplier will place advertising for you in telephone directory white and yellow pages and via the internet, you are responsible for making certain that your ads comply with our advertising rules and standards. In addition, whether or not you qualify for the annual discount on expenses incurred for advertising in the primary Yellow Page Directory, you must adhere to the following when your Yellow Page and business white page telephone directory advertising is placed:

- You must market your franchise business within your Marketing Area. Any directory in which you wish to advertise must cover at least 5 percent of the population of your Marketing Area or include at least 2,500 households within your Marketing Area. You must not permit any telephone directory advertising to be placed on your behalf in a telephone directory which does not cover at least 5 percent of the population of your Marketing Area or include at least 2,500 households within your Marketing Area.
- You must describe your business location in all advertising (yellow and business white pages), by indicating at a minimum, the city, township, or other municipal unit in which the business office is located, and must also include the state, if necessary to avoid confusion, to identify the location. For example, if you are located near a state border, then the state in which your business office is located must be included in the advertising. We prefer that you also include the street location or address of the business.
- You can include language in your advertising to emphasize Marketing Area specifics (i.e., serving Oakland County, north of M-59) and/or interstate capabilities.

- Telephone numbers:
 - Telephone numbers appearing in telephone directory advertisements must be either the telephone number(s) assigned to the physical location (either primary or satellite locations) or a toll-free number(s).
 - For Franchisees having Marketing Areas that include more than one area code, additional telephone numbers with the area code(s) not assigned to the physical location may be used, but ONLY if the physical address, both street and city, township or other municipal unit (and state, if necessary to avoid confusion) is included in the listing. Where the goal is to provide the Customer with a local number to call, the physical address must be included so as to not confuse the Customer by creating the illusion that the trucks are being dispatched from the local number.
 - We can, in our sole discretion, approve additional local telephone numbers to advertise a franchise. In such instances, the physical location of the franchise, including street, city, and state must be included.
- The **TWO MEN AND A TRUCK®** name and logo, as well as “Movers Who Care®” must appear in black type and appear in the Harry font, except for directory in-column listings, which must appear in the standard font for the directory. The only color permitted in ads is a color picture of a **TWO MEN AND A TRUCK®** truck or moving scene in which **TWO MEN AND A TRUCK®** personnel appear. Color text can only be used for address and telephone number information.

Advertising on your moving trucks and other business vehicles is limited as follows: Each moving truck and vehicle must display the **TWO MEN AND A TRUCK®** service mark and any other of our service marks and logos as we determine in accordance with marketing policy. Except as we explicitly permit, in writing, you may not display your business location, a telephone number, an internet website address or other website information on your moving trucks and other vehicles. **If your Marketing Area is located in the state of California, Oregon, Washington, Nevada, Idaho, New Mexico or Texas, and unless otherwise dictated by law, you may not display a local telephone number on your moving trucks or other business vehicles.** If you are a prospective franchisee that signs a Franchise Agreement to operate a franchise in California, Oregon, Washington, Nevada, Idaho, New Mexico or Texas, you must choose one of the following options with respect to displaying a telephone number or internet website address on your trucks and other business vehicles:

- (i) you may choose not to display any telephone number or internet website address;
or
- (ii) you may display the System’s toll-free telephone number (800) 863-6683; or
- (iii) you may display your internet website address.

Advertising that we haven’t prepared must be approved by our Marketing Department. Advertising, including artwork, must be submitted a minimum of 10 working days before the advertising deadline.

Failure to adhere to any of these requirements could cause you to: (a) become liable to us in the amount of \$1,000 in liquidated damages for each month any unapproved or unauthorized advertisement runs (i.e. placing a one-year telephone directory ad in violation of this policy could result in liquidated damages of \$12,000), (b) lose your telephone number(s), and (c) suffer other undesirable consequences. Any liquidated damages we collect for these violations are used to cover the cost of enforcing these requirements, with any excess placed in our National Advertising Fund used to promote the franchise system.

On occasion, advertising publishers may place advertising in their publications free of charge and without consulting you. In instances where such free advertising occurs and the advertising violates **TWO MEN AND A TRUCK®** requirements, you must notify the offending publisher via telephone, with a confirmation to it in writing, as soon as you have notice of the violation. In the case of electronic publications, your notification must request that the advertising be immediately removed or replaced with advertising that complies with **TWO MEN AND A TRUCK®** policies, giving clear and express directions of advertising that complies. In the case of hard copy publications, you must promptly notify the offending publisher of the violation and request that the offending advertising be removed or be modified to conform to **TWO MEN AND A TRUCK®** requirements in any future hard copy publications. You must notify the hard copy publisher a second time of the necessity to remove the advertising or to modify it to conform to our requirements, which second notice must be made via telephone and in writing within 6 weeks of the order deadline for advertising. You must send a copy of every written notice or confirmation to us at the time the notice or confirmation is sent to the offending publisher. We will normally investigate to determine independently whether the offending advertisement was published free of charge and instigated by the publisher.

We can require you to participate in an advertising cooperative. An advertising cooperative can impose advertising fees of up to 2 percent of annual gross receipts, unless all members of the cooperative agree to a higher rate. Each member of the cooperative will have one vote. Cooperative advertising fees, if imposed, are taken into account when determining the 3 percent of gross receipts required to be spent on local advertising. The cooperative is authorized to act upon the majority vote: (i) of its members attending a meeting, and/or (ii) by confirmed written communication of its members and/or, (iii) via telephone or electronic conferencing of its members, provided that at least a majority of the members of the cooperative vote on the action before the cooperative. If we or our affiliate(s) operate a franchise unit in the geographic area of the cooperative, we or our affiliate will participate in the cooperative. We do not currently require any Franchisees to participate in an advertising cooperative, however, we have franchises in 5 markets participating voluntarily in advertising cooperatives.

You acknowledge when you sign the Franchise Agreement that we have developed and will continue to develop advertising policies regarding the methods and manner of advertising in various media and that you are obligated to comply with all advertising policies we implement at any time. You also agree in the Franchise Agreement that you understand that existing and/or future advertising policies may limit or eliminate your right to use telephone number(s) and/or internet website address(es) in advertising placed on your moving vehicles and/or elsewhere. You also acknowledge that you understand that existing and/or future policy(ies) may otherwise limit your ability to advertise in a particular manner, and that such limitations, when established, are established for the benefit of all the System's customers and/or to establish reasonable rules to govern the actions between franchisees.

Participating Suppliers

Participating Suppliers are companies used by new and existing Franchisees that provide services and/or products to them needed to operate their franchise businesses, such as insurance services, truck services, etc. Participating Suppliers attend our Annual Meeting and advertise their services and/or products in our newsletter, "*On the Move...*" exposing all Franchisees to the Participating Suppliers services and/or products. Participating Suppliers pay us between \$1,000 and \$3,500 for opportunities to advertise their services and/or products to our Franchisees. The payments the Participating Suppliers pay us each year defray a portion of the substantial expenses we incur in connection with the Annual Meeting. We receive no payment if a Franchisee decides to purchase services and/or products from any of our Participating Suppliers.

Except for services and/or products provided by our internet and print copy telephone directory supplier and IP telephone and internet supplier as described above, Franchisees have no obligation to purchase any of the services and/or products that a Participating Supplier advertises. We receive no payment for services provided to you or other Franchisees by our telephone directory supplier or IP telephone and internet supplier. All benefits and discounts, if any, received from these suppliers are passed along to Franchisees in the form of lower prices and/or other services that might not otherwise be offered to you.

Computer Systems

We acquired the right to use a computer software package known as "Movers Who Core®" to assist you in operating your franchise. You must use the computer software we license to you. We can require you to update the software from time to time. We will retain a portion of the computer support and development fee, and all of the payments made for the software.

Attached as Exhibit F, is a list of hardware requirements necessary for operating the "Movers Who Core®" computer software system. The "Movers Who Core®" computer software system offers the following features at the present time: it generates monthly reports, it stores customer information and job estimates, it schedules pre-move confirmation calls, it stores employee information regarding pay rates and hours worked and provides numerous management reports. You must, on a daily basis, electronically transmit to us all data stored on the "Movers Who Core®" system. If you fail to transmit this data daily you will incur a liquidated damages charge of One Hundred Dollars (\$100) for each day the data is not transmitted to cover the expenses we will incur to collect this data as well as any other damages that result from your failure to transmit it. An exception to the liquidated damages charge may arise if you give us notice of a documented technology failure preventing transmittal of the data, or notice of some other bona fide emergency (as we determine in our sole discretion) preventing transmittal of the data.

The monthly Technology Support and Development Fee that you must pay is presently \$275. This fee can change, if we determine in our discretion that a different amount of funds are necessary to develop and support the "Movers Who Core®" software, Confidential Franchisee Resource Center, **TWO MEN AND A TRUCK®** e-mail addresses, estimate requests generated by the **TWO MEN AND A TRUCK®** website and online training program.

Employee Uniform and Appearance Requirements

Every **TWO MEN AND A TRUCK®** mover, driver, packer, office staff member and other employee is a reflection of our System and each must project a professional image to our Customers nationwide. Each of your employees must maintain high standards of personal cleanliness and grooming to present a consistent and professional appearance while representing and/or performing services on behalf of your **TWO MEN AND A TRUCK®** business. The specific uniform and appearance requirements for your movers, drivers, packers, office staff and other employees are more specifically described in our Operations Manual, which you receive if you join our franchise system.

To ensure the protection of the **TWO MEN AND A TRUCK®** brand through the use of standard wearing apparel and appropriate grooming, we have an enforcement procedure to maintain these requirements: If we discover one or more instances of non-compliance with the personnel uniform and/or appearance requirements, we will impose a liquidated damages charge of \$200 per violation (i.e. if we observe five of your employees out of uniform, the monetary charge would be a total \$1,000) to cover, among other things, the on-going expense of monitoring your franchise to confirm when it comes into compliance as we determine. In addition to covering monitoring expenses, the liquidated damages imposed will cover any damages the **TWO MEN AND A TRUCK®** brand suffers as a result of your failure to comply with these requirements. Any liquidated damages collected and not used to cover our expenses in connection with these violations will be placed in and used by the System's Advertising Fund to promote the System.

Maintenance of Vehicles for Safety and Appearance

The vital importance of vehicle safety and appearance requires that we have an effective enforcement policy that underscores the serious nature of maintaining moving trucks that operate within our System. Safety and other legal requirements are described in federal, state and local trucking laws and regulations, which you are obligated to know and abide by at all times. We are not required to teach or instruct you regarding any of these laws and/or regulations, although during the course of your training, you will be provided with information regarding them. Even so, it will be your responsibility and legal obligation, as an independent business person, to know and comply with all federal, state and local trucking laws and regulations.

To protect the System's reputation, our staff will observe all **TWO MEN AND A TRUCK®** vehicles during regularly scheduled consultations with you and at other times, and will provide you with a time-frame for addressing vehicle-related safety and appearance issues that we discover. The vehicle safety and appearance requirements are more specifically described in the Franchise Agreement, Exhibit C attached, and/or per policies described in our Operations Manual which you receive when you become a Franchisee. If a repair or other violation(s) is not cured in the prescribed time-frame, we can impose a reasonable liquidated damage on a per-incident, per-day basis until the repair or other violation is cured as we determine based on evidence we have. Liquidated damages will be assessed in accordance with the following procedure, which procedure may be modified if we decide it appropriate to do so:

- If our staff observes a vehicle safety and/or appearance violation, you will be given written notice of the violation, and will be provided a reasonable time period to cure the violation.

- If the violation(s) are not cured as we determine in the required time frame, you will be notified in writing that you have failed to timely cure a violation. Except in circumstances where we determine that there are extraordinary circumstances preventing you from curing a violation during the designated time period, liquidated damages will be assessed beginning the day following the date the cure was to be completed.
- Liquidated damages will be assessed at \$100/day per violation not cured as we determine. Where there are multiple cures to be completed, the daily liquidated damages assessment is reduced as each cure occurs as we determine.
- In addition to covering monitoring expenses, the liquidated damages assessment imposed by this policy covers any damages the System suffers as a result of your failure to protect the **TWO MEN AND A TRUCK®** brand by complying with the System's standards. Any liquidated damages collected that are not used to cover our expenses relating to the violation(s) will be placed into and used by the System's Advertising Fund.
- The vehicle safety and appearance requirements must be satisfied prior to you transferring your Franchise Agreement rights. Failing to have all your vehicles meet safety and appearance standards will generally result in the postponement of a transfer of your franchise.

Enrichment Training and Performance Improvement Requirements

If your franchise business is performing unsatisfactorily (as determined by us) in any of the areas listed below, or in another area that we determine to be material, we can require you at your expense, to: a) attend our one week training program; b) visit another franchise location for a Performance Improvement Visit; c) make a Performance Improvement Visit to our home office; or d) receive a Performance Improvement Visit from one of our staff members. The following are examples of matters that are of material concern to us:

- Failing to meet the minimum performance requirements as described in your Franchise Agreement;
- Suffering a negative growth rate for six or more consecutive months;
- Excessive paperwork problems (i.e. failure to comply with paperwork procedures and/or due dates for two or more consecutive months);
- Excessive damages/Customer complaints.

If we require you to attend the Enrichment Training program, you must pay all travel and living expenses, as well as a fee to cover the cost of the enrichment training. You must perform the Enrichment Training program within three months of receiving notice that we require you to take it.

If we require you to undertake one of the Performance Improvement Visit options, you will be responsible for all costs and expenses associated with the visit. You must complete the Performance Improvement Visit requirement within three months of receiving the notice.

On Going Training

Every two years, you must attend at least one Approved Training Session (participation in the Fiscal Fitness Program is defined as an Approved Training Session). You must attend the Approved Training Session within 12 months of receiving notice of your obligation to attend. You must also attend our Annual Meeting at least once every three years. All Attendee(s) are

responsible for all travel and living expenses incurred during training and all expenses, including registration fees, incurred during all other approved meetings, when applicable.

The table on the next page provides detailed information about the training program:

INFORMATION ON TRAINING PROGRAM

Subject	Location	Instructional Materials	Hours of Classroom Training	Instructor
"Movers Who Core®" Software Training	Lansing, Michigan	Training Workbook & Software	14	Mary Beth VanHorn, Hal McLean, Tera Sweet & Kim Cannon
Employee Relations	Lansing, Michigan	Training Workbook	8	Sally Degnan, Kim Cannon & Chris Bortnichak
Business Plan	Lansing, Michigan	Training Workbook	6	Sally Degnan, Chris Bortnichak, Kimberley Murray & Keith Clark
Technology	Lansing, Michigan	Training Workbook & Software	1	Hal McLean, Steve Pinkos & Marianne List
Estimating & Scheduling Moves	Lansing, Michigan	Training Workbook & Handouts	3	Sally Degnan, Kim Cannon & Tera Sweet
Daily Operations & Forms	Lansing, Michigan	Training Workbook	2	Garret Peterman & Chris Bortnichak
Truck Loading	Lansing, Michigan	Training Workbook	6	Garret Peterman & Chris Bortnichak
Marketing	Lansing, Michigan	Training Workbook & Handouts	9	Kim Hafley, Ashleigh Lipsey & Darren Williams
Boxes & Packing	Lansing, Michigan	Training Workbook	2	Tera Sweet, Garret Peterman & Chris Bortnichak
Customer Service	Lansing, Michigan	Training Workbook	8	Chris Bortnichak, Kim Cannon, Denise Droscha & Tera Sweet
Trucks and Equipment	Lansing, Michigan	Training Workbook & Handouts	2	Garret Peterman & Chris Bortnichak
Employee Training	Lansing, Michigan	Training Workbook & Handouts	4	Randy Shacka, Tera Sweet, Sally Degnan & Chris Bortnichak
Regulations	Lansing, Michigan	Training Workbook, Handouts & Federal Motor Carrier Safety Regulations Handbook	4	Cari Sullivan & Chris Bortnichak
Damages & Spot Checks	Lansing, Michigan	Training Workbook & Handouts	2	Randy Shacka & Chris Bortnichak
Safety	Lansing, Michigan	Training Workbook	4	Cari Sullivan & Chris Bortnichak
Financial Management	Lansing, Michigan	Training Workbook & Handouts	10	Keith Clark & Kimberly Murray
Intranet/Internet Training	Lansing, Michigan	Training Workbook, Software & Handouts	4	Steve Pinkos, Marianne List & Hal McLean
Franchise Relations	Lansing, Michigan	Training Workbook	8	Sally Degnan, Tera Sweet & Chris Bortnichak
Review/Certification	Lansing, Michigan	Training Workbook	20	All Trainers

We can require you to attend additional training courses. We can charge a reasonable fee for this additional training and you must pay all travel and living expenses you and your employees incur during the additional training. You also must attend additional training programs if you are granted a renewal of your franchise agreement. The renewal training must occur at a time that Home Office deems appropriate, but in no case later than one year after renewal. Except in the case where you request and we approve the training of additional employee(s) at the time of renewal, you will not be charged an additional fee for the renewal training. In every instance, however, you must pay all travel and living expenses you and your employee(s) incur in connection with renewal training.

Area Development Agreement Obligations.

Except as listed below, we are not required to provide you with assistance under the Area Development Agreement:

Granting Area Development Rights.

Under the Area Development Agreement we grant an Area Developer the right to develop and operate franchise locations in selected Marketing Areas described in the Area Development Agreement in accordance with a development schedule in the agreement. So long as the agreement is in effect and the Area Developer is not in default, we cannot operate or grant a franchise license to any other person to operate a moving business using the Marks or Franchise System, or any other moving business, in the area subject of the agreement. The Area Developer's limited exclusive rights permit it to open multiple Marketing Areas subject to the terms and conditions of a standard **TWO MEN AND A TRUCK®** Franchise Agreements signed by the Area Developer, and signed and opened per the schedule described in the Area Development Agreement. The number of Marketing Areas that will be subject to any Area Development Agreement will depend upon multiple factors, including the financial and managerial capabilities of the Area Developer, the population and demography of the area being developed and the number of prospective and/or existing **TWO MEN AND A TRUCK®** franchisees already in the area. We have an obligation to act reasonably when deciding whether to approve a site the Area Developer has selected for one of its franchise locations, although after the first franchise is opened, we can use greater discretion and be more restrictive about approving any site in a Marketing Area that is not contiguous with a Marketing Area the Area Developer has already opened.

If Area Developer fails to comply with the development schedule in the Area Development Agreement due to causes beyond its control, such as strike, weather, the inability to obtain essential equipment or materials or trucking authority, or fire and the Area Developer has acted in good faith to comply with the development schedule, the development schedule will be extended for an additional time equal to the delay, which extension must be stated in writing. However, in no event will the development schedule be extended for more than 180 days, unless we cause the delay. Except for extensions granted for reasons described in this paragraph, we have no obligation to extend the development rights under the Area Development Agreement.