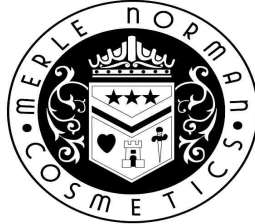


## FRANCHISE DISCLOSURE DOCUMENT

Merle Norman Cosmetics, Inc.  
A California Corporation  
9130 Bellanca Avenue  
Los Angeles, California 90045  
(310) 337-2200

[www.merlenorman.com](http://www.merlenorman.com)  
[franchising@merlenorman.com](mailto:franchising@merlenorman.com)



The Studio Owner will operate a retail store known as a “Studio,” which sells Merle Norman cosmetic products.

The total investment necessary to begin operation of a Merle Norman Cosmetic Studio ranges from approximately \$91,891 to \$190,778 for a Studio located in a regional mall and from approximately \$61,891 to \$125,778 for a Studio that is not located in a regional mall and uses standard New Design fixtures and from \$51,936 to \$95,649 for a Studio that is not located in a regional mall and uses E-Design fixtures. This includes the price for one of several initial packages of Merle Norman Cosmetics, supplies and other items which range from approximately \$13,000 to \$24,000 that must be paid to Merle Norman. The total investment does not include rent for the business location.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

The terms of your contract will govern your franchise relationship. Don’t rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW., Washington, DC 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 27, 2012.

## STATE COVER PAGE

Your state may have a franchise law that requires us to register or file with a state administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state administrator listed in Exhibit A for more information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US ONLY WHERE OUR PRINCIPAL OFFICE IS LOCATED, WHICH CURRENTLY IS CALIFORNIA. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO FILE SUIT IN CALIFORNIA THAN IN YOUR HOME STATE.
2. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

The states of California, Hawaii, Illinois, Maryland, Michigan, Minnesota, North Dakota, Rhode Island and Virginia require additional disclosures related to the information contained in this Disclosure Document. The additional disclosures are contained in an addendum immediately following Item 23 of this Disclosure Document.

This Disclosure Document is for use in the District of Columbia and all states.

The Effective Date of this Disclosure Document for the following states is listed below:

<b><u>State</u></b>	<b><u>Effective Date</u></b>
Hawaii	May 7, 2012
Illinois	April 27, 2012
Maryland	May 8, 2012
Minnesota	May 7, 2012
New York	April 27, 2012
North Dakota	May 2, 2012
Rhode Island	May 21, 2012
South Dakota	April 30, 2012
Virginia	May 4, 2012
Washington	May 18, 2012
Wisconsin	April 30, 2012

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ADDENDUM: Additional Disclosures Required by California, Hawaii, Illinois, Maryland, Michigan, Minnesota, North Dakota, Rhode Island and Virginia

**EXHIBITS**

- A. List of State Administrators
- B. List of Agents for Service of Process
- C. Operations Manual Table of Contents
- D. Financial Statements
- E.1. Studio Agreement (and addenda required by Illinois, Maryland, Minnesota, North Dakota, Rhode Island and Washington)
- E.2. Gold Medallion Studio Addendum
- E.3. Co-op Group Letter of Agreement
- E.4. Credit Card Agreement
- E.5. Promissory Note – MN POS & Hardware
- E.6. Promissory Note - Fixtures
- E.7. Security Agreement
- E.8. POS Purchase Agreement
- E.9. Software License Agreement
- F.1. List of Active Studios
- F.2. List of Inactive Studios

RECEIPT

## ITEM 1

### THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, “MNC,” “we” or “us” means Merle Norman Cosmetics, Inc., the franchisor. “You” means the person who is awarded a franchise.

MNC is a California corporation incorporated on June 12, 1974 as a successor to various companies which have conducted the Merle Norman business since 1931. MNC’s principal place of business is 9130 Bellanca Avenue, Los Angeles, California 90045. MNC does not have any parents or affiliates. MNC’s agents for service of process are listed in Exhibit B.

**MNC’s Business.** In 1931, Merle Norman and J.B. Nethercutt, her nephew, began a cosmetics business, selling cosmetics of their own manufacture in a retail store in Santa Monica, California under the name “Merle Norman Cosmetics.”

In 1934, a former employee of Merle Norman opened the first independently-owned Merle Norman Cosmetic Studio. Since that time, the business of manufacturing and distributing the Merle Norman line of cosmetics through independently-owned Studios has been conducted by a number of partnerships and corporations owned or controlled by Merle Norman, her husband, Andrew Norman, J.B. Nethercutt (all of whom are now deceased) and members of J.B. Nethercutt’s family. J.B. Nethercutt and his wife Dorothy ran MNC until their deaths in 2004. The third generation of the Nethercutt family, Jack Nethercutt, J.B.’s and Dorothy’s son, now runs MNC.

MNC manufactures the Merle Norman line of high-quality cosmetics, which are sold through independently-owned retail stores known as “Studios.” MNC’s predecessors began appointing Studios in 1934, and MNC has been appointing Studios since it was organized. As of December 31, 2011, MNC operated four Studios, and there were 1,363 franchised Studios. MNC has never been in any other business, nor has it offered franchises in other lines of business.

**Description of a Merle Norman Studio.** A Merle Norman Studio is an independently-owned retail store licensed to use the Merle Norman name, which specializes in the sale of multiple lines of high quality skin care, color and other cosmetic products (“MN Products”) and offers customers free individualized instruction relating to skin care and the use of MN Products. You must initially purchase an inventory of MN Products and certain required supplies from us. You must use your best efforts to promote the sale of MN Products, and you must focus your efforts at your Studio on selling MN Products and providing free makeover lessons using the lesson material provided by us. While MNC does not prohibit the sale of other merchandise (in addition to MN Products) or the offer of other services (in addition to free makeover lessons using the lesson material provided by MNC), you must obtain our prior written approval of the sale of any additional merchandise or services. In addition, you may not sell any merchandise of any other manufacturer that is likely to confuse the public as to the origin or quality of the merchandise or enable others to trade upon the Merle Norman name and goodwill of MNC or other Studio Owners. You may not offer to sell or sell any skin care or color cosmetic products other than MN Products or any merchandise or service that we have determined is inconsistent with the image of MNC or the MN System.

Your Studio must present the visual impression of a cosmetic studio featuring primarily MN Products. You must, at all times, devote at least 50% of the Studio’s available front window space to MN Products. If the Studio has less than 1,200 square feet of retail floor space, you must also dedicate at least 500 square feet of the retail floor space in the front of the Studio to MN Products. If the Studio has 1,200 or more square feet of retail floor space, you must dedicate a clearly-defined separate area of appropriate size (as determined by MNC) located in the front of the Studio to MN Products. The interior and exterior must be clean and well maintained, and fixtures, lighting and flooring must be attractive, professional and

complementary. Your counters, floor space and any areas within your Studio that are visible to customers should be kept clean and uncluttered.

In 1998, MNC completed the development of a new Studio design (“New Design”). The New Design includes the following significant elements: an “open-sell” layout where merchandise is displayed for easy viewing and access; a design that supports either customer self-service or beauty consultant-assisted service; perimeter wall fixtures; consultation areas consisting of tables and stools; a tester area; a graphic image display/focal wall; and a cash and wrap area in matching finish.

The laws and regulations that will apply to your Merle Norman Studio include those that apply generally to retail businesses. Most states also require cosmetologists or aestheticians to be licensed. Depending on how you operate your Studio, these licensing requirements may be applicable.

Merle Norman Studios compete with many other businesses in the sale of cosmetics. The price of cosmetics varies greatly. MN Products are sold at prices roughly between those of department stores and drug stores, and slightly higher than the prices of “house-to-house” or “party plan” distributors. In addition, cosmetic products are sold at much higher prices in a few specialty stores, and at substantially lower prices in other types of outlets. MNC does not know of any other major national companies presently selling cosmetic products through studios that emphasize training the customer in the intelligent and appropriate use of their products. There are, however, a few other companies engaged in these operations on a local scale, or which are concentrating on locations in large shopping centers.

MNC offers incentive programs to its Studio Owners to encourage the opening of additional (or branch) Studios. A Studio is considered a branch Studio if it is a new Studio; a Studio that is purchased from an existing Studio Owner is not considered a branch Studio. Under the Studio Branch Bonus Program, as now in effect, you will receive a \$2,500 credit on your Studio account for every branch Studio you open (an initial credit of \$1,000 when the Studio opens and the remaining \$1,500 credit when the branch Studio is approved for the Gold Medallion Program). Under the Studio Referral Program, as now in effect, you will receive, at your option, either \$3,000 cash or a \$3,000 credit to your Studio account for each applicant you refer who opens a Studio within one year from the date of the referral. If you elect the cash incentive, MNC will first apply the incentive against any amount due on your Studio account before paying you the balance. MNC reserves the right to change or discontinue these incentive programs at any time.

The franchise described in this Disclosure Document is for those who wish to open a first Studio and also for those existing Studio Owners who desire to open an additional (or branch) Studio. References in this Disclosure Document to a “Studio” mean both new and branch Studios unless otherwise noted.

In order for a Studio Owner to qualify for a branch Studio, the existing Studios operated by the Studio Owner must be Gold Medallion Studios, the Studio Owner must be in good standing with respect to her other Studios (that is, not in default) and must, in MNC’s view, be capable of operating an additional Studio. In addition, new branch Studios will usually be required to be designed and operated to comply with the requirements of the Gold Medallion Program as discussed below. At the time MNC appoints you to operate a Studio, you will sign the Studio Agreement (attached as Exhibit E.1.).

**The Gold Medallion Program.** The Gold Medallion Program is an additional program to provide recognition to those Merle Norman Studios offering the highest level of services in a quality environment and to provide additional benefits to those Studios. Participation in the Gold Medallion Program is optional for new Studios, but is open to all new Studios that meet the criteria for the Gold Medallion Program. Newly developed branch Studios usually will be required to be designed and operated to comply with the requirements of the Gold Medallion Program. If your Studio qualifies, you will sign the Gold Medallion Studio Addendum (attached as Exhibit E.2.).

Pursuant to the Gold Medallion Guidelines in effect as of the date of this Disclosure Document, in order to qualify for the Gold Medallion Program, your Studio must meet the following criteria:

**A. Studio Appearance.** Your Studio must present the visual impression of a cosmetic studio featuring primarily MN Products and promotions. At least 50% of the available front window must be devoted to MN Products. For Studios with less than 1,200 square feet of retail floor space, at least 500 square feet of the front retail floor space must be devoted to MN Products. Studios with retail floor space of 1,200 square feet or more must devote a clearly defined separate area of appropriate size (as determined by MNC) located in the front of the Studio to MN Products. The interior and exterior must be clean and well maintained, and fixtures, lighting and flooring must be attractive, professional and complementary. Your counters, floor space and any areas within your Studio that are visible to customers should be kept clean and uncluttered.

**B. Personnel.** Your Studio's staff must be properly trained in product knowledge, makeup artistry, selling skills and customer service. All staff must maintain a well-groomed and professional appearance, which includes the use of MN Products. You must provide continuing training programs for your staff as MNC reasonably requires. You also are strongly encouraged to take advantage of all training programs, in addition to MNC's annual convention.

**C. Location.** Your Studio must be located in an appropriate retail environment.

**D. Studio Operations.** Your Studio must be actively managed by you or a manager who has completed Home Office Training. You must keep your Studio open in conformance with the normal business practice of retailers in your area. You must maintain a professional Studio environment at all times, and your Studio account with MNC must be current. You must follow MNC's recommended return policy, including prominently displaying the Gold Medallion Satisfaction Guaranteed policy sign in your Studio. When selling non-Merle Norman products, if return privileges on such items are limited, you must inform your customers of this limitation.

**E. Merchandising.** The shelves in your Studio must be stocked with an adequate inventory of MN Products, including a wide selection of both LUXIVA and Family Line Products. MN Products and non-Merle Norman products must be merchandised in separate defined areas of the Studio. You must keep current, and replace at least seasonally, all posters, silent salesmen, brochures and other merchandising or support materials. You should not display handwritten signs visible to customers anywhere in the Studio, and you should not place merchandise on the Studio floor.

**F. Lessons.** Your Studio must offer free makeover lessons to all customers. You may not sell or give away lesson material. You must keep lesson material current and in good condition and apply it according to MNC's hygienic standards.

**G. Advertising.** MNC encourages you to maintain strong community involvement and to participate in outside presentations, advertising, promotions and local public relations efforts. If a co-op advertising group has been organized for your market, your participation is required.

**H. Signage.** "Merle Norman" or "Merle Norman Cosmetics" must be the predominant exterior signage.

**I. Product Line.** Any products not purchased from MNC and all services offered at the Studio must be compatible with MN Products and MNC's quality image. They must not compete with MN Products, and they must be clearly identified as non-Merle Norman products or services.

**J. Gift Certificates.** You must participate in MNC's gift certificate program by honoring Merle Norman gift certificates issued by other Studios. If you offer your own gift certificates, they must comply with all applicable laws and clearly state that they are redeemable only at your Studio.

Gold Medallion Studios receive additional benefits from MNC. As of the date of this Disclosure Document, these include the right to utilize the Gold Medallion Marks, which include the words, symbols, designs, trade names, service marks or combinations used to identify the Gold Medallion Program, additional advertising support, priority shipment of new products, promotions and premiums designed exclusively for Gold Medallion Studios and the opportunity to purchase from MNC recently discontinued MN Products (including color collections, gifts and promotional items) at a discounted price. In addition, Gold Medallion Studio Owners are eligible to be selected to serve as the Studio Owner Advisor to the Board of Directors for a one-year term and are eligible to be selected to participate on a Studio Advisory Panel to assist MNC in developing products, promotions and programs. MNC reserves the right to change the benefits offered to Gold Medallion Studio Owners.

If your Studio fails to satisfy the Gold Medallion Program criteria continuously, including failure to participate in an existing co-op advertising group, MNC may terminate your Gold Medallion status and the associated benefits. (See Item 17.) A Studio that has lost its Gold Medallion status may seek to requalify after 12 months.

**Studio Resale Program.** MNC has created a program to assist qualifying Studio Owners identify potential purchasers for their Studios. MNC does not charge any fees in connection with this Studio Resale Program and it does not represent either the selling Studio Owner or the potential purchaser in these transactions.

\* \* \*

Your receipt of this Disclosure Document does not mean that you will be approved as a Studio Owner or that you may open a Studio. Before you may open a Studio, MNC must approve you as a Studio Owner, MNC must approve the location of your proposed Studio, you must attend and successfully complete Home Office Training and MNC and you must sign the Studio Agreement. Among other things, you should not quit your current job or acquire any interest in a site for a Studio until, at the earliest, MNC has approved you as a Studio Owner and MNC approves the site for your Studio.

## ITEM 2

### BUSINESS EXPERIENCE

#### **Chairman of the Board of Directors: Jack Boison Nethercutt**

Mr. Nethercutt has been Chairman of the Board of Directors of MNC since February 2005. From February 2004 to February 2005, he was Vice Chairman of the Board of Directors of MNC. From February 2002 to February 2004, Mr. Nethercutt was a Director of MNC.

#### **Vice Chair of the Board of Directors: Helen Nethercutt**

Mrs. Nethercutt has been Vice Chair of the Board of Directors of MNC since July 2006. From February 2005 to July 2006, she was a Director of MNC.

#### **Director: Travis John Richards**

Mr. Richards has been a Director of MNC since July 2006. Since August 2001, he has been a sales consultant for Newport Meat Company in Irvine, California.



**Director and Chief Operating Officer: Rosanna Covella McCollough**

Ms. McCollough has been Chief Operating Officer of MNC since February 2010 and a Director of MNC since April 2012. From November 2007 to June 2009, she was General Manager of Evite.com in Los Angeles, California. From December 1999 to October 2006, Ms. McCollough was Senior Vice President and General Manager of WeddingChannel.com in Los Angeles, California. Prior to this, she spent approximately seven years in the cosmetic industry in positions including Director of Marketing and Assistant Marketing Manager.

**Executive Vice President - Finance & Administration: Mark A. Grimmatt**

Mr. Grimmatt has been with MNC in his present position since July 2000. From July 2006 to July 2009, he was a member of MNC's Executive Council. From July 2000 to July 2006, Mr. Grimmatt was a Director of MNC. Since 2004, he has been a member of the Board of Directors of Principal Investors Fund, Inc. and Principal Variable Contracts Fund, Inc., which are mutual fund families sponsored by Principal Life Insurance Company.

**Studio Owner Advisor to the Board of Directors: Stefanie Fell**

One Gold Medallion Studio Owner is appointed at MNC's annual shareholders meeting to serve as the Studio Owner Advisor to the Board of Directors. Ms. Fell was appointed the Studio Owner Advisor to the Board of Directors for a two-year term in April 2012. She has been a Studio Owner since November 2009 and currently operates 1 Studio in Augusta, Georgia.

**Vice President – Personnel: Dean H. Melnick**

Mr. Melnick has been with MNC in his present position since December 1996.

**Vice President - Sales & Communications: Sandra Haeberle**

Ms. Haeberle has been with MNC in her present position since December 2000.

**Vice President – Operations: Ken Thrapp**

Mr. Thrapp has been with MNC in his present position since December 2011. From February 2011 to December 2011, he was Assistant Vice President - Operations. From 1995 to February 2011, Mr. Thrapp was Packaging Manager and from 1980 to 1995, he was Production Night Shift Superintendent for MNC.

**Regional Vice President: Jordan Rosenthal**

Mr. Rosenthal has been with MNC in his present position since March 1999.

**Resale Consultant: Rosemarie Casalicchio**

Ms. Casalicchio has been with MNC in her present position since January 2009. From September 2001 to December 2008, she was a Regional Development Manager for MNC.

**Franchise Consultant: Kenneth Verner Andersen**

Mr. Andersen has been engaged in studio development for MNC since July 2002.

**Manager of Real Estate: Alice Okamoto**

Ms. Okamoto has been with MNC in her present position since January 2009. From February 2004 to December 2008, she was Real Estate Coordinator for MNC.

**ITEM 3**

**LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4**

**BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

**ITEM 5**

**INITIAL FEES**

There is no required initial franchise fee to become a Merle Norman Studio Owner, but you must purchase an initial package of MN Products, supplies and other items when you sign your Studio Agreement. The initial package includes a full range of MN Products, business forms, supplies and materials. If you are purchasing an existing Studio from another Studio Owner, you are not required to place an initial order.

The quantity and variety of MN Products and other items included in the initial package will vary depending on the size and location of your Studio. The price you pay for an initial package ranges from approximately \$13,000 to \$24,000. For new Studio Owners, the price for the initial package is payable 55% at the end of the Home Office Training, with the balance payable in 3 equal monthly installments beginning 2 months after shipment of your initial package. For branch Studio Owners, the price for the initial package is payable 30% before it is shipped to you, with the balance payable in 3 equal monthly installments beginning 2 months after the order is shipped. Provided all payments are made as scheduled, no interest is charged. The prices charged for these initial packages are uniform. If you wish to do so, you may purchase additional MN Products at the time you purchase the initial package at wholesale prices and on the same terms. For branch Studio Owners, under the Studio Branch Bonus Program as now in effect, because you already operate one or more Studios, you will receive a \$2,500 credit on your Studio account for every branch Studio that you open, issued in two installments. You will receive an initial credit of \$1,000 when the branch Studio opens, and you will receive the remaining \$1,500 credit when the branch Studio is approved for the Gold Medallion Program.

Your payment for an initial package is not refundable; however, any MN Product purchased as part of the initial package may be exchanged for other MN Products at any time within 90 days after you receive the initial package.

There is no required initial fee or other required initial payment in connection with participation in the Gold Medallion Program.

**ITEM 6**

**OTHER FEES**

<b>Type of Fee (1)</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
<b>Purchase of Additional MN Products (2)</b>	Variable (3)	Within 30 days after shipment	After your Studio opens, you may purchase additional MN Products at wholesale prices. You determine the amount of those additional purchases and the MN Products you will purchase.
<b>Delinquency Fee</b>	As required by MNC's then-current payment policies	If you fail to make timely payments of all amounts owed to MNC	We may require special arrangements for future amounts owed to us.
<b>Advertising Co-op</b>	Variable (4)	Within 30 days after billing to your Studio account	For new Studio Owners, if there is an advertising co-op group in the area in which your Studio is located, you may choose to join the advertising co-op group. As described in Item 11, if your Studio is a Gold Medallion Studio, you will be required to participate in any advertising co-op group established in your area.
<b>MN POS Software Program Annual Upgrades/Support</b>	\$300	Within 30 days after billing to your Studio account	You are required to participate in ongoing upgrades and support for a period of one year. If you have financed any part of your purchase of the MN POS system through MNC, you are required to participate in ongoing upgrades and support until you have repaid MNC the amount financed.
<b>Home Office Training</b>	We currently do not charge a tuition fee for Home Office Training, but we may do so in the future.	Prior to the commencement of Home Office Training	Although MNC will provide some meals during training, you will be required to pay all costs of travel, living and other expenses incurred by your manager and you while attending training. Please see Item 11 for more details regarding Home Office Training.
<b>MN POS Training</b>	We currently do not charge a tuition fee for MN POS training, but we may do so in the future.	Prior to the commencement of MN POS training	Although MNC will provide some meals during MN POS training, you will be required to pay all costs of travel, living and other expenses incurred by you while attending MN POS training. Please see Item 11 for more details regarding the MN POS training.

Type of Fee (1)	Amount	Due Date	Remarks
<b>Indemnification</b>	All liability, damages, costs and expenses incurred in connection with any action or claim arising out of or resulting from or in connection with your operations at the Studio.	As incurred	Your indemnification obligation does not include claims covered by our product liability insurance.

**NOTES**

- (1) Unless otherwise noted, all fees are imposed by, collected by and payable to MNC and are not refundable.
- (2) MNC will only accept returns of additional MN Products and issue a credit to your Studio account (less any handling fees) in the event of a shipping or ordering error (provided MNC is notified of the error within 10 days of the invoice date), a Studio closure or for certain specified MN Products returned in compliance with our Premiere Privilege Return Policy (provided the merchandise is returned within 55 days of the invoice date). MNC may be willing, in its sole discretion and on a case-by-case basis, to permit you to return MN Products under additional circumstances. You must obtain our prior written consent for all returns, except with respect to Premiere Privilege returns. In order to receive credit, all returned MN Products must be of current manufacture (*i.e.*, not discontinued), in original packages and cartons with no tags or stickers, and received in saleable condition.
- (3) The amount of additional MN Products purchased varies widely among Studios depending on such factors as the Studio Owner’s desires and plans for her business, whether another business is operated at the Studio, the retail maturity of the location of the Studio, the Studio Owner’s management skill, experience and business acumen, the local market for a Merle Norman Studio and competition. During MNC’s 2011 fiscal year, purchases of additional MN Products by Studios ranged from \$2,025 to \$305,830.
- (4) If you participate in an advertising co-op group, as described in Item 11, MNC advances the entire cost of the advertising co-op media plan and debits your Studio account on a monthly basis for your proportionate share of the cost. Currently, monthly co-op payments (which are not refundable) range between \$67 and \$471 per Studio, depending on the number of participating Studios, the market and the media plan selected by the advertising co-op group members. The co-op payments are used to reimburse MNC for the advertising costs that it has prepaid for the advertising co-op group. There are no other fees paid to MNC.

**END OF NOTES**

Under the Studio Referral Program, as now in effect, you will receive at your option either \$3,000 cash or a \$3,000 credit to your Studio account for each applicant you refer who opens a Studio within one year from the date of the referral. If you elect the cash incentive, MNC will first apply the incentive against any amount due on your Studio account before paying you the balance.

**ITEM 7**

**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT (1)**

**REGIONAL MALL LOCATIONS**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment (2)</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Real Estate (3)	Variable			
Initial Package of Inventory and Supplies	\$13,000-24,000	See Note (4)	As Scheduled	MNC
Travel and Other Expenses Incident to Training (5)	\$3,000-5,000	As Incurred	As Incurred	Airlines, Hotels, Restaurants
Studio Costs: (6)				
Fixtures and Furnishings (7)				
Millwork Fixtures	\$13,000-23,000	As Incurred	As Incurred	Suppliers
Acrylic Organizers	\$2,718-3,978	As Incurred	As Incurred	Suppliers
Chairs & Stools	\$700-1,000	As Incurred	As Incurred	Suppliers
Graphics	\$200-300	As Incurred	As Incurred	Suppliers
Mirrors	\$145-500	As Incurred	As Incurred	Suppliers
Merchandising Pieces	\$328-600	As Incurred	As Incurred	Suppliers
Flooring (8)	\$2,000-4,000	As Incurred	As Incurred	Landlord, Suppliers
Lighting	\$1,500-2,500	As Incurred	As Incurred	Suppliers
Exterior Signage	\$3,500-6,000	As Incurred	As Incurred	Local Vendors
Construction	\$15,000-65,000	As Incurred	As Incurred	Landlord, Suppliers
Computer (hardware/software) (9)	\$1,800-4,900	As Incurred	As Incurred	Local Vendors/ MNC
Working Capital, Deposits, Insurance, and Advertising (10)	\$35,000-50,000	As Incurred	As Incurred	MNC, Suppliers, Utilities
<b>Total (11)</b>	\$91,891-190,778 (Does not include real estate costs)			

**NON-MALL LOCATIONS  
(NEW DESIGN FIXTURES)**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment (2)</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Real Estate (3)	Variable			
Initial Package of Inventory and Supplies	\$13,000-24,000	See Note (4)	As Scheduled	MNC
Travel and Other Expenses Incident to Training (5)	\$3,000-5,000	As Incurred	As Incurred	Airlines, Hotels, Restaurants
Studio Costs: (6)				
Fixtures and Furnishings (7)				
Millwork Fixtures	\$13,000-23,000	As Incurred	As Incurred	Suppliers
Acrylic Organizers	\$2,718-3,978	As Incurred	As Incurred	Suppliers
Chairs & Stools	\$700-1,000	As Incurred	As Incurred	Suppliers
Graphics	\$200-300	As Incurred	As Incurred	Suppliers
Mirrors	\$145-500	As Incurred	As Incurred	Suppliers
Merchandise Pieces	\$328-600	As Incurred	As Incurred	Suppliers
Flooring (8)	\$2,000-4,000	As Incurred	As Incurred	Landlord, Suppliers
Lighting	\$1,500-2,500	As Incurred	As Incurred	Suppliers
Exterior Signage	\$3,500-6,000	As Incurred	As Incurred	Local Vendors
Construction	\$5,000-25,000	As Incurred	As Incurred	Landlord, Suppliers
Computer (hardware/software) (9)	\$1,800-4,900	As Incurred	As Incurred	Local Vendors/ MNC
Working Capital, Deposits, Insurance, and Advertising (10)	\$15,000-25,000	As Incurred	As Incurred	MNC, Suppliers, Utilities
<b>Total (11)</b>	\$61,891-125,778 (Does not include real estate costs)			

**NON-MALL LOCATIONS  
(E-DESIGN FIXTURES) (12)**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment (2)</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Real Estate (3)	Variable			
Initial Package of Inventory and Supplies	\$13,000-24,000	See Note (4)	As Scheduled	MNC
Travel and Other Expenses Incident to Training (5)	\$3,000-5,000	As Incurred	As Incurred	Airlines, Hotels, Restaurants

Type of Expenditure	Amount	Method of Payment (2)	When Due	To Whom Payment is to be Made
Studio Costs: (6)				
Fixtures and Furnishings (7)				
Millwork Fixtures	\$7,000-9,000	As Incurred	As Incurred	Suppliers
Acrylic Organizers	\$2,100-3,500	As Incurred	As Incurred	Suppliers
Chairs & Stools	\$220-659	As Incurred	As Incurred	Suppliers
Graphics	\$200-300	As Incurred	As Incurred	Suppliers
Mirrors	\$145-500	As Incurred	As Incurred	Suppliers
Merchandise Pieces	\$328-600	As Incurred	As Incurred	Suppliers
Flooring (8)	\$1,643-2,190	As Incurred	As Incurred	Landlord, Suppliers
Lighting	\$500-1,500	As Incurred	As Incurred	Suppliers
Exterior Signage	\$2,000-3,500	As Incurred	As Incurred	Local Vendors
Construction	\$5,000-15,000	As Incurred	As Incurred	Landlord, Suppliers
Computer (hardware/software) (9)	\$1,800-4,900	As Incurred	As Incurred	Local Vendors/ MNC
Working Capital, Deposits, Insurance, and Advertising (10)	\$15,000-25,000	As Incurred	As Incurred	MNC, Suppliers, Utilities
Total (11)	\$51,936-95,649 (Does not include real estate costs)			

### NOTES

- (1) The initial investment required to open your Studio will vary widely depending on a number of factors, including whether the Studio will be a new business or an addition to an existing business, the size of the Studio, the location of the Studio, the percentage of the Studio's sales that are MN Products and your desires and plans. Your initial investment also will vary depending on whether your Studio is located in a regional mall or another location such as a strip shopping center, a central business location or a free-standing building. In addition, your initial investment will vary depending on the fixture package you purchase.
- (2) Except for the initial inventory of MN Products, supplies and other items that must be purchased from MNC and the optional purchase of the MN POS software program designed for use in Merle Norman Studios (which is available only from MNC), all of these costs are paid to others, so the amount, terms and refundability of the payment will depend on each supplier.
- (3) Most regional shopping mall Studio locations are in rented spaces of 400 to 600 square feet. Studio locations in strip shopping centers and other locations are typically in rented spaces of 600 to 1,400 square feet. It has been MNC's experience that fair rental value for a suitable site is so dependent on local real estate conditions that any reasonable estimate of your probable rental expenses may prove inaccurate; however, MNC understands that rents for a suitable site vary from \$18 to \$90 per square foot per year, depending on the location of the Studio. In some cases, particularly in new shopping centers, you may be required to pay a portion of the cost of completing the space.
- (4) There is no initial franchise fee; however, you must purchase one of several initial packages of MN Products and supplies. For new Studio Owners, at the end of the Home Office Training, 55% of the cost of the initial package is due. The balance is payable in 3 equal monthly installments beginning 2 months after shipment of your initial package. For branch Studio Owners, you must pay 30% of the cost of the initial package before the order is shipped. The

balance is payable in 3 equal monthly installments beginning 2 months after the order is shipped. Under the Studio Branch Bonus Program, as now in effect, you will receive a \$2,500 credit on your Studio account for every branch Studio that you open. If you are purchasing an existing Studio from another Studio Owner, you are not required to place an initial order. (See Items 5 and 10.)

- (5) As described in Item 11, before you become a Merle Norman Studio Owner, you or your manager must satisfactorily complete Home Office Training. If you choose to purchase the MN POS software program, you must also attend a two-day training program on the use of the software program at MNC's Home Office in Los Angeles, California or one of 4 other locations or in any city where 3 or more Studio Owners participate in the training program. In lieu of the two-day training program, MNC also offers an on-line tutorial program for POS software training hosted via webx.com. The on-line tutorial program consists of two 4-1/2 hour sessions on webx.com. MNC does not currently charge a fee for the Home Office Training or the MN POS software training. MNC pays for some meals during both Home Office Training and the MN POS software training (unless you choose the on-line tutorial program). You are responsible for hotel charges, the cost of travel to and from the training center and all other expenses. If you are purchasing from an existing Studio Owner a Studio that uses the MN POS software program and you choose to continue using that program, you (or your manager) will be required to attend the MN POS software training before MNC will approve the transfer of the Studio to you.
- (6) MNC's Studio Development Staff is available to assist you with retail site selection and space criteria. In addition, at the request of certain Studio Owners, MNC has, on occasion, assisted in lease negotiations for Studio Owners who are leasing space in regional malls. At your request, MNC also will review the proposed lease for your Studio, provide general comments and an analysis of the lease provisions, and provide suggestions for further negotiations and lease revisions. There is no charge for this assistance; however, MNC reserves the right to limit the amount of the assistance it provides.
- (7) MNC's Studio Design Staff, if provided with accurate measurements and other requested information, will assist you in developing preliminary design concept plans for your Studio ("Plans"). The Studio Design Staff will also assist you in determining the necessary fixtures for your Studio. There is no charge for this assistance; however, MNC reserves the right to limit the amount of the assistance it provides. You must obtain MNC's approval of the Plans and all furnishings, furniture, fixtures, floor coverings and signs used in the Studio.

This range of costs does not include freight costs and any applicable sales taxes. Since these costs can vary greatly depending on the state in which your Studio is located and the shipping distance, MNC is unable to estimate these costs. If you meet MNC's credit standards, MNC may finance up to \$40,000 of the cost of your purchase of furnishings, fixtures and equipment for the Studio. For a branch Studio Owner, the interest rate will be the prime rate as established by Bank of America on the first business day of each calendar quarter. For new Studio Owners, the interest rate will be one percentage point below the rate at which a financial institution has committed to provide you financing for a business loan (*i.e.*, not a home equity loan), but not lower than the interest rate offered to a branch Studio Owner. For amounts financed up to and including \$10,000, the term of the financing is 2 years. For amounts financed of \$10,001 to \$20,000, the term of the financing is the lesser of 3 years or the length of the initial term of the lease of your Studio. For amounts financed in excess of \$20,000, the term of the financing is the lesser of 5 years or the length of the initial term of the lease for your Studio. (See Item 10 for the terms and conditions of the financing offered by MNC.)

- (8) This range of costs represents the cost of tile and carpet for a 750 square foot Studio location.



- (9) This includes the cost of the optional MN POS software program designed for use by Merle Norman Studios and some computer hardware. As of the date of this Disclosure Document, the cost of the MN POS software program (which can only be purchased from MNC) is \$1,800. You may purchase the computer hardware from MNC or any other source. If purchased from MNC, the cost currently ranges from \$2,000 to \$3,000, depending on the computer and printer you select. There are additional items of computer hardware that you may purchase from MNC or any other source. These additional items are not required to utilize the MN POS software program. These items include a credit card cable and a receipt printer/cash drawer. If you choose to purchase these from MNC, the combined cost currently ranges from \$100 to \$1,000. In addition, for a fee of \$65, we will transfer your customer list from our computer system to yours. Although purchasing the MN POS software program is entirely optional, MNC believes it is an effective tool to assist in the operation of a Studio. MNC will finance 80% of the purchase price of the MN POS software and computer hardware at an APR of 10%. At your election, MNC will finance this purchase for 12, 24 or 36 months, to be repaid in equal monthly installments. (See Item 10.)
- (10) This includes items such as security deposits, initial utility deposits, advertising, insurance, licenses, supplies and the like. This also estimates your initial start-up expenses for 6 months. This does not include any salary for you or payment of your living expenses. This figure is an estimate, and MNC cannot guarantee that you will not have additional expenses starting your business. Your costs will depend on factors such as whether you will have any employees in addition to yourself, the rent obligation, the retail maturity of the location, your management skill, experience and business acumen, the local market for a Merle Norman Studio, competition and the sales level reached during the initial period.
- (11) Except where otherwise indicated, all costs and expenditures mentioned in this Disclosure Document represent the best estimates known to MNC for these costs. These figures do not take into account costs of financing which you will incur if you choose to finance any portion of these expenses. As noted in Item 10, MNC offers financing only for the initial package and, in some instances, for Studio fixtures and computer software and hardware. You should review these figures with a business advisor before making any decision to purchase the franchise.
- (12) Studios eligible for an E-Design are limited to non-mall locations and generally to locations with populations under 40,000. E-Design is a value engineering design that utilizes slatwall and shelving in place of some of the traditional cabinetry used with the New Design.

#### **END OF NOTES**

The following figures include the costs a Studio Owner may incur if, after the Studio initially opens, she seeks to qualify for the Gold Medallion Program.

MNC does not require a particular investment for the Gold Medallion Program, and a Studio Owner will not be required to make any real estate investment, purchase any additional MN Products or supplies or incur any training related expenses. In tabular form, the range of expenses a Studio Owner may incur may be broken down as follows:

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment (4)</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Studio Costs:				
Fixtures (1)	\$0-4,000	As Incurred	As Incurred	Suppliers
Renovations (2)	\$0-2,000	As Incurred	As Incurred	Suppliers
Signs (3)	\$0-2,000	As Incurred	As Incurred	Local Vendors
Total	\$0-8,000			

### NOTES

- (1) In order to qualify for the Gold Medallion Program, a Studio Owner may be required to repair or replace the fixtures in the Studio.
- (2) In order to qualify for the Gold Medallion Program, a Studio Owner may be required to repaint the Studio, clean or replace ceiling tiles and clean or replace carpeting.
- (3) In order to qualify for the Gold Medallion Program, a Studio Owner may be required to repair or replace the signs.
- (4) Except where otherwise noted, these costs and expenditures represent the best estimates known to MNC for these costs. These figures do not take into account costs of financing a Studio Owner will incur if the Studio Owner chooses to finance any portion of these expenses. MNC does not offer any financing in connection with the expenses a Studio Owner may incur to qualify for the Gold Medallion Program. You should review these figures with a business advisor before making any decisions regarding participation in the Gold Medallion Program.

### ITEM 8

#### RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To become a Studio Owner, you must purchase an initial package of MN Products, supplies and other materials from MNC. In the year ending December 31, 2011, MNC's revenue from the sale of initial packages to Studio Owners was \$190,154 or approximately 0.24% of MNC's total revenues of approximately \$78,233,000. The cost of the initial package, as described in Items 5 and 7, represents approximately 8% to 65% of all purchases and leases of goods and services in connection with establishing your Studio.

You are not required to purchase or lease any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software or real estate related to your Studio from MNC, designated suppliers or pursuant to MNC's specifications. In the year ended December 31, 2011, MNC derived 100% of its total revenues from the sale of MN Products, supplies, accessories, freight and other materials to Studio Owners.

There are no approved suppliers in which any of our officers own an interest.

While MNC does not prohibit the sale of other merchandise (in addition to MN Products) or the offer of other services (in addition to free makeover lessons using lesson material provided by MNC), you must obtain our prior written approval of any additional merchandise or services. In addition, you may not sell or offer for sale: (1) any merchandise which is likely to confuse the public as to the origin or quality of the merchandise or enable others to trade upon MNC’s Trademarks (as defined in Item 13) and the goodwill of MNC or other Studio Owners; (2) any skin care or color cosmetic product other than MN Products; or (3) any merchandise or service which MNC has determined is inconsistent with the image of MNC or the MN System. There are no purchasing or distribution cooperatives. MNC will not derive revenue from any of your purchases or leases, except for purchases from MNC. MNC does not negotiate purchase arrangements with suppliers for the benefit of Studio Owners. MNC does not provide material benefits to a Studio Owner based on a Studio Owner’s purchase of particular products or services or use of particular suppliers.

You must maintain throughout the term of the Studio Agreement, at your cost and expense, that insurance as you deem necessary or desirable, but at least the insurance that is required by your lease. We have the right to specify (and later modify) the types of insurance you must have, including insurance coverage for non-Merle Norman products and services offered at the Studio; specify (and later increase) minimum required coverages; and require that your insurers achieve certain ratings by insurance rating agencies. MNC must be an additional insured in each insurance policy to the extent that it has an insurable interest, and you must provide MNC certificates of insurance.

## ITEM 9

### FRANCHISEE’S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS DISCLOSURE DOCUMENT.

Obligation	Section in the Studio Agreement (“SA”) and Gold Medallion Studio Addendum (“GMSA”)	Disclosure Document Item
a. Site selection and acquisition/lease	Not Applicable	Item 11
b. Pre-opening purchases/leases	SA, Section 5	Items 5 & 7
c. Site development and other pre-opening requirements	SA, Section 4	Items 7 & 11
d. Initial and ongoing training	SA, Section 7	Items 7 & 11
e. Opening	Not Applicable	Item 11
f. Fees	Not Applicable	Items 5 & 6
g. Compliance with standards and policies/Operating Manual	SA, Sections 6 & 8 GMSA, Section 4	Items 8 & 16
h. Trademarks and proprietary information	SA, Section 9 GMSA, Section 5	Items 13 & 14

<b>Obligation</b>	<b>Section in the Studio Agreement (“SA”) and Gold Medallion Studio Addendum (“GMSA”)</b>	<b>Disclosure Document Item</b>
i. Restrictions on products/services offered	SA, Section 8.E. & 8.F. GMSA, Section 4.C.	Items 8 & 16
j. Warranty and customer service requirements	Not Applicable	
k. Territorial development and sales quotas	SA, Section 2 GMSA, Section 2	Item 12
l. Ongoing product/service purchases	SA, Section 5	Item 8
m. Maintenance, appearance and remodeling requirements	SA, Sections 8.A. & 8.D.	Item 17
n. Insurance	SA, Section 10.A.	Item 11
o. Advertising	SA, Sections 6.C. & 8.H. GMSA, Section 4.A.	Item 11
p. Indemnification	SA, Section 10.B.	Item 6
q. Owner’s participation/management staffing	Not Applicable	Items 11 & 15
r. Records/reports	SA, Section 8.C.	
s. Inspections/audits	SA, Section 6.B. GMSA, Section 6.C.(2)	Item 11
t. Transfer	SA, Section 11 GMSA, Section 2	Item 17
u. Renewal	GMSA, Section 3.B.	Item 17
v. Post-termination obligations	SA, Section 14 GMSA, Section 7	Item 17
w. Non-competition covenants	Not Applicable	
x. Dispute resolution	Not Applicable	

## **ITEM 10**

### **FINANCING**

Except as described below, MNC does not offer direct or indirect financing. MNC does not guarantee your note, lease or obligation. The Notes at the end of the following two Tables are an integral part of the information you should know with respect to financing offered by MNC and you should carefully read those notes.

**SUMMARY OF FINANCING OFFERED TO NEW STUDIO OWNERS (1)**

<b>Item Financed</b>	<b>Amount Financed</b>	<b>Down Payment</b>	<b>Term (Months)</b>	<b>Apr %</b>	<b>Monthly Payment</b>	<b>Prepay Penalty</b>	<b>Security Required</b>	<b>Liability Upon Default</b>	<b>Loss of Legal Right on Default</b>
Initial Package (2)	45%	55%	3	None	Equal Installments	None	None	Loss of Franchise	None
MN POS Software and Hardware (3)	80%	20%	12-36	10%	Equal Installments	None	Personal Guarantee, Processing all credit card purchases through MNC's preferred credit card vendor	Loss of Franchise, Attorneys' Fees, Default under other agreements with MNC	None
Fixtures Financing (4)	Generally \$7,500 to \$40,000	None	See Note (5)	See Note (5)	Equal Installments	None	Studio assets, Personal Guarantee, Processing all credit card purchases through MNC's preferred credit card vendor	Repossession, Loss of Franchise, Attorneys' Fees, Default under other agreements with MNC	None

**SUMMARY OF FINANCING OFFERED TO BRANCH STUDIO OWNERS (1)**

<b>Item Financed</b>	<b>Amount Financed</b>	<b>Down Payment</b>	<b>Term (Months)</b>	<b>Apr %</b>	<b>Monthly Payment</b>	<b>Prepay Penalty</b>	<b>Security Required</b>	<b>Liability Upon Default</b>	<b>Loss of Legal Right on Default</b>
Initial Package (6)	70%	30%	3	None	Equal Installments	None	None	Loss of Franchise	None
MN POS Software and Hardware (3)	80%	20%	12-36	10%	Equal Installments	None	Personal Guarantee, Processing all credit card purchases through MNC's preferred credit card vendor	Loss of Franchise, Attorneys' Fees, Default under other agreements with MNC	None
Fixtures Financing (4)	Generally \$7,500 to \$40,000	None	See Note (7)	See Note (7)	Equal Installments	None	Studio assets, Personal Guarantee, Processing all credit card purchases through MNC's preferred credit card vendor	Repossession, Loss of Franchise, Attorneys' Fees, Default under other agreements with MNC	None

## NOTES

- (1) If MNC provides financing (other than for the initial package), MNC will require, as additional security for the financing and until you have repaid the amount financed, that all credit card purchases be processed through MNC's preferred credit card vendor. In connection with this financing, you will be required to sign a credit card vendor agreement, an example of which may be found at Exhibit E.4.
- (2) For New Studio Owners, the initial package is payable 55% at the end of Home Office Training, with the balance payable, without interest, in 3 equal monthly installments beginning 2 months after shipment of your initial package.
- (3) If you decide to purchase the MN POS software program and/or computer hardware through MNC, MNC will finance 80% of the total purchase price at an APR of 10%. At your election, MNC will finance this purchase for 12, 24 or 36 months, to be repaid in equal monthly installments. In connection with this financing, you will be required to sign a Promissory Note, an example of which may be found at Exhibit E.5. If you fail to make timely payments under the Promissory Note, MNC can demand payment of the unpaid amount (Promissory Note, Default). If you default under the Promissory Note, that constitutes a default under all other agreements you have with MNC (Promissory Note, Default). If MNC files suit to recover on the Promissory Note, it can also recover attorneys' fees (Promissory Note, Default).
- (4) MNC may finance between \$7,500 and \$40,000 of the cost of your purchase of furnishings, fixtures and equipment (*i.e.*, wall units, carpet, tile, fixtures, tables, chairs, stools, mirrors, lighting, acrylics and graphics) for your Studio. (MNC reserves the right where it deems appropriate to provide a greater or lesser amount of financing.) Generally, to be eligible for this financing, you must meet MNC's credit standards (*i.e.*, have a satisfactory credit rating as determined by an independent credit agency), have the intention and ability to participate actively in the daily operation of the Studio, have a design plan approved by MNC's Studio Design Department and, unless approved in writing in advance by MNC's Studio Design Department, purchase from only MNC-approved vendors. Under this financing program, MNC pays vendors directly for those items purchased by a Studio Owner, following the Studio Owner's approval of an invoice from the vendor. There are no fees paid to MNC in connection with this financing program.

In connection with this financing, you will be required to sign a Promissory Note, an example of which may be found at Exhibit E.6., and a Security Agreement, an example of which may be found at Exhibit E.7., and MNC will retain a security interest in the financed collateral (Security Agreement, Further Warranties and Covenants #4). If you fail to make timely payments under the Promissory Note, MNC can demand payment of the unpaid amount (Promissory Note, Default). If you default under the Promissory Note, that constitutes a default under all other agreements you have with MNC (Promissory Note, Default). If MNC files suit to recover on the Promissory Note, it can also recover attorneys' fees (Promissory Note, Default). With respect to the Security Agreement, if you fail to make timely payments, MNC can demand payment of the unpaid amount and repossess and sell the financed collateral if you fail to pay (Security Agreement, Default). If you default under the Security Agreement, that constitutes a default under all other agreements you have with MNC (Security Agreement, Default). MNC can also recover the costs of repossession and reasonable attorneys' fees and legal expenses (Security Agreement, Default).

Existing Studio Owners who desire to remodel their Studios also may participate in this financing program. In addition to executing the Promissory Note and Security Agreement, existing Studio Owners who are remodeling their Studios must execute the current form of Studio Agreement (Exhibit E.1.) to replace their existing Studio Agreement.

- (5) For amounts financed up to and including \$10,000, the term of the financing is 2 years. For amounts financed of \$10,001 to \$20,000, the term of the financing is the lesser of 3 years or the length of the initial term of the lease for your Studio. For amounts financed in excess of \$20,000, the term of the financing is the lesser of 5 years or the length of the initial term of the lease for your Studio. In addition to the requirements described in Note (4), in order to qualify for this financing, you must present to MNC written evidence of a loan commitment for a business loan (i.e., not a home equity loan) from a financial institution to provide financing in the same amount as you seek to obtain from MNC and for the same loan term, as well as the terms and conditions of the financing. If MNC makes financing available to you, the interest rate will be one percentage point below that offered to you by that financial institution, but not lower than the interest rate offered to branch Studio Owners.
- (6) For Branch Studio Owners, the initial package is payable 30% before it is shipped to you, with the balance payable, without interest, in 3 equal monthly installments beginning 2 months after the order is shipped.
- (7) For amounts financed up to and including \$10,000, the term of the financing is 2 years. For amounts financed of \$10,001 to \$20,000, the term of the financing is the lesser of 3 years or the length of the initial term of the lease of your Studio. For amounts financed in excess of \$20,000, the term of the financing is the lesser of 5 years or the length of the initial term of the lease for your Studio. In addition to the requirements described in Note (4), in order to qualify for this financing, you must have a history of timely paying MNC for your purchases of products. The interest rate will be the prime rate as established by Bank of America on the first business day of each calendar quarter. That interest rate will be applicable to a Studio Owner who applies for financing during that calendar quarter, provided the Studio Owner closes on the financing within 30 days after the end of that calendar quarter. If a Studio Owner fails to close within that time, the interest rate will be the prime rate established by Bank of America on the first business day of the next calendar quarter. Once established, the interest rate will remain the same during the life of the loan, unless the Studio Owner defaults on the loan.

#### **END OF NOTES**

With respect to all of the financing described in this Item, there is no penalty if you prepay the amount financed; you are not required to confess judgment or waive a defense against MNC; MNC does not arrange financing from other sources; commercial paper from Studio Owners has not been and is not sold or assigned to anyone and MNC has no plans to do so; MNC does not receive direct or indirect payments for placing financing; and MNC does not guarantee your obligations to third parties. Under the Studio Agreement, if you fail to timely repay MNC for amounts financed, MNC may require you to pay a delinquency fee and make special arrangements for future amounts owed to MNC (Studio Agreement, Section 5), may discontinue selling MN Products to you (Studio Agreement, Section 5) and may place you in default of the Studio Agreement (Studio Agreement, Section 13.B.).

## ITEM 11

### FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

**Except as listed below, MNC is not required to provide you any assistance.**

#### **MNC's Pre-Opening Obligations**

Before you open your Studio, MNC will:

1. Advise you within 30 days after we receive the design plans whether we approve the plans. (Studio Agreement, Section 4.A.)
2. Advise you whether we approve all furnishings, furniture, fixtures, floor coverings and signs used in the Studio. (Studio Agreement, Section 4.B.)
3. Sell you an initial package of MN Products, supplies and other items. (Studio Agreement, Section 5)
4. Provide Home Office Training at MNC's Home Office at 9130 Bellanca Avenue, Los Angeles, California (as described later in this Item) prior to the time your Studio opens. (Studio Agreement, Section 7.A.)
5. Loan you a copy of The Smart Book ("Operations Manual"), which is 190 pages in length. The table of contents for the Operations Manual is attached as Exhibit C.

#### **MNC's Obligations During Operation of the Franchise**

During the operation of your Studio, MNC will:

1. Make MN Products available for purchase by you as long as you are not in default of your obligations to us. (Studio Agreement, Section 5)
2. Periodically make available for purchase by you sales aids, such as props, supplies, favors and related items. (Studio Agreement, Section 6.E.)
3. Periodically provide you, at no cost, limited quantities of materials to use solely in connection with providing customers free make-up or makeover lessons in your Studio. You may not sell, or give away, lesson material. (Studio Agreement, Section 6.F.)
4. Provide, at no cost, consultation and advice to you as we deem appropriate in connection with the development and operation of the Studio. We may delegate some or all of our obligations and duties under the Studio Agreement to third parties, including affiliates, agents and independent contractors. (Studio Agreement, Section 6.A.)
5. Inspect and record or photograph the Studio's operation and the facility, remove samples of any products, interview personnel and customers and inspect and copy any documents relating to the operation of the Studio. (Studio Agreement, Section 6.B.)
6. Advise you whether we have approved your local advertising and promotional materials within 30 days after receipt of these materials. If we do not respond within 30 days, we will be considered to have denied approval of that advertising. (Studio Agreement, Section 8.H.)



7. Reimburse a portion of your local advertising expenses if the advertising and media are approved by us and the amount spent is, in our judgment, reasonable in light of your sales of MN Products. The details of this program, which we may modify or discontinue at any time, will be provided separately to you. (Studio Agreement, Section 6.C.)
8. Upon 30 days' notice to you, we may modify the MN System, including modifications to the Operations Manual, the design, layout and furnishing of Studios (including the trade dress, décor, and color schemes) and the method of payment of monies owed to us. (Studio Agreement, Section 6.D.)
9. Periodically provide you with suggested retail price lists for the MN Products. (Studio Agreement, Section 8.G.)

### **Advertising**

MNC periodically conducts advertising for MN Products, primarily in national print media. You are not required to pay MNC any monies for this advertising, which MNC conducts as it deems appropriate. At present, this advertising is prepared by MNC's in-house advertising department. There is no formal arrangement for an advertising council composed of franchisees that advises MNC on advertising policy.

You are not required to conduct any local advertising for your Studio, although you are encouraged to do so. You may not, however, advertise your Studio outside of your trade area, and you may not independently advertise on any on-line computer network. You may establish an Internet web site only if done through MNC. You may not use MNC's Trademarks (as defined in Item 13) to advertise or promote any merchandise or services other than MN Products, regardless of whether the merchandise or services have been approved by MNC. You must maintain, at your expense, one or more telephone directory listings for your Studio as MNC requires from time to time.

Your local advertising and promotional materials must comply with all federal and local laws and regulations and with our guidelines for advertising and promotions and must be submitted to us at least 30 days prior to first use for approval. If we do not respond within 30 days, we will be considered to have denied approval of that advertising. All of your advertising and promotion must be completely factual and must conform to the highest standards of ethical advertising. Your advertising may not contain any statement or material which may be considered: (1) in bad taste or offensive to the public or to any group of persons; (2) defamatory of any person or an attack on another Studio Owner or any competitor; (3) to infringe upon any other person's copyright, trade name, trademark, service mark or identification; or (4) inconsistent with the image of MNC or the MN System.

Under our Studio's Choice Co-operative Advertising Program, MNC will reimburse a portion of the cost of your local advertising if the advertising materials and media are approved by MNC and the amounts spent are, in the judgment of MNC, reasonable in light of your sales of MN Products. The details of this Program will be provided separately to you. At present, MNC pays 60% of these costs, but MNC may vary this amount. You do not pay MNC any monies in connection with the Studio's Choice Co-operative Advertising Program.

You may seek reimbursement for approved advertising by submitting a Request For Co-op Advertising Credit Form ("Request") with the required documentation within 60 days after the advertising has run and you have paid the advertising vendor. These Requests normally are processed in 3 days, and reimbursement is made by a credit to your Studio account. MNC reserves the right to contact directly the publisher or advertising vendor to review your records, as appropriate or necessary, to verify any Request. In order to expedite reimbursement to you, verification procedures ordinarily will be carried out after the reimbursement has been credited to your Studio account. If discrepancies are found, an adjustment will be made to your Studio account through a debit or credit as appropriate.

Studio Owners in any market may decide to form an advertising co-op group in that market in order to share the cost of advertising in their market. The potential membership in an advertising co-op is determined based on the Studios operating in the area covered by an A.C. Nielsen “Designated Market Area” (“DMA”). If an advertising co-op group is formed in a market, all Gold Medallion Studios in that area must participate in the group. Non-Gold Medallion Studios are not required to participate in an advertising group.

When an advertising co-op group is established, MNC typically administers the advertising co-op. Studio Owners who participate must sign a Co-op Group Letter of Agreement (attached as Exhibit E.3.). Apart from this Agreement, there are no written governing documents for a co-op. Ordinarily, the group members consider different media plans that could be implemented in the next 6 or 12 months and then select a media plan. The group members’ required contribution for the 6 or 12 month period is based upon the media plan selected and the number of participants. MNC pays a portion of the cost of the media plan (currently 60%, but MNC may vary this amount), and the remainder of the cost is split among the co-op members as they agree, usually on a per Studio basis. No annual or periodic financial statements are prepared for an advertising co-op.

In order to facilitate execution of the media plan selected by a group and obtain the lowest possible cost, MNC may prepay the cost of the media plan and debit each month over the media plan period the Studio account of each participating Studio Owner an equal portion of that Studio Owner’s total cost. At present, for those areas with an advertising co-op group, the monthly advertising co-op charge per Studio ranges from \$67 to \$471 depending on the DMA, the number of participating Studios and the media plan selected by the advertising co-op members.

At the conclusion of each media plan, the co-op members can choose whether to continue the advertising co-op and, if so, to develop the new plan. MNC does not have the power to require advertising co-op groups to be changed, dissolved or merged.

### **The MN POS Software Program**

MNC owns a proprietary point of sale software program (known as the MN POS Software Program), which you may purchase from MNC if you choose. While the purchase of the MN POS software program is entirely optional, if you choose to purchase the MN POS software program, you must sign a POS Purchase Agreement (attached as Exhibit E.8.). As of the date of this Disclosure Document, the cost of the MN POS Software Program is \$1,800. The MN POS software program has been in continuous use by Studios since 1991. It produces a variety of information that can assist in the operation of your Studio, including sales information, sales reports, inventory information, customer information, employee information and mailing lists.

In addition to signing the POS Purchase Agreement, you must sign a Software License Agreement (attached as Exhibit E.9.) which grants you the non-exclusive right to use the software and under which MNC provides ongoing software upgrades and support. You are required to participate in the ongoing upgrades and support for a period of one year. If you have financed any part of your purchase of the MN POS Software Program through MNC, you are required to continue to participate in ongoing upgrades and support until you have repaid MNC the amount financed. The current annual cost of upgrades and support is \$300.

MNC does not have independent access to the information generated by the MN POS software program. MNC is aware of other similar point of sale software programs that are available. MNC has neither approved nor refused to approve any other software program. You may use another software program if you choose. Similarly, you are not required to use any software program.

The MN POS software program requires a PC using Windows XP, Pentium 4 or new processor – 2 GB RAM. MNC recommends that you use a 17 inch LCD color monitor, 3COM 56K external fax modem or faster fax modem and a Windows compatible printer, although you may purchase other models that you choose. If you choose different equipment, it may not be compatible with MNC’s modem at our Home Office or with the MN POS software.

You are not required to purchase the computer hardware from MNC. If you purchase computer hardware from MNC, you must sign a POS Purchase Agreement (attached as Exhibit E.8.). MNC currently offers Lenovo computers, 3COM 56K external fax modems, and Epson (receipt and report) printers. If you purchase the computer hardware from MNC, the cost currently ranges from \$2,000 to \$3,000, depending on the computer and printer you select. There are additional items of computer hardware that you may purchase from MNC or any other source. These additional items are not required to utilize the MN POS software program. These items include a credit card table and a receipt printer/cash drawer. If you purchase those from MNC, the combined cost currently ranges from \$100 to \$1,000. All of the computer equipment we offer includes manufacturers’ warranties.

### **Selecting the Location of Your Studio**

We do not select the site for your Studio. You select the site for your Studio subject to MNC’s approval. The Studio Agreement is signed only after your site has been approved by MNC. In evaluating a proposed site, MNC considers whether additional representation in an area is warranted based on its evaluation of past experience within the area, population density, traffic patterns, proximity of the proposed site to other Studios and those other factors MNC considers appropriate to evaluate a specific proposal. If MNC concludes that representation is appropriate in the general area, it will consider the attributes of the specific site, including customer accessibility and Studio design.

MNC approves a Studio Owner appointment for one or several specified locations. There is no time limit for MNC to approve or disapprove a site, although MNC typically advises a Studio Owner regarding site approval within 60 days after MNC has received all required information. If MNC and you cannot agree on a site, MNC will not issue a Studio Agreement.

A separate Studio Agreement is entered into between MNC and you for each approved location. A Studio typically will be located in a small retail store in a regional shopping mall, a strip shopping center, a central business district location or a free-standing building. While you will determine the size and location best suited for your planned operations, most regional mall Studio locations are in rented spaces of 400 to 600 square feet, while Studio locations in strip shopping centers and other locations are typically in rented spaces of 600 to 1,400 square feet.

### **Typical Time Between Agreement Signing and Opening**

Studio Owners typically open their Studios 4-8 months after they sign the Studio Agreement. On rare occasions, if the Studio is going to be located in a shopping center that is under construction, it may take up to 12 months to open the Studio after the Studio Agreement is signed. The factors that affect this time period include the ability to obtain a lease, delays in the construction or completion of the Studio, delays in the installation of equipment, fixtures or signs, financing, building permits, zoning or local ordinances, weather conditions or problems with personnel.

### **Training**

Before your Studio opens for business, you, or a manager, are required to complete satisfactorily Home Office Training. This training also is required of any person who becomes a Studio Owner by purchase from an existing Owner. Home Office Training is conducted at MNC’s Training Center at its Home Office. MNC schedules approximately 10 training sessions each year. Every effort is made to schedule training so that it is completed as soon as practicable before you open your Studio for business.

MNC provides those attending Home Office Training a complimentary Continental Breakfast and lunch each business day. You must pay for travel expenses to Los Angeles, California, hotel expenses and all other expenses.

Home Office Training covers 8 days. Classes are held from 8:45 a.m. to 5:00 p.m. The Operations Manual and Beauty Know-How Manual are the principal instructional materials used. In addition, other hand-outs, training videos, slides and other audio-visual presentations are used, along with makeup for use during the in-class makeup workshops. Home Office Training does not include on the job training in a Merle Norman Studio.

Sandra Haerberle, Vice President of Sales and Communications, along with Robin Wilson, Manager of Gold Medallion, conduct training on all matters that are the subject of the 8 day Home Office Training. Ms. Haerberle began her career with Merle Norman in August 1998 as Director of Training. Robin Wilson has been with Merle Norman since 1978. Ms. Wilson has held a variety of positions in both the Consumer Relations Department and the Studio Communications Department.

The following list summarizes the subjects taught at Home Office Training:

### TRAINING PROGRAM

Subject	Hours of Classroom Training (1)	Hours of on the Job Training (1)	Location
Skin Care	9:30	N/A	Home Office Los Angeles, CA
Foundation	5:30	N/A	Home Office Los Angeles, CA
Make-Up Artistry & Color	7:00	N/A	Home Office Los Angeles, CA
Studio Development	0:15	N/A	Home Office Los Angeles, CA
Merchandising	:45	N/A	Home Office Los Angeles, CA
Employee Relations	2:00	N/A	Home Office Los Angeles, CA
Business Management	1:40	N/A	Home Office Los Angeles, CA
Ordering, Customer Returns, Discontinued Items & Returns	2:00	N/A	Home Office Los Angeles, CA
Billing, Credit	:30	N/A	Home Office Los Angeles, CA
Product Retention	1:00	N/A	Home Office Los Angeles, CA
Product Marketing	:45	N/A	Home Office Los Angeles, CA
Advertising/Marketing Studio	1:00	N/A	Home Office Los Angeles, CA
Selling Skills & Activities	1:45	N/A	Home Office Los Angeles, CA

<b>Subject</b>	<b>Hours of Classroom Training (1)</b>	<b>Hours of on the Job Training (1)</b>	<b>Location</b>
Gold Medallion	1:00	N/A	Home Office Los Angeles, CA
MN Connections	1:50	N/A	Home Office Los Angeles, CA
History of MNC & Brand Awareness	1:30	N/A	Home Office Los Angeles, CA
Miscellaneous (2)	8:00	N/A	Home Office Los Angeles, CA

### **NOTES**

- (1) The length of the training on each topic is stated in hours and minutes.
- (2) Throughout the eight-day period, you will be introduced to a number of employees of MNC who will speak on various topics. You also will take a tour of MNC's manufacturing facility.

### **END OF NOTES**

MNC conducts an annual national convention for Studio Owners. Attendance at the convention is voluntary. MNC encourages attendance since it gives you the opportunity to see and sample new products and to prepare your staff to introduce and sell these new products. The convention also includes presentations covering many areas of Studio operation and provides an opportunity for you to meet with members of the Home Office Staff and other Studio Owners. You pay the cost of travel to and from the convention, as well as room and living expenses while attending the convention.

MNC provides a required 2-day training program for purchasers of the MN POS software program. This training, which covers operation of the MN POS software program, is provided at MNC's Home Office in Los Angeles, California and at 4 other locations, as well as in any city where 3 or more Studio Owners participate in the training program. There is no charge for up to 2 persons per Studio for the training. MNC provides a complimentary Continental Breakfast and lunch to attendees during the training program. You must pay for travel expenses to the training site, hotel expenses and all other expenses. In lieu of the 2-day training program, MNC also offers an on-line tutorial program for POS software training hosted via webx.com. The on-line tutorial program consists of two 4 ½ hour sessions on webx.com. If you are purchasing an existing Studio that uses the MN POS software program and you choose to continue using that program, you (or your manager) will be required to attend the MN POS software training before MNC will approve the transfer of the Studio to you.

MNC also provides a wide variety of continuing training seminars, which are available to you and, in some cases, your employees. While these seminars are, in general, optional, MNC strongly encourages you to take advantage of these seminars, and where it is believed that these seminars are important to your effective representation, MNC may require attendance. MNC also offers videos to support all new product introductions and for the color collections MNC launches each year.

There is no charge for any of these continuing training seminars; however, a cancellation fee may be charged to your Studio account if you reserve a position in a seminar and fail to notify the Home Office at least 5 business days prior to the start of class if you will be unable to attend. Your employees and you are responsible for the cost of travel, hotel and living expenses at each of these seminars. MNC provides complimentary Continental Breakfasts and lunches during these sessions.

## ITEM 12

### TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. There are no restrictions on our ability to solicit or accept orders from customers at any location, nor must we compensate you if we solicit or accept orders.

MNC grants you a nonexclusive right to operate a Studio at a specified location, which must be approved by MNC in advance. MNC reserves the right to establish other Studios (whether operated by us or independent studio owners) at any location without regard to their proximity to your Studio that may compete with your location. You do not have the right to sell MN Products or use the Trademarks or the MN System at any location other than your approved Studio location. You may only sell MN Products to customers who are physically present at the Studio Location and to customers at MNC approved marketing events; you may not use any other method or channel of distribution. You may not relocate your Studio without MNC's prior written approval. You do not receive any right of first refusal (or similar right) to develop or operate additional Studios, nor do you receive any option to develop or operate additional Studios. You may only obtain the right to develop and operate additional Studios, following approval by MNC, by signing a new studio agreement for each additional location.


One of the hallmarks of the Merle Norman System is our "Try Before You Buy" philosophy. MNC, however, reserves the right to merchandise and distribute MN Products under the Proprietary Marks and/or under other marks through any method or channel of distribution, including the Internet, other than Merle Norman Studios.



## ITEM 13

### TRADEMARKS

MNC grants you the right to operate a Studio under the name "Merle Norman" and to use our other current or future Trademarks that we designate in the operation of your Studio. By Trademarks, MNC means all words, symbols, designs, trade names, service marks or combinations used to identify the MN System and MN Products (developed by us) and services offered under the MN System. We may restrict the use of certain Trademarks to fewer than all Studios. We periodically will advise you as to any additions or deletions to the Trademarks and your right to use the Trademarks will be modified by these additions or deletions.

MNC has registered the following principal trademarks with the United States Patent and Trademark Office on the Principal Register, and all required affidavits of continued use have been filed and accepted:

Mark	Registration No.	Registration Date
MERLE NORMAN	1,399,010 1,412,879 2,077,608	6/24/86 10/14/86 7/8/97
	521,472	2/28/50

Mark	Registration No.	Registration Date
	1,391,300	4/29/86
	2,555,168	4/2/02

Only Gold Medallion Studios will be licensed to use the Gold Medallion Studio mark.

You may use the Trademarks only in connection with the operation of your Studio at the specified location and as expressly provided in the Studio Agreement and the Operations Manual. You may not use any Trademark, any variation of any Trademark or any marks or names confusingly similar to any Trademarks in any manner not authorized by us or in the name of your business entity. In all public records and relationships with other persons and on stationery, business cards, checks, contracts, receipts, advertising and other business documents and forms, you will indicate the independent ownership of your Studio and that you are solely a franchisee of MNC. You may not use the Trademarks to advertise or promote any merchandise or services other than MN Products, regardless of whether MNC has approved the merchandise or services.

No agreements currently limit MNC's rights to use or license the use of the Trademarks. MNC does not know of any infringing uses that could materially affect your use of the Trademarks. There are no currently effective material determinations of the patent and trademark office, the trademark trial and appeal board, the trademark administrator of any state or any court, pending infringement, opposition or cancellation proceedings or any pending material litigation involving MNC's principal trademarks.

MNC does not indemnify you against the consequences of your use of the Trademarks unless your use of the Trademarks is in accordance with the requirements of the Studio Agreement. As a condition to indemnification, you must provide MNC notice of any claim within 10 days and tender the defense of the claim to MNC. If MNC accepts the tender of the defense, MNC has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

You may not use the Trademarks on any Internet domain name, e-mail address or in the operation of any Internet web site without our prior written approval. We may require that any web site be hosted by us, and we may designate the form and content of any web site.

## **ITEM 14**

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

No patents or copyrights are material to the franchise. Much of the instructional and promotional material used by MNC is copyrighted, but these rights are not material to individual Studio Owners. MNC also claims copyright ownership in the Operations Manual, the Gold Medallion Guidelines and in all plans and drawings prepared by or at the direction of MNC for Studio Owners, although it has not filed applications for copyright registration. The Operations Manual contains MNC's detailed standards for operating your Studio. The Operations Manual, the Gold Medallion Guidelines and all other materials and information provided or disclosed to you by MNC are disclosed in confidence. You may disclose this information only to your employees who have a need to know.

## **ITEM 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

You are not required to participate personally in the direct operation of the Studio, but if the Studio is not under your direct daily supervision, you must hire a manager. If you are not active in the operation of the Studio, the manager must complete Home Office Training. The manager need not have an ownership interest in the Studio. We do not require that you place restrictions on your manager. If you are a corporation or a limited liability company, or transfer your Studio to a corporation or a limited liability company, each owner or member must sign a guarantee agreeing and assuming to discharge all obligations of the franchisee under the Studio Agreement.

## **ITEM 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must purchase an initial inventory of MN Products and certain required supplies from MNC. You must use your best efforts to promote the sale of MN Products and must focus your efforts at the Studio on the sale of MN Products and providing free makeover lessons using the lesson material provided by MNC.

While MNC does not prohibit the sale of other merchandise (in addition to MN Products) or the offer of other services (in addition to free makeover lessons using the lesson material provided by MNC), you must obtain our prior written approval of any additional merchandise or services. In addition, you may not sell merchandise of any other manufacturer that is likely to confuse the public as to the origin or quality of the merchandise or enable others to trade upon MNC's Trademarks and the goodwill of MNC or other Studio Owners. You may not sell or offer to sell any skin care or color cosmetic products other than the MN Products or any merchandise or service which we have determined is inconsistent with the image of MNC or the MN System.

You must continuously use your best efforts to promote the sale of MN Products. In order to maximize your sale of MN Products, you must employ a sufficient number of employees to operate the Studio at its maximum capacity during the days and hours regularly maintained by other retail establishments in your neighborhood or area. In addition, if your purchases of MN Products for the Studio are in the bottom 10% of similarly situated Studios in comparably sized markets (which we will determine) for 12 consecutive months, we may place you in default of the Studio Agreement.



## ITEM 17

### RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the Studio Agreement and the Gold Medallion Studio Addendum. You should read these provisions in the agreements attached to this Disclosure Document.

#### THE FRANCHISE RELATIONSHIP

Provision	Section in the Studio Agreement	Summary
a. Length of the franchise term	Section 3.A.	10 years from the date the Franchised Studio opens
b. Renewal or extension of the term	Section 3.B.	You can renew for a single Renewal Term of 10 years.
c. Requirements for you to renew or extend	Section 3.B.	You must give timely notice; not be in default under any agreement with MNC; renovate and update the Studio if requested by MNC; comply with our training requirements; have the right to remain in possession of the Studio location for the Renewal Term; have operated your Studio in compliance with the Studio Agreement; sign a general release; and sign a new Studio Agreement. The new Studio Agreement may contain terms and conditions substantially different from your original Studio Agreement.
d. Termination by you	Section 12	You may terminate without cause by providing us 10 days' advance written notice.
e. Termination by MNC without cause	Not Applicable	
f. Termination by MNC with cause	Sections 13	MNC can terminate upon default.
g. "Cause" defined – curable defaults	Section 13.B.	You have 10 days to cure monetary defaults. You have 30 days to cure all other defaults except those discussed in h.

Provision	Section in the Studio Agreement	Summary
h. "Cause" defined – non-curable defaults	Sections 13.A, 13.B. & 13.C.	MNC can terminate without providing you an opportunity to cure if you sell MN Products through any wholesale, mail order (except as approved by MNC to existing customers) or e-commerce distribution, or through any channel of distribution other than the retail operation of the Studio at the Studio location; sell, or give away, lesson material or sell sales aids; cease operating your Studio for more than 5 consecutive days unless approved by MNC in advance or due to act of God, fire or other natural disaster; remain in default beyond the applicable cure period under any other agreement with MNC; unauthorized relocation; unauthorized transfer; default again after receiving 1 or more notices of default in the previous 12 months; and fail to come into compliance within 30 days after your receipt of a notice of default based on results of an inspection of your Studio.
i. Your obligations on termination/nonrenewal	Section 14	Obligations include cease operating the Studio and cease selling MN Products; payment of amounts due; return of all manuals, lesson material, materials provided free of charge by MNC, and all other materials furnished by MNC to MNC; cease use of MNC's Trademarks; resell MN Products to MNC; cooperate with us in referring inquiries regarding MN Products to person designated by us; and de-identify the Studio.
j. Assignment of contract by MNC	Not Applicable	
k. "Transfer" by you - definition	Section 11.A.	Include sale, assignment, conveyance or transfer of any interest in you, the Studio Agreement, or the ownership of the Studio.
l. MNC's approval of transfer by franchisee	Section 11.A.	MNC has the right to approve all transfers.
m. Conditions for MNC approval of transfer	Section 11.A.	MNC will not approve a transfer unless you have paid all monetary obligations to MNC and all other financial obligations related to the Studio; you execute a general release; you are not in default of any agreement with MNC; you provide written certification that you have not made any representations to the transferee that MNC has granted you any exclusive territory or any right of first refusal or similar option. Additionally, MNC will not approve a transfer unless it determines that the person who proposes to acquire a substantial interest in the Studio or the proposed new Studio Owner satisfies MNC's managerial, operational, experience, financial, quality, character and business standards for a new studio owner; transferee signs new Studio Agreement; and transferee completes Home Office Training.

Provision	Section in the Studio Agreement	Summary
n. MNC's right of first refusal to acquire your business	Not Applicable	
o. MNC's option to purchase your business	Not Applicable	
p. Your death or disability	Section 11.B.	Upon your death or permanent incapacity, your executor, administrator, personal representative or trustee has 12 months to transfer the affected person's interest. MNC must approve the transfer based on the conditions in m. During that period, the Franchised Studio must be operated by a person who has completed Home Office Training.
q. Non-competition covenants during the term of the franchise	Section 8.E.	You may not display, sell or offer any merchandise of any manufacturer that is likely to confuse the public as to its origin or quality or which will enable others to trade on the Trademarks and goodwill of MNC or its other Studios. You may not sell or offer to sell any skin care or color cosmetic products other than MN Products, or any merchandise or service which MNC has determined is inconsistent with the image of MNC or the MN System. You must obtain prior written approval from MNC before selling other merchandise (in addition to MN Products) or offering other services (in addition to free makeover lessons using the lesson material provided by MNC).
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	
s. Modification of the agreement	Sections 6.D. & 17.A.	No modification to the Studio Agreement unless in writing and signed by the parties, but with 30 days' notice, MNC may modify the MN System, including the Operations Manual, the design and layout of the Studios and the methods of payment of monies owed to us.
t. Integration/merger clause	Section 17.A.	Only the terms of the Studio Agreement, the Operations Manual, the documents referred to therein and the attachments to the Studio Agreement are binding. Any other oral or written promises relating to the subject matter of the Studio Agreement may not be enforceable. This is not intended to disclaim any representation made in this disclosure document.
u. Dispute resolution by arbitration or mediation	Not Applicable	

<b>Provision</b>	<b>Section in the Studio Agreement</b>	<b>Summary</b>
v. Choice of forum	Section 17.B.	You can only file suit where our principal offices are located. We may file suit in the jurisdiction where our principal offices are located, where you reside or do business, where the Studio is or was located or where the claim arose. See the Additional Disclosure Addendum to this Disclosure Document for specific state provisions.
w. Choice of law	Section 17.B.	The laws of the state in which the Studio is located apply. See the Additional Disclosure Addendum to this Disclosure Document for specific state provisions.

### **GOLD MEDALLION STUDIO ADDENDUM**

<b>Provision (1)</b>	<b>Section in the Gold Medallion Studio Addendum</b>	<b>Summary</b>
a. Length of the franchise term	Section 3	3 years from date MNC signs the Addendum
b. Renewal or extension of the term	Section 3	You can renew for successive 3-year periods.
c. Requirements for you to renew or extend	Section 3	In order to renew, your Studio Agreement must remain in effect; you and the Studio must be in compliance with the then-current Gold Medallion Guidelines; if requested by MNC, you must submit photographs of the interior and exterior of the Studio demonstrating compliance; and if requested by MNC, you must sign a new Gold Medallion Studio Addendum.  The new Gold Medallion Studio Addendum may contain terms and conditions substantially different from your original Gold Medallion Studio Addendum.
d. Termination by you	Section 6.B.	You may terminate without cause by providing MNC 30 days' advance written notice.
e. Termination by MNC without cause	Section 6.C.	MNC can terminate if it decides to cancel the Gold Medallion Program and provides you 60 days' advance written notice.
f. Termination by MNC with cause	Section 6.C.	MNC can terminate if you default.

Provision (1)	Section in the Gold Medallion Studio Addendum	Summary
g. "Cause" defined – curable defaults	Section 6.C.	You have 60 days to cure if you fail to observe the requirements of the Addendum, Gold Medallion Program or the Gold Medallion Guidelines. The Gold Medallion requirements include maintaining an adequate inventory of MN Products; selling only non-Merle Norman products that are compatible with MN Products and MNC's quality image; offering non-Merle Norman products and non-Merle Norman services in a separate, defined area of the Studio; keeping the Studio clean and well maintained; following MNC's Gold Medallion Return Policy; participating in a co-op advertising group in your area (if one has been started); participating in MNC's gift certificate program by honoring Merle Norman gift certificates issued by other Studios; employing a properly trained staff that maintains a professional appearance and provides competent, courteous service to customers; and the Studio must be managed by you or a manager who has completed Home Office Training.
h. "Cause" defined – non-curable defaults	Section 6	MNC can terminate without providing you an opportunity to cure if your Studio Agreement is terminated; you relocate the Studio; you sell the Studio, or a majority interest in the Studio, to a third party; if you are any type of business entity, you sell a majority interest in you; or if you default after receiving 2 or more notices of default within the previous 12 months.
i. Your obligations on termination/nonrenewal	Section 7	Cease operating as a Gold Medallion Studio, including cease all use of the Gold Medallion Marks; cancel all advertising that contains any Gold Medallion Marks; stop identifying the Studio as a Gold Medallion Studio; and return materials to MNC.
j. Assignment of contract by MNC	Not Applicable	
k. "Transfer" by you – definition	Not Applicable	
l. MNC's approval of transfer by franchisee	Not Applicable	
m. Conditions for MNC's approval of transfer	Not Applicable	
n. MNC's right of first refusal to acquire your business	Not Applicable	
o. MNC's option to purchase your business	Not Applicable	
p. Your death or disability	Not Applicable	

<b>Provision (1)</b>	<b>Section in the Gold Medallion Studio Addendum</b>	<b>Summary</b>
q. Non-competition covenants during the term of the franchise	Not Applicable	
r. Non-competition covenants after the franchise terminates or expires	Not Applicable	
s. Modification of the agreement	Section 4	No modification generally, but MNC may modify the Gold Medallion Guidelines and Program.
t. Integration/merger clause	Not Applicable	
u. Dispute resolution by arbitration or mediation	Not Applicable	
v. Choice of forum	Not Applicable	See the Additional Disclosure Addendum to this Disclosure Document for specific state provisions.
w. Choice of law	Not Applicable	See the Additional Disclosure Addendum to this Disclosure Document for specific state provisions.

#### **NOTES**

- (1) With respect to those provisions that are not contained in the Gold Medallion Studio Addendum, the provisions of the Studio Agreement govern MNC's and your obligations.

#### **ITEM 18**

#### **PUBLIC FIGURES**

MNC does not use any public figures to promote its franchise.

#### **ITEM 19**

#### **FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

MNC does not receive from its Studio Owners any statements regarding the dollar amount of a Studio Owner's retail sales of MN Products, nor does MNC receive from its Studio Owners any statements regarding a Studio Owner's total sales, expenses, costs or profits. Since MNC does not have this information, this financial performance representation only provides information as to the dollar amount of purchases of MN Products by New Design Studios and the retail value of those purchases.

Studio Owners are permitted to sell other merchandise (in addition to MN Products) and to offer other services (in addition to free makeover lessons using the lesson material provided by MNC). While MNC has not formally surveyed its Studio system, MNC believes that virtually all Studios sell merchandise in addition to MN Products and/or offer other services. Accordingly, the dollar amounts listed below as the “Retail Value of Purchases from MNC” are not intended to represent the total sales volume of any New Design Studio(s). MNC is unable to estimate what percentage MN Products comprise of a Studio’s total sales.

As mentioned in Item 1, in 1998, MNC completed the development of the New Design, the most significant elements of which include an “open-sell” layout where merchandise is displayed for easy viewing and access; a design that supports either customer self-service or beauty consultant assisted service; perimeter wall fixtures; consultation areas consisting of tables and stools; a tester area; a graphic image display/focal wall; and a cash and wrap area in matching finish.

Existing Studios are not required to implement the New Design; however, as of December 31, 2011, 701 U.S. Studios had implemented the New Design. A total of 684 Studios (97 Studios in regional malls and 587 Studios in non-mall locations) operated in the United States under the New Design during the one-year period from January 1, 2011 through December 31, 2011. This financial performance representation relates only to those 684 New Design Studios.

The following information relates to the 97 U.S. New Design Studios located in regional malls that operated under the New Design for the one-year period January 1, 2011 through December 31, 2011.

#### REGIONAL MALL LOCATIONS

	<b>Purchases from MNC Per Studio (1)</b>	<b>Retail Value of Purchases from MNC (2)</b>
<b>LOW</b>	\$24,991.23	\$52,065.06
<b>HIGH</b>	\$305,830.67	\$637,147.23
<b>AVERAGE</b>	\$102,049.85	\$212,603.86
<b>MEDIAN</b>	\$92,030.71	\$191,730.65

Of the 97 U.S. New Design Studios located in regional malls, 36 Studios or 37% attained or surpassed the Average Purchases from MNC Per Studio.

The following information relates to the 587 U.S. New Design Studios located in non-mall locations that operated under the New Design for the one-year period January 1, 2011 through December 31, 2011.

#### NON-MALL LOCATIONS

	<b>Purchases from MNC Per Studio (1)</b>	<b>Retail Value of Purchases From MNC (2)</b>
<b>LOW</b>	\$670.50	\$1,396.88
<b>HIGH</b>	\$213,705.54	\$445,219.88

	<b>Purchases from MNC Per Studio (1)</b>	<b>Retail Value of Purchases From MNC (2)</b>
<b>AVERAGE</b>	\$53,152.89	\$110,735.18
<b>MEDIAN</b>	\$46,848.24	\$97,600.50

Of the 587 U.S. New Design Studios located in non-mall locations, 244 or 42% attained or surpassed the Average Purchases from MNC Per Studio.

#### **NOTES**

- (1) The information in this column represents the purchases from MNC of MN Products by these 684 New Design Studios. MNC sells each of its products to all U.S. Studio Owners at the same wholesale price.
- (2) As noted above, Studio Owners are not required to provide MNC any statements regarding a Studio's sales of MN Products. For each cosmetic product MNC sells to its Studio Owners, MNC establishes a suggested retail price. The wholesale price paid to MNC varies from product to product, ranging from 40% to 50% of the suggested retail price so that the gross profit percentage on individual products ranges from 50% to 60%. The percentage gross profit that a particular Studio will realize during any period of operations from its sales of MN Products will depend on whether the Studio Owner adheres to the suggested retail prices and on the mix of products the Studio sells.

The information in this column is based on the assumption that sales of all MN Products by the 684 New Design Studios included in this financial performance representation were at the suggested retail price, and that the mix of sales of each such Studio was the same as the mix of sales by MNC to its Studios during calendar year 2011. Based on these assumptions, each Studio would have a gross profit percentage of 48%. The information in this column represents the retail value of MN Products purchased by the 684 New Design Studios utilizing this gross profit percentage.

#### **END OF NOTES**

In addition to the preceding Notes, the following material factors should be considered in reviewing this financial performance representation:

1. Studio Owners are not required to purchase any specified amount of MN Products from MNC, other than the initial order of MN Products. (See Items 5 and 6.)
2. As noted above, Studio Owners are not required to provide MNC any statements regarding a Studio's total sales, nor are Studio Owners required to provide MNC any information regarding their expenses, costs or profits. This financial performance representation does not provide any information regarding total sales, expenses, costs or profits.
3. A small number of Studio Owners who operate multiple Studios may regularly, or frequently, order MN Products for all of their Studios through one Studio, so that the purchases recorded on MNC's records for each of these Studios do not accurately reflect the purchases of MN Products for each Studio. With respect to the New Design Studios included in this financial performance representation, where MNC has determined that such activity is occurring, the purchases of each such Studio are, for purposes of this financial performance representation, calculated by aggregating all purchases by that Studio Owner and allocating purchases of MN Products to each Studio owned by that



Studio Owner in the ratio of the purchases of all United States Studios of the same type and location to total purchases of all Studios in the United States.

4. As noted above, Studio Owners are permitted to sell merchandise (in addition to MN Products) and to offer other services (in addition to free makeover lessons using the lesson material provided by MNC). Accordingly, the percentage of a Studio's business that consists of MN Products can vary widely.

5. The Studios included in this financial performance representation that are located in regional malls include Studios in super regional malls and regional malls. According to the 2012 definitions of shopping centers published by the International Council of Shopping Centers, a super regional mall has a gross leasable area of at least 800,000 square feet and is built around at least 3 department stores with a primary trade area of 5-25 miles, and a regional mall has a gross leasable area of 400,000 to 800,000 square feet and is built around at least 2 department stores with a primary trade area of 5-15 miles.

6. The Studios included in this financial performance representation that are located in non-mall locations operate in a variety of retail settings, including community shopping centers, neighborhood centers, strip centers, office complexes and central business districts.

7. The New Design Studios included in this financial performance representation are located in the following states:

<b>State</b>	<b>Number of New Design Studios</b>	<b>Regional Mall Locations</b>	<b>Non-Mall Locations</b>
Alabama	27	3	24
Alaska	1	0	1
Arizona	10	3	7
Arkansas	33	4	29
California	27	5	22
Colorado	7	3	4
Connecticut	2	0	2
Delaware	1	0	1
Florida	42	7	35
Georgia	39	3	36
Hawaii	2	1	1
Idaho	2	2	0
Illinois	33	2	31
Indiana	24	5	19
Iowa	8	2	6
Kansas	4	0	4
Kentucky	27	5	22
Louisiana	33	4	29
Maryland	6	2	4
Michigan	12	3	9
Minnesota	5	0	5
Mississippi	19	2	17
Missouri	7	1	6

State	Number of New Design Studios	Regional Mall Locations	Non-Mall Locations
Nebraska	1	1	0
Nevada	3	0	3
New Jersey	5	0	5
New Mexico	4	0	4
New York	5	0	5
North Carolina	35	8	27
North Dakota	3	3	0
Ohio	18	2	16
Oklahoma	24	1	23
Oregon	4	0	4
Pennsylvania	10	1	9
South Carolina	29	1	28
South Dakota	1	0	1
Tennessee	42	4	38
Texas	89	13	76
Utah	2	0	2
Virginia	17	1	16
Washington	5	1	4
West Virginia	6	2	4
Wisconsin	10	2	8
Totals:	684	97	587

This financial performance representation was prepared by MNC and was not independently audited. The statements of purchases of MN Products by these 684 New Design Studios were based upon data utilizing a uniform accounting method. Upon your reasonable request, we will make available data substantiating the figures presented in this statement.

The information in this Item does not reflect the cost of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating a Studio. Franchisees or former franchisees, listed in this Disclosure Document, may be one source of this information.

This financial performance representation relates to specific Merle Norman Studios that have implemented the New Design and should not be considered as the actual or potential purchases of MN Products or retail sales of MN Products that will be realized by any Studio Owner who implements the New Design. MNC does not represent that any Studio Owner can expect to attain such results whether or not the New Design is implemented. A Studio Owner's purchases and retail sales are likely to differ from that stated in this claim.

Other than the preceding financial performance representation, MNC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Marian Gahagan, Corporate Counsel, Merle Norman Cosmetics, Inc., 9130 Bellanca Avenue,

Los Angeles, California 90045, (310) 337-2200, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20

### OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1**  
**Systemwide Studio Summary**  
**For Years 2009 to 2011 (1)**

Studio Type	Year	Studios at Start of the Year	Studios at End of the Year	Net Change
<b>Franchised</b>	<b>2009</b>	1596	1499	-97
	<b>2010</b>	1499	1419	-80
	<b>2011</b>	1419	1363	-56
<b>Company Owned</b>	<b>2009</b>	5	5	0
	<b>2010</b>	5	4	-1
	<b>2011</b>	4	4	0
<b>Total Number of Studios</b>	<b>2009</b>	1601	1504	-97
	<b>2010</b>	1504	1419	-81
	<b>2011</b>	1423	1367	-56

### NOTES

(1) The numbers for 2009-2011 are as of MNC's fiscal year end (December 31 for each year).

**Table No. 2**  
**Transfers of Studios from Franchisees to New Owners**  
**(Other than MNC)**  
**For Years 2009 to 2011 (1)**

State	Year	Number of Transfers
<b>Alabama</b>	<b>2009</b>	3
	<b>2010</b>	5
	<b>2011</b>	3
<b>Arkansas</b>	<b>2009</b>	0
	<b>2010</b>	6
	<b>2011</b>	2

**Table No. 2**  
**Transfers of Studios from Franchisees to New Owners**  
**(Other than MNC)**  
**For Years 2009 to 2011 (1)**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
<b>California</b>	<b>2009</b>	3
	<b>2010</b>	0
	<b>2011</b>	1
<b>Colorado</b>	<b>2009</b>	1
	<b>2010</b>	0
	<b>2011</b>	1
<b>Florida</b>	<b>2009</b>	2
	<b>2010</b>	0
	<b>2011</b>	3
<b>Georgia</b>	<b>2009</b>	5
	<b>2010</b>	4
	<b>2011</b>	2
<b>Illinois</b>	<b>2009</b>	0
	<b>2010</b>	1
	<b>2011</b>	2
<b>Indiana</b>	<b>2009</b>	1
	<b>2010</b>	0
	<b>2011</b>	1
<b>Kansas</b>	<b>2009</b>	0
	<b>2010</b>	1
	<b>2011</b>	0
<b>Kentucky</b>	<b>2009</b>	1
	<b>2010</b>	1
	<b>2011</b>	3
<b>Louisiana</b>	<b>2009</b>	0
	<b>2010</b>	2
	<b>2011</b>	3
<b>Michigan</b>	<b>2009</b>	0
	<b>2010</b>	1
	<b>2011</b>	0

**Table No. 2**  
**Transfers of Studios from Franchisees to New Owners**  
**(Other than MNC)**  
**For Years 2009 to 2011 (1)**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
<b>Mississippi</b>	<b>2009</b>	2
	<b>2010</b>	3
	<b>2011</b>	1
<b>Missouri</b>	<b>2009</b>	0
	<b>2010</b>	1
	<b>2011</b>	1
<b>New Mexico</b>	<b>2009</b>	1
	<b>2010</b>	2
	<b>2011</b>	0
<b>New York</b>	<b>2009</b>	0
	<b>2010</b>	1
	<b>2011</b>	0
<b>North Carolina</b>	<b>2009</b>	3
	<b>2010</b>	2
	<b>2011</b>	2
<b>Ohio</b>	<b>2009</b>	0
	<b>2010</b>	1
	<b>2011</b>	3
<b>Oklahoma</b>	<b>2009</b>	1
	<b>2010</b>	3
	<b>2011</b>	0
<b>South Carolina</b>	<b>2009</b>	1
	<b>2010</b>	1
	<b>2011</b>	2
<b>Tennessee</b>	<b>2009</b>	4
	<b>2010</b>	2
	<b>2011</b>	6
<b>Texas</b>	<b>2009</b>	15
	<b>2010</b>	10
	<b>2011</b>	5

**Table No. 2**  
**Transfers of Studios from Franchisees to New Owners**  
**(Other than MNC)**  
**For Years 2009 to 2011 (1)**

State	Year	Number of Transfers
Virginia	2009	1
	2010	0
	2011	0
Wisconsin	2009	1
	2010	1
	2011	2
Total	2009	45
	2010	48
	2011	43

**NOTES**

(1) The numbers for 2009-2011 are as of MNC's fiscal year end (December 31 for each year).

**Table No. 3**  
**Status of Franchised Studios**  
**For Years 2009 to 2011 (1) (2)**

State	Year	Studios At Start of Year	Studios Opened	Terminations	Non-Renewals	Reacquired by MNC	Ceased Operations – Other Reason (3)	Studios at End of the Year (4)
Alabama	2009	90	0	1	0	0	4	85
	2010	85	3	1	0	0	7	78
	2011	78	1	0	0	0	3	76
Alaska	2009	1	0	0	0	0	0	1
	2010	1	1	0	0	0	0	2
	2011	2	0	0	0	0	0	2
Arizona	2009	20	0	0	0	0	0	20
	2010	20	0	0	0	0	2	18
	2011	18	0	0	0	0	0	18
Arkansas	2009	65	0	0	0	0	3	62
	2010	62	1	2	0	0	2	59
	2011	59	1	0	0	0	3	57

**Table No. 3  
Status of Franchised Studios  
For Years 2009 to 2011 (1) (2)**

State	Year	Studios At Start of Year	Studios Opened	Terminations	Non-Renewals	Reacquired by MNC	Ceased Operations – Other Reason (3)	Studios at End of the Year (4)
California	2009	59	0	1	0	0	3	54
	2010	54	0	1	0	0	2	52
	2011	52	0	1	0	1	2	48
Colorado	2009	19	1	0	0	0	2	18
	2010	18	0	1	0	0	2	15
	2011	15	0	0	0	0	1	14
Connecticut	2009	5	0	0	0	0	0	5
	2010	5	0	1	0	0	0	4
	2011	4	0	0	0	0	0	4
Delaware	2009	1	1	0	0	0	0	2
	2010	2	0	0	0	0	1	1
	2011	1	0	0	0	0	0	1
Florida	2009	87	2	2	0	0	4	83
	2010	83	0	1	0	0	5	77
	2011	77	1	1	0	0	7	71
Georgia	2009	101	4	1	0	0	11	93
	2010	93	1	2	0	0	5	87
	2011	87	0	0	0	0	6	81
Hawaii	2009	3	0	0	0	0	0	3
	2010	3	0	0	0	0	0	3
	2011	3	0	0	0	0	0	3
Idaho	2009	3	0	0	0	0	0	3
	2010	3	0	0	0	0	0	3
	2011	3	0	0	0	0	0	3
Illinois	2009	57	0	0	0	0	1	56
	2010	56	0	0	0	0	2	54
	2011	54	1	1	0	0	1	53
Indiana	2009	41	1	2	0	0	1	39
	2010	39	0	0	0	0	2	37
	2011	37	0	0	0	0	1	36
Iowa	2009	16	0	0	0	0	2	14
	2010	14	1 (5)	0	0	0	2	13 (5)
	2011	13	0	0	0	0	1	12

**Table No. 3  
Status of Franchised Studios  
For Years 2009 to 2011 (1) (2)**

State	Year	Studios At Start of Year	Studios Opened	Terminations	Non-Renewals	Reacquired by MNC	Ceased Operations – Other Reason (3)	Studios at End of the Year (4)
Kansas	2009	16	0	0	0	0	0	16
	2010	16	0	0	0	0	0	16
	2011	16	0	0	0	0	2	14
Kentucky	2009	57	0	0	0	0	3	54
	2010	54	0	0	0	0	2	52
	2011	52	1	0	0	0	2	51
Louisiana	2009	68	1	0	0	0	6	63
	2010	63	1	0	0	0	4	60
	2011	60	1	0	0	0	1	60
Maine	2009	1	0	0	0	0	1	0
	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0
Maryland	2009	13	1 (6)	2	0	0	2	10 (6)
	2010	10	0	0	0	0	1	9
	2011	9	0	0	0	0	0	9
Massachusetts	2009	5	0	0	0	0	1	4
	2010	4	0	0	0	0	0	4
	2011	4	0	0	0	0	0	4
Michigan	2009	34	0	0	0	0	4	30
	2010	30	0	0	0	0	2	28
	2011	28	0	0	0	0	1	27
Minnesota	2009	7	0	0	0	0	0	7
	2010	7	0	0	0	0	0	7
	2011	7	0	0	0	0	0	7
Mississippi	2009	64	1	2	0	0	2	61
	2010	61	2	0	0	0	5	58
	2011	58	0	0	0	0	1	57
Missouri	2009	34	0	0	0	0	5	29
	2010	29	0	0	0	0	1	28
	2011	28	0	0	0	0	1	27
Montana	2009	3	0	0	0	0	0	3
	2010	3	0	0	0	0	0	3
	2011	3	0	0	0	0	2	1



**Table No. 3  
Status of Franchised Studios  
For Years 2009 to 2011 (1) (2)**

State	Year	Studios At Start of Year	Studios Opened	Terminations	Non-Renewals	Reacquired by MNC	Ceased Operations – Other Reason (3)	Studios at End of the Year (4)
Nebraska	2009	6	0	0	0	0	0	6
	2010	6	0	0	0	0	0	6
	2011	6	0	0	0	0	0	6
Nevada	2009	5	0	0	0	0	1	4
	2010	4	0	0	0	0	0	4
	2011	4	1	1	0	0	0	4
New Hampshire	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
New Jersey	2009	12	0	0	0	0	0	12
	2010	12	0	0	0	0	1	11
	2011	11	0	0	0	0	1	10
New Mexico	2009	12	1	0	0	0	1	12
	2010	12	0	0	0	0	0	12
	2011	12	0	0	0	0	2	10
New York	2009	19	0	0	0	0	3	16
	2010	16	0	0	0	0	2	14
	2011	14	1	0	0	0	1	14
North Carolina	2009	77	0	1	0	0	7	69
	2010	69	1	0	0	0	7	63
	2011	63	0	0	0	0	0	63
North Dakota	2009	4	0	0	0	0	0	4
	2010	4	0	0	0	0	1	3
	2011	3	0	0	0	0	0	3
Ohio	2009	45	0	1	0	0	3	41
	2010	41	2	1	0	0	0	40
	2011	40	1	1	0	0	0	40
Oklahoma	2009	60	1	0	0	0	1	60
	2010	60	1	0	0	0	2	59
	2011	59	2	2	0	0	7	52
Oregon	2009	7	0	0	0	0	0	7
	2010	7	0	0	0	0	0	7
	2011	7	0	0	0	0	0	7

**Table No. 3  
Status of Franchised Studios  
For Years 2009 to 2011 (1) (2)**

<b>State</b>	<b>Year</b>	<b>Studios At Start of Year</b>	<b>Studios Opened</b>	<b>Terminations</b>	<b>Non-Renewals</b>	<b>Reacquired by MNC</b>	<b>Ceased Operations – Other Reason (3)</b>	<b>Studios at End of the Year (4)</b>
<b>Pennsylvania</b>	<b>2009</b>	23	0	1	0	0	1	21
	<b>2010</b>	21	0	0	0	0	0	21
	<b>2011</b>	21	0	0	0	0	0	21
<b>Rhode Island</b>	<b>2009</b>	1	0	0	0	0	0	1
	<b>2010</b>	1	0	0	0	0	0	1
	<b>2011</b>	1	0	0	0	0	0	1
<b>South Carolina</b>	<b>2009</b>	49	3	0	0	0	3	49
	<b>2010</b>	49	1	0	0	0	2	48
	<b>2011</b>	48	0	0	0	0	0	48
<b>South Dakota</b>	<b>2009</b>	4	0	0	0	0	0	4
	<b>2010</b>	4	0	0	0	0	1	3
	<b>2011</b>	3	0	0	0	0	0	3
<b>Tennessee</b>	<b>2009</b>	83	2	0	0	0	4	81
	<b>2010</b>	81	0	0	0	0	1	80
	<b>2011</b>	80	1	2	0	0	1	78
<b>Texas</b>	<b>2009</b>	222	2	0	0	0	16	208
	<b>2010</b>	208	4	3	0	0	12	195
	<b>2011</b>	195	1	0	0	0	9	187
<b>Utah</b>	<b>2009</b>	5	0	0	0	0	1	4
	<b>2010</b>	4	0	0	0	0	0	4
	<b>2011</b>	4	0	0	0	0	0	4
<b>Vermont</b>	<b>2009</b>	1	0	0	0	0	0	1
	<b>2010</b>	1	0	0	0	0	0	1
	<b>2011</b>	1	0	0	0	0	0	1
<b>Virginia</b>	<b>2009</b>	41	0	0	0	0	2	39
	<b>2010</b>	39	0	0	0	0	3	36
	<b>2011</b>	36	0	0	0	0	2	34
<b>Washington</b>	<b>2009</b>	9	0	0	0	0	0	9
	<b>2010</b>	9	0	0	0	0	0	9
	<b>2011</b>	9	0	0	0	0	0	9
<b>West Virginia</b>	<b>2009</b>	16	0	1	0	0	1	14
	<b>2010</b>	14	0	0	0	0	1	13
	<b>2011</b>	13	0	1	0	0	0	12

**Table No. 3  
Status of Franchised Studios  
For Years 2009 to 2011 (1) (2)**

State	Year	Studios At Start of Year	Studios Opened	Terminations	Non-Renewals	Reacquired by MNC	Ceased Operations – Other Reason (3)	Studios at End of the Year (4)
Wisconsin	2009	23	0	1	0	0	2	20
	2010	20	0	0	0	0	2	18
	2011	18	0	0	0	0	0	18
Wyoming	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Total	2009	1596	20	16	0	0	101	1499 (6)
	2010	1499	19	13	0	0	82	1419 (5)
	2011	1419	13	10	0	1	58	1363 (7)

**NOTES**

- (1) The numbers for 2009-2011 are as of MNC’s fiscal year end (December 31 for each year). If multiple events occurred affecting a Studio, this table shows the event that occurred last in time.
- (2) During the last three fiscal years, we have signed no confidentiality clauses with current or former Studio Owners that would restrict them from speaking openly with you about their experiences with us. As of the date of this Disclosure Document, there are no Merle Norman franchisee organizations required to be disclosed.
- (3) Exhibit F.2. lists the name, city and state, and current business telephone number of the 68 Studio Owners whose Studio Agreements have, during the last fiscal year, been terminated or canceled or who otherwise voluntarily or involuntarily ceased to do business or who have not communicated with MNC within 10 weeks of the application date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.
- (4) The name, Studio address and Studio telephone number of every Studio Owner is listed in Exhibit F.1.
- (5) One Studio in Iowa opened and closed in the same fiscal year.
- (6) One Studio in Maryland opened and closed in the same fiscal year.
- (7) One Studio in Oklahoma opened and closed in the same fiscal year.

**Table No. 4**  
**Status of Company-Owned Studios**  
**For Years 2009 to 2011 (1) (2)**

State	Year	Studios at Start of Year	Studios Opened	Studios Reacquired from Franchisees	Studios Closed	Studios Sold to Franchisees	Studios at End of Year
California	2009	5	0	0	0	0	5
	2010	5	0	0	1	0	4
	2011	4	0	1	1	0	4
Total	2009	5	0	0	0	0	5
	2010	5	0	0	1	0	4
	2011	4	0	1	1	0	4

**NOTES**

- (1) The numbers for 2009-2011 are as of MNC's fiscal year end (December 31 for each year).
- (2) If multiple events occurred affecting a Studio, this table shows the event that occurred last in time.

**Table No. 5**  
**Projected Openings as of December 31, 2011**

State	Studio Agreement Signed but Studio Not Open	Projected New Franchised Studios in the Next Fiscal Year	Projected New Company-Owned Studios in the Next Fiscal Year
Alabama	0	2	0
Arizona	0	1	0
California	0	2	0
Colorado	0	1	0
Connecticut	0	1	0
Florida	0	2	0
Georgia	0	2	0
Illinois	0	1	0
Kentucky	0	2	0
Mississippi	0	2	0
North Carolina	0	2	0
Ohio	0	1	0
Oklahoma	0	2	0
South Carolina	0	2	0
Tennessee	0	2	0

**Table No. 5**  
**Projected Openings as of December 31, 2011**

State	Studio Agreement Signed but Studio Not Open	Projected New Franchised Studios in the Next Fiscal Year	Projected New Company- Owned Studios in the Next Fiscal Year
Texas	1	4	0
West Virginia	0	1	0
Virginia	0	1	0
Totals	1	31	0

**ITEM 21**

**FINANCIAL STATEMENTS**

MNC's audited financial statements, which include statements of income for the years ended as of December 31, 2011, December 31, 2010 and December 31, 2009, are attached as Exhibit D.

**ITEM 22**

**CONTRACTS**

The following contracts are included as Exhibits to this Disclosure Document:

- Exhibit E.1. Studio Agreement
- Exhibit E.2. Gold Medallion Studio Addendum
- Exhibit E.3. Co-op Group Letter of Agreement
- Exhibit E.4. Credit Card Agreement
- Exhibit E.5. Promissory Note – MN POS & Hardware
- Exhibit E.6. Promissory Note – Fixtures
- Exhibit E.7. Security Agreement
- Exhibit E.8. POS Purchase Agreement
- Exhibit E.9. Software License Agreement

**ITEM 23**

**RECEIPT**

The last two pages of this Disclosure Document are detachable receipt pages. Please sign and date each of them as of the date you received this Disclosure Document and return one copy to us.

**THIS PAGE IS LEFT BLANK INTENTIONALLY**

**ADDENDUM TO FDD**  
**ADDITIONAL DISCLOSURES**  
**REQUIRED BY CERTAIN STATES**

**ADDITIONAL DISCLOSURES  
REQUIRED BY THE STATE OF CALIFORNIA**

1. 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 DISCLOSURE DOCUMENT.

SEE THE COVER PAGE OF THE DISCLOSURE DOCUMENT FOR MNC'S URL ADDRESS. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT WWW.CORP.CA.GOV.

2. **Item 3, Additional Disclosure.** The following statement is added to Item 3:

Neither MNC nor any person listed in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such parties from membership in such association or exchange.

3. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

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

The Studio Agreement contains a choice of forum provision. This provision may not be enforceable under California law.

You must sign a general release if you renew your franchise, and MNC may require you to sign a general release if you transfer your franchise. These provisions may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professional Code Section 21000 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law or the California Franchise Relations Act are met independently without reference to these Additional Disclosures.



**ADDITIONAL DISCLOSURES  
REQUIRED BY THE STATE OF HAWAII**

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

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

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

**Registered agent in the state authorized to receive service of process: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813**

**ADDITIONAL DISCLOSURES**  
**REQUIRED BY THE STATE OF ILLINOIS**

1. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

Any provision in the Studio Agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any action which is otherwise enforceable in Illinois. In addition, Illinois law will govern the Studio Agreement.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to these Additional Disclosures.

**ADDITIONAL DISCLOSURE  
REQUIRED BY THE STATE OF MARYLAND**

1. **Item 17, Additional Disclosure.** The following statement is added to Item 17:

Any provisions requiring you to sign a general release of claims against MNC, including upon renewal or transfer of the franchise, does not release any claim you may have under the Maryland Franchise Registration and Disclosure Law.

The provision of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Additional Disclosure.

**ADDITIONAL DISCLOSURES  
REQUIRED BY THE STATE OF MICHIGAN**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition of the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Law. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

Any questions regarding this Notice shall be directed to the Department of Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913 (517) 373-7117.

**ADDITIONAL DISCLOSURES  
REQUIRED BY THE STATE OF MINNESOTA**

1. **Cover Page and Item 17, Additional Disclosures.** The following statements are added to the cover page and Item 17:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or the Studio Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

With respect to franchises governed by Minnesota law, MNC will comply with Minnesota Statute § 80C.14, subdivisions 3, 4, and 5, which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Studio Agreement.

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law are met independently without reference to these Additional Disclosures.

**ADDITIONAL DISCLOSURES**  
**REQUIRED BY THE STATE OF NORTH DAKOTA**

**Item 17, Additional Disclosures.** The following statements are added to Item 17:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void.

On renewal, you are not required to release any claims you might have against us under the North Dakota Franchise Investment Law.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to these Additional Disclosures.

**ADDITIONAL DISCLOSURE  
REQUIRED BY THE STATE OF RHODE ISLAND**

1. **Item 17, Additional Disclosure.** The following statement is added to Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

The provision of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Law are met independently without reference to this Additional Disclosure.



**ADDITIONAL DISCLOSURE  
REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

1. **Item 8, Additional Disclosure.** The following statement is added following the first sentence of the third paragraph of Item 8:

We will notify you of our approval or disapproval of any additional merchandise or services within 30-120 days after receipt by us of any designated materials.

The provision of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Additional Disclosure.

2. **Additional Disclosures for Item 17.h.** The following statements are added to Item 17.h.:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Studio Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Studio Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

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***EXHIBIT A***  
***LIST OF STATE ADMINISTRATORS***

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## LIST OF STATE ADMINISTRATORS

### California:

Department of Corporations  
1-866-275-2677

#### Los Angeles

320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, CA 90013-2344  
(213) 576-7500

#### Sacramento

1515 K Street, Suite 200  
Sacramento, CA 95814-4052  
(916) 445-7205

#### San Diego

1350 Front Street, Room 2034  
San Diego, CA 92101-3697  
(619) 525-4233

#### San Francisco

One Sansome Street, Suite 600  
San Francisco, CA 94104  
(415) 972-8559

### Hawaii:

Commissioner of Securities  
Department of Commerce and Consumer  
Affairs  
Business Registration Division  
Securities Compliance Branch  
335 Merchant Street  
Room 203  
Honolulu, Hawaii 96813  
(808) 586-2722

### Illinois:

Lisa Madigan  
Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706  
(217) 782-4465

### Indiana:

Christopher W. Naylor  
Securities Commissioner  
Securities Division  
Room E-111  
302 West Washington Street  
Indianapolis, IN 46204  
(317) 232-6681

### Maryland:

Office of the Attorney General  
Division of Securities  
200 St. Paul Place  
Baltimore, MD 21202-2020  
(410) 576-6360

### Michigan:

Katharyn Barron  
Franchise Administrator  
Antitrust and Franchise Unit  
Consumer Protection Division  
Department of Attorney General  
670 Law Building  
525 W. Ottawa Street  
Lansing, MI 48913  
(517) 373-7117

### Minnesota:

Commissioner  
Department of Commerce  
85 7<sup>th</sup> Place East, Suite 500  
St. Paul, MN 55101  
(651) 296-6328

### New York:

Joseph Punturo, Esq.  
First Assistant Attorney General  
New York State Department of Law  
Bureau of Investor Protection  
and Securities  
120 Broadway, 23rd Floor  
New York, NY 10271  
(212) 416-8211

**North Dakota:**

Diane Lillis  
Examiner/Budget Administrator  
North Dakota Securities Department  
State Capitol, 5th Floor  
600 East Boulevard Avenue  
Bismarck, ND 58505-0510  
(701) 328-2910

**Oregon:**

Floyd G. Lanter  
Administrator  
Div. of Finance & Corp. Securities  
Department of Consumer &  
Business Services, Room 410  
350 Winter Street, NE  
Salem, OR 97301-3881  
(503) 378-4140

**Rhode Island:**

Maria D'Allessandro Piccirilli  
Deputy Director, Securities  
Department of Business Regulation  
Division of Banking and Securities  
1511 Pontiac Avenue  
John O. Pastore Complex-Bldg. 69-1  
Cranston, Rhode Island 02920  
(401) 222-3048

**South Dakota:**

Franchise Administrator  
Division of Securities  
Department of Revenue & Regulation  
445 East Capitol Avenue  
Pierre, SD 57501  
(605) 773-4823

**Virginia:**

State Corporation Commission  
Division of Securities &  
Retail Franchising  
1300 East Main Street, 9<sup>th</sup> Floor  
Richmond, VA 23219  
(804) 371-9051

**Washington:**

Deborah R. Bortner  
Director of Securities  
Securities Division  
Department of Financial Institutions  
150 Israel Road, SW  
Olympia, WA 98501  
(360) 902-8760

**Wisconsin:**

Mary Wells  
Operations Program Associate  
Division of Securities  
Bureau of Regulation &  
Enforcement  
Department of Financial  
Institutions, 4<sup>th</sup> Floor  
345 W. Washington Avenue  
Madison, WI 53703  
(608) 266-8557

***EXHIBIT B***  
***LIST OF AGENTS FOR SERVICE OF PROCESS***

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## AGENTS FOR SERVICE OF PROCESS

### **Alabama:**

The Corporation Company  
60 Commerce Street  
Montgomery, Alabama 36104

### **Arizona:**

CT Corporation System  
3225 North Central Avenue  
Phoenix, Arizona 85012

### **California:**

CT Corporation System  
Suite 1004  
818 West 7<sup>th</sup> Street  
Los Angeles, California 90017

California Corporations Commissioner  
Department of Corporations  
320 West 4<sup>th</sup> Street  
Los Angeles, CA 90013-2344

### **Colorado:**

The Corporation Company  
1600 Broadway  
Denver, Colorado 80202

### **Connecticut:**

CT Corporation System  
One Commercial Plaza  
Hartford, Connecticut 06103

### **Delaware:**

Corporation Trust Center  
1209 Orange Street  
Wilmington, Delaware 19801

### **Washington, D.C.:**

CT Corporation System  
Suite 400  
1025 Vermont Avenue  
Washington, D.C. 20005

### **Florida:**

CT Corporation System  
1200 South Pine Island Road  
Plantation, Florida 33324

### **Georgia:**

CT Corporation System  
1201 Peachtree Street, N.E.  
Atlanta, Georgia 30361

### **Hawaii:**

Commissioner of Securities  
Department of Commerce & Consumer  
Affairs  
Business Registration Division  
Securities Compliance Branch  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813

### **Illinois:**

CT Corporation  
208 South La Salle Street  
Chicago, Illinois 60604

Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706

### **Indiana:**

CT Corporation System  
One North Capitol Avenue  
Indianapolis, Indiana 46204

### **Kansas:**

The Corporation Company, Inc.  
151 South Kansas Avenue  
Topeka, Kansas 66603

### **Maine:**

CT Corporation System  
One Portland Square  
Portland, Maine 04101

**Maryland:**

The Corporation Trust Incorporated  
32 South Street  
Baltimore, Maryland 21202

Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, Maryland 21202

**Massachusetts:**

CT Corporation System  
2 Oliver Street  
Boston, Massachusetts 02109

**Michigan:**

The Corporation Company  
30600 Telegraph Road  
Bingham Farms, Michigan 48025

**Minnesota:**

CT Corporation System  
405 Second Avenue, South  
Minneapolis, Minnesota 55401

Minnesota Commissioner of Commerce  
Department of Commerce  
85 7<sup>th</sup> Place East, Suite 500  
St. Paul, Minnesota 55101-2198

**Missouri:**

CT Corporation System  
908 Olive Street  
St. Louis, Missouri 63101

**Nebraska:**

CT Corporation System  
206 South 13<sup>th</sup> Street  
Suite 1500  
Lincoln, Nebraska 68508

**New Hampshire:**

CT Corporation System  
9 Capitol Street  
Concord, New Hampshire 03301

**New Jersey:**

The Corporation Trust Company  
Mountain View Office Park  
820 Bear Tavern Road, 3rd Floor  
West Trenton, New Jersey 08628

**New York:**

CT Corporation System  
1633 Broadway  
New York, New York 10019

**Ohio:**

CT Corporation System  
815 Superior Avenue,  
Cleveland, Ohio 44114

**Oklahoma:**

The Corporation Company  
735 First National Building  
Oklahoma City, Oklahoma 73102

**Pennsylvania:**

CT Corporation System  
1635 Market Street  
Philadelphia, Pennsylvania 19103

**Rhode Island:**

CT Corporation System  
123 Dyer Street  
Providence, Rhode Island 02903

Director of Rhode Island Department of  
Business Regulation  
Division of Banking and Securities  
1511 Pontiac Avenue  
John O. Pastore Complex–Building 69-1  
Cranston, Rhode Island 02920

**South Carolina:**

CT Corporation System  
75 Beattie Place  
Two Shelter Centre  
Greenville, South Carolina 29601

**South Dakota:**

Director, South Dakota Division of  
Securities  
445 East Capitol Avenue  
Pierre, South Dakota 57501-3185

**Texas:**

CT Corporation System  
Registered Agent  
350 North St. Paul Street  
Dallas, Texas 75201

**Vermont:**

CT Corporation System  
148 College Street  
Burlington, Vermont 05401

**Virginia:**

Edward R. Parker  
5511 Staples Mill Road  
Richmond, Virginia 23228

Clerk of the State Corporation  
Commission  
1300 E. Main Street, 1st Floor  
Richmond, Virginia 23219-3630

**Washington**

Director of Securities Division  
Department of Financial Institutions  
150 Israel Road, SW  
Olympia, Washington 98501

**West Virginia**

Secretary of State  
Address for Receipt of Process  
CT Corporation System  
1600 Charleston National Plaza  
Charleston, West Virginia 25301

**Wisconsin**

CT Corporation System  
44 East Mifflin Street  
Madison, Wisconsin 53703

Wisconsin Commissioner of Securities  
Department of Financial Institutions  
345 W. Washington Avenue, 4<sup>th</sup> Floor  
Madison, WI 53703

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***EXHIBIT C***  
***OPERATIONS MANUAL TABLE OF CONTENTS***

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***EXHIBIT D***  
***FINANCIAL STATEMENTS***

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**MERLE NORMAN COSMETICS, INC.**  
FINANCIAL STATEMENTS  
AND  
AUDITORS' REPORT  
DECEMBER 31, 2011, 2010 AND 2009

# MERLE NORMAN COSMETICS, INC.

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## Independent Auditors' Report

To the Board of Directors and Shareholders of  
Merle Norman Cosmetics, Inc.

We have audited the accompanying balance sheets of Merle Norman Cosmetics, Inc. (the "Company") as of December 31, 2011, 2010 and 2009, and the related statements of income, comprehensive income (loss), shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2011, 2010 and 2009, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads 'Holthouse Carlin &amp; Van Trigt LLP'. The signature is written in a cursive, flowing style.

Los Angeles, California  
March 22, 2012

**MERLE NORMAN COSMETICS, INC.**

## BALANCE SHEETS

DECEMBER 31, 2011, 2010 AND 2009

	Assets		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Current assets:			
Cash and cash equivalents	\$ 2,712,000	\$ 9,430,000	\$ 6,365,000
Accounts and notes receivable, net of allowance for doubtful accounts of \$121,000, \$367,000 and \$473,000 in 2011, 2010 and 2009, respectively	5,870,000	4,270,000	5,177,000
Inventories	9,464,000	6,007,000	8,075,000
Prepaid expenses and other current assets	<u>1,981,000</u>	<u>1,865,000</u>	<u>1,737,000</u>
Total current assets	20,027,000	21,572,000	21,354,000
Property and equipment, net	12,745,000	10,256,000	6,688,000
Prepaid retirement benefit	-	2,026,000	-
Long-term notes receivable, net of allowance for doubtful trade notes of \$7,000, \$48,000 and \$152,000 in 2011, 2010 and 2009, respectively	74,000	140,000	226,000
Intangibles and other assets, net of accumulated amortization of \$1,866,000, \$1,803,000 and \$1,733,000 in 2011, 2010 and 2009, respectively	<u>303,000</u>	<u>350,000</u>	<u>519,000</u>
Total assets	<u>\$ 33,149,000</u>	<u>\$ 34,344,000</u>	<u>\$ 28,787,000</u>

(Continued)

*See notes to financial statements.*

**MERLE NORMAN COSMETICS, INC.**

## BALANCE SHEETS

DECEMBER 31, 2011, 2010 AND 2009

(CONTINUED)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable	\$ 6,293,000	\$ 4,715,000	\$ 5,064,000
Accrued liabilities	1,826,000	2,938,000	3,215,000
Current maturities of long-term debt (Note 5)	<u>-</u>	<u>595,000</u>	<u>595,000</u>
Total current liabilities	8,119,000	8,248,000	8,874,000
Long-term debt, less current maturities (Note 5)	-	-	595,000
Accrued retirement benefits	3,025,000	-	5,590,000
Other long-term liabilities (Notes 1 and 5)	<u>-</u>	<u>18,000</u>	<u>67,000</u>
Total liabilities	<u>11,144,000</u>	<u>8,266,000</u>	<u>15,126,000</u>
Commitments and contingencies (Note 7)			
Shareholders' equity:			
Capital stock, authorized: Series A - voting, 3,000,000 shares; Series B - nonvoting, 12,000,000 shares; issued and outstanding: Series A - voting, 116,840 shares; Series B - nonvoting, 11,567,160 shares, at stated value	12,000	12,000	12,000
Retained earnings	25,801,000	24,959,000	21,272,000
Accumulated other comprehensive income (loss) (Notes 1, 5 and 6)	<u>(3,808,000)</u>	<u>1,107,000</u>	<u>(7,623,000)</u>
Total shareholders' equity	<u>22,005,000</u>	<u>26,078,000</u>	<u>13,661,000</u>
Total liabilities and shareholders' equity	<u>\$ 33,149,000</u>	<u>\$ 34,344,000</u>	<u>\$ 28,787,000</u>

*See notes to financial statements.*

**MERLE NORMAN COSMETICS, INC.**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net sales	\$ 78,233,000	\$ 78,716,000	\$ 79,613,000
Cost of sales	<u>35,383,000</u>	<u>33,018,000</u>	<u>34,251,000</u>
Gross profit	<u>42,850,000</u>	<u>45,698,000</u>	<u>45,362,000</u>
Operating expenses:			
General and administrative	14,609,000	14,902,000	14,718,000
Selling, promotion and advertising	21,685,000	22,812,000	26,023,000
Shipping	5,299,000	4,363,000	4,366,000
Royalty expense	-	-	26,000
Provision for (recovery of) doubtful accounts	<u>(230,000)</u>	<u>(132,000)</u>	<u>7,000</u>
Total operating expenses	<u>41,363,000</u>	<u>41,945,000</u>	<u>45,140,000</u>
Income from operations	<u>1,487,000</u>	<u>3,753,000</u>	<u>222,000</u>
Other (income) expense			
Interest expense	27,000	71,000	123,000
Interest income	(16,000)	(92,000)	(66,000)
Other, net	<u>(452,000)</u>	<u>(619,000)</u>	<u>(747,000)</u>
Total other income	<u>(441,000)</u>	<u>(640,000)</u>	<u>(690,000)</u>
Income before provision for state income taxes	1,928,000	4,393,000	912,000
Provision for state income taxes	<u>151,000</u>	<u>122,000</u>	<u>89,000</u>
Net income	<u>\$ 1,777,000</u>	<u>\$ 4,271,000</u>	<u>\$ 823,000</u>

*See notes to financial statements.*



**MERLE NORMAN COSMETICS, INC.**  
 STATEMENTS OF COMPREHENSIVE INCOME (LOSS)  
 FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net income	\$ 1,777,000	\$ 4,271,000	\$ 823,000
Other comprehensive income (loss):			
Gain on interest rate swap agreements (Note 1)	18,000	49,000	63,000
Decrease (increase) in minimum pension liability (Note 6)	<u>(4,933,000)</u>	<u>8,681,000</u>	<u>(4,833,000)</u>
Comprehensive income (loss)	<u>\$ (3,138,000)</u>	<u>\$ 13,001,000</u>	<u>\$ (3,947,000)</u>

*See notes to financial statements.*

**MERLE NORMAN COSMETICS, INC.**  
**STATEMENTS OF SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009**

	Capital Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, December 31, 2008	\$ 12,000	\$ 21,617,000	\$ (2,853,000)	\$ 18,776,000
Net income	-	823,000	-	823,000
Gain on interest rate swap agreement	-	-	63,000	63,000
Increase in minimum pension liability	-	-	(4,833,000)	(4,833,000)
Dividends declared (\$0.10 per share)	-	(1,168,000)	-	(1,168,000)
Balance, December 31, 2009	12,000	21,272,000	(7,623,000)	13,661,000
Net income	-	4,271,000	-	4,271,000
Gain on interest rate swap agreement	-	-	49,000	49,000
Decrease in minimum pension liability	-	-	8,681,000	8,681,000
Dividends declared (\$0.05 per share)	-	(584,000)	-	(584,000)
Balance, December 31, 2010	12,000	24,959,000	1,107,000	26,078,000
Net income	-	1,777,000	-	1,777,000
Gain on interest rate swap agreement	-	-	18,000	18,000
Increase in minimum pension liability	-	-	(4,933,000)	(4,933,000)
Dividends declared (\$0.08 per share)	-	(935,000)	-	(935,000)
Balance, December 31, 2011	<u>\$ 12,000</u>	<u>\$ 25,801,000</u>	<u>\$ (3,808,000)</u>	<u>\$ 22,005,000</u>

*See notes to financial statements.*

**MERLE NORMAN COSMETICS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:			
Net income	\$ 1,777,000	\$ 4,271,000	\$ 823,000
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Provision for (recovery of) doubtful accounts	(230,000)	(132,000)	7,000
Provision (benefit) for LIFO reserve	(1,526,000)	735,000	(280,000)
(Gain) loss on sale of property and equipment	10,000	(2,000)	(7,000)
Depreciation and amortization	2,479,000	1,153,000	1,249,000
Changes in operating assets and liabilities:			
Accounts and notes receivable	(1,304,000)	1,126,000	821,000
Inventories	(1,931,000)	1,333,000	3,397,000
Prepaid expenses and other assets	(115,000)	(129,000)	306,000
Retiree benefits	118,000	1,064,000	2,594,000
Accounts payable and accrued liabilities	466,000	(626,000)	(555,000)
Net cash provided by (used in) operating activities	<u>(256,000)</u>	<u>8,793,000</u>	<u>8,355,000</u>
Cash flows from investing activities:			
Purchases of property and equipment	(4,953,000)	(4,651,000)	(530,000)
Proceeds from the sale of property and equipment	38,000	2,000	7,000
Change in other non-operating assets	(17,000)	100,000	(18,000)
Net cash used in investing activities	<u>(4,932,000)</u>	<u>(4,549,000)</u>	<u>(541,000)</u>
Cash flows from financing activities:			
Net repayment of short-term borrowings	-	-	(400,000)
Repayment of long-term debt	(595,000)	(595,000)	(595,000)
Payments of dividends	(935,000)	(584,000)	(1,168,000)
Cash used in financing activities	<u>(1,530,000)</u>	<u>(1,179,000)</u>	<u>(2,163,000)</u>
Net change in cash and cash equivalents	(6,718,000)	3,065,000	5,651,000
Cash and cash equivalents, beginning of year	9,430,000	6,365,000	714,000
Cash and cash equivalents, end of year	<u>\$ 2,712,000</u>	<u>\$ 9,430,000</u>	<u>\$ 6,365,000</u>
Supplemental disclosures of cash flow information			
Cash paid during the year for interest	<u>\$ 27,000</u>	<u>\$ 71,000</u>	<u>\$ 123,000</u>
Cash paid during the year for state income taxes	<u>\$ 151,000</u>	<u>\$ 97,000</u>	<u>\$ 108,000</u>
Noncash transactions:			
Interest rate swap gain	<u>\$ 18,000</u>	<u>\$ 49,000</u>	<u>\$ 63,000</u>
Minimum pension (liability) benefit	<u>\$ (4,933,000)</u>	<u>\$ 8,681,000</u>	<u>\$ (4,833,000)</u>

*See notes to financial statements.*

# MERLE NORMAN COSMETICS, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011, 2010 AND 2009

## NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Organization

Merle Norman Cosmetics, Inc. (the Company) is in the business of selling proprietary cosmetic products to 1,428 independently owned studios and through four Company-owned studios.

### Cash Equivalents

The Company considers all highly liquid investments purchased with a maturity of three months or less, at acquisition, to be cash equivalents.

### Concentration of Credit Risk

The Company places its temporary cash investments in a money market mutual fund with high credit quality financial institutions and, by policy, limits the amount of investment exposure to any one financial institution. As of December 31, 2011, the Company sells products and extends collateralized and uncollateralized credit to 1,423 independently owned studios throughout the United States and Canada, reducing the concentration of credit risk. Accounts receivable are generally diversified due to the geographic dispersion of the Company's customer base. The Company performs ongoing credit evaluations of its customers and maintains an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information.

### Inventories

Inventories consisting of cosmetics, accessories and supplies are stated at the lower of cost or market, with cost being determined on the last-in, first-out (LIFO) basis. In determining obsolescence related to inventory, the Company, on an ongoing basis, considers factors such as spoilage, packaging changes, changes in price level and similar factors that affect the utility of its inventory.

### Property, Equipment and Depreciation

Property and equipment are stated at cost. Depreciation and amortization are provided for on the straight-line method over the estimated useful lives of the assets. The estimated useful lives for property and equipment are as follows:

Land improvements	15 years
Building and improvements	3-50 years
Machinery, furniture and equipment	3-10 years
Aviation equipment	5-7 years
Furniture and fixtures	5-10 years

Property and equipment are reviewed for impairment based on undiscounted cash flows, whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Measurement of an impairment loss is based on the estimated fair market value of the asset. There were no significant impairment charges during 2011, 2010 or 2009.

# MERLE NORMAN COSMETICS, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011, 2010 AND 2009

### NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Long-Term Notes Receivable

Long-term notes receivable have maturities ranging from 2-10 years, and bear interest primarily at rates ranging from 4%-10% per annum. Management regularly reviews the collectibility of these notes and records an allowance for doubtful trade notes, as appropriate.

#### Other Assets

Other assets include secured non-officer former employee installment loans, with original maturities of up to 10 years, bearing interest rates approximating 4.75% per annum, in the approximate amount of \$0, \$0 and \$97,000 at December 31, 2011, 2010 and 2009, respectively. Also included in other assets are capitalized software costs of \$1,962,000, \$1,962,000 and \$1,935,000 as of December 31, 2011, 2010 and 2009, respectively. Accumulated amortization of capitalized software costs was \$1,866,000, \$1,803,000 and \$1,733,000 at December 31, 2011, 2010 and 2009, respectively. Future annual amortization of current capitalized software costs is estimated to be as follows:

2012	\$ 41,000
2013	35,000
2014	18,000
2015	<u>2,000</u>
	<u>\$ 96,000</u>

#### Fair Value of Financial Instruments

The Company adopted FASB ASC 820, "*Fair Value Measurements and Disclosures*" (ASC 820), which defines fair value, establishes a framework for measuring fair value under accounting principles generally accepted in the United States of America and enhances disclosures about fair value measurements.

ASC 820 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

ASC 820 requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value.

A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value:

- Level 1 – Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

## MERLE NORMAN COSMETICS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011, 2010 AND 2009

### NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair Value of Financial Instruments (Continued)

- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as the quoted prices for similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company's interest rate swap agreements are classified as Level 2 as such instruments are not actively traded and are valued using pricing models that use observable market inputs. The interest rate swaps are recorded within other-long term liabilities, in the amount of \$0, \$18,000 and \$67,000 as of December 31, 2011, 2010 and 2009, respectively. The Company's interest rate swap agreements ended in 2011, coinciding with the Company's final payment on its note payable (See Note 5 – Long-Term Debt).

The recorded values of accounts receivable and accounts payable approximate their fair values based on their short-term nature. The recorded values of long-term notes receivable, short-term borrowings, and long-term debt approximate fair value, as interest is tied to or approximates market rates.

#### Revenue Recognition

For independently owned studios, revenue is recognized when products are shipped and title passes to customers. For Company-owned studios, revenue is recognized when products are sold to retail customers.

#### Advertising

Advertising costs are expensed as incurred as an operating expense, and for 2011, 2010 and 2009 amounted to \$4,490,000, \$4,330,000 and \$5,154,000, respectively.

#### Shipping Costs

Under FASB ASC 605-45-50-2, shipping and handling costs may be reported as a component of either cost of sales or selling, general and administrative expenses. The Company reports freight collected from customers as a component of cost of sales and all other shipping costs are reported as part of operating expenses in the accompanying Statements of Income. The Company recorded shipping costs as a component of cost of sales related to the years ended December 31, 2011, 2010 and 2009 in the amount of \$415,000, \$411,000 and \$424,000 respectively. The Company recorded shipping costs as a component of operating expenses related to the years ended December 31, 2011, 2010 and 2009 in the amount of \$5,299,000, \$4,363,000 and \$4,366,000 respectively.

## MERLE NORMAN COSMETICS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011, 2010 AND 2009

### NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Income Taxes

The Company has elected to be taxed as an S Corporation for federal income tax purposes. Accordingly, the Company is treated substantially as a partnership, which results in the shareholders reporting the corporate taxable income on their individual tax return. The Company has also elected to be taxed as an S Corporation for state income tax purposes, which reduces the California and Tennessee tax rates to 1.5% and 6.5%, respectively. The Company receives various state tax credits for its research and development activities. The Company is no longer subject to income tax examinations by the Internal Revenue Service for years prior to 2008. For state jurisdictions, the Company is no longer subject to income tax examinations for years prior to 2007.

#### Derivative Instruments

The Company adopted FASB ASC 815, "*Derivatives and Hedging*," for its two interest rate swap agreements (the Swaps) (see Note 6). The Company recorded comprehensive gain/(loss) related to the years ended December 31, 2011, 2010 and 2009 in the amount of \$18,000, \$49,000 and \$63,000, respectively, and a corresponding amount to accumulated other comprehensive income in shareholders' equity. The fair value gain of the swaps is reflected in other comprehensive income, as the Company has previously designated its swap agreements as cash flow hedges. The Company does not utilize financial instruments for trading or other speculative purposes.

#### Retirement Plans

The Company has adopted FASB ASC 715, "*Compensation – Retirement Benefits*" (ASC 715), which requires employers to recognize a net liability or asset and an offsetting adjustment to accumulated other comprehensive income (loss) to report the funded status of defined benefit pension and other postretirement benefit plans. Changes in the funded status of these plans will be recognized as they occur through other comprehensive income.

#### Product Research and Development

Product research and development costs are expensed as incurred as an operating expense, and for 2011, 2010 and 2009 amounted to \$828,000, \$919,000 and \$959,000, respectively.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported therein. In 2011, the Company made changes in estimates to certain accrued liabilities based upon various circumstances. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may differ from those estimated.

## MERLE NORMAN COSMETICS, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011, 2010 AND 2009

### NOTE 2. INVENTORIES

A summary of inventories is as follows:

	2011	2010	2009
Raw materials	\$ 9,697,000	\$ 7,532,000	\$ 9,077,000
Work in process	88,000	83,000	54,000
Finished goods	8,747,000	8,986,000	8,803,000
Inventories (first-in, first-out, or FIFO, method)	18,532,000	16,601,000	17,934,000
LIFO reserve	(9,068,000)	(10,594,000)	(9,859,000)
Inventories (LIFO method)	<u>\$ 9,464,000</u>	<u>\$ 6,007,000</u>	<u>\$ 8,075,000</u>

### NOTE 3. PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	2011	2010	2009
Land and improvements	\$ 1,523,000	\$ 1,523,000	\$ 1,523,000
Building and improvements	11,817,000	11,817,000	11,792,000
Machinery and equipment	23,540,000	18,891,000	15,327,000
Aviation equipment	9,788,000	9,188,000	9,005,000
Furniture and fixtures	6,075,000	6,410,000	6,303,000
Construction in progress	-	673,000	16,000
	52,743,000	48,502,000	43,966,000
Accumulated depreciation and amortization	(39,998,000)	(38,246,000)	(37,278,000)
Property and equipment, net	<u>\$ 12,745,000</u>	<u>\$ 10,256,000</u>	<u>\$ 6,688,000</u>

During 2011, 2010 and 2009, the Company sold property and equipment with a net book value of \$59,000, \$0 and \$0, respectively, resulting in a net loss (gain) of \$10,000, \$(2,000) and \$(7,000) which is included in other (income) expense in the statements of income for the years ended December 31, 2011, 2010 and 2009, respectively.

Depreciation expense for 2011, 2010 and 2009 amounted to \$2,416,000, \$1,083,000 and \$1,183,000, respectively.

### NOTE 4. SHORT-TERM BORROWINGS

The Company has a line-of-credit agreement (the Agreement) with a bank that provides for a revolving facility, which expires on June 1, 2012. The Agreement may be extended with the mutual consent of the bank and the Company. The revolving facility allows for borrowings of up to \$5,000,000 at December 31, 2011. The facility requires monthly interest payments at one-month LIBOR plus 3.25% beginning in July 2009 and the prime rate in prior periods (3.40%, 3.50% and 3.42% at December 31, 2011, 2010 and 2009, respectively) or based on a choice of formulas as specified in the Agreement.



**MERLE NORMAN COSMETICS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011, 2010 AND 2009

**NOTE 4. SHORT-TERM BORROWINGS (Continued)**

The formulas are based on interest rates for the offshore dollar interbank market. Under the Agreement, the Company has restrictive provisions, which limit the amount of debt to calculated cash flow or EBITDA, or both, as well as require the maintenance of positive net income before tax, as defined in the Agreement. Further, the Agreement contains other conditions including restriction on the Company's ability to encumber its assets or engage in certain transactions outside the normal course of business.

As of December 31, 2011, 2010 and 2009, there were no amounts outstanding under the revolving facility.

**NOTE 5. LONG-TERM DEBT**

In September 1996, the Company executed a note payable to a bank, with available borrowings up to \$8,500,000 (the Note Payable). The outstanding note balance was \$0, \$595,000 and \$1,190,000 at December 31, 2011, 2010 and 2009, respectively. The note was fully paid by September 1, 2011 when final payment was due. The note required monthly interest payments at six-month LIBOR plus 1.75% (2.52% and 4.87% as of December 31, 2010 and 2009, respectively) and was collateralized by land and building with a net book value of \$1,570,000 and \$1,612,000 at December 31, 2010 and 2009, respectively.

In conjunction with the Note Payable, the Company entered into a \$5,700,000 notional interest rate swap agreement with the bank, which has a remaining notional amount of \$0, \$380,000 and \$760,000 at December 31, 2011, 2010 and 2009, respectively. Under the agreement, the Company had agreed to a fixed rate of 7.24% and the bank had agreed to a floating rate equal to LIBOR. Interest payments were exchanged monthly beginning November 1, 1996, with the agreement terminating on September 1, 2011. In September 1998, the Company entered into another interest swap agreement with the bank for a notional amount of \$2,800,000, which has a remaining notional amount of \$0, \$215,000 and \$431,000 at December 31, 2011, 2010 and 2009, respectively. Under the agreement, the Company had agreed to a fixed rate of 5.45% and the bank had agreed to a floating rate equal to LIBOR. Refer to Note 1 for fair market value disclosures on the interest rate swap agreements.

**NOTE 6. RETIREMENT PLANS**

The Company has a defined benefit pension plan covering substantially all of its employees. The benefits are principally based on the employee's years of service, age and compensation during a five-year period as specified in the plan. During 2011, 2010 and 2009, the Company made no contributions to the plan and therefore represented 0% of covered compensation. During 2012, the Company does not intend to contribute to its plan based upon its funded status as of December 31, 2011. Contributions are intended to provide not only for benefits attributed to service to date but also for those benefits expected to be earned in the future. The measurement date for the plan is December 31.

## MERLE NORMAN COSMETICS, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011, 2010 AND 2009

### NOTE 6. RETIREMENT PLANS (Continued)

The following table sets forth the plan's funded status and amounts recognized in the Company's balance sheets at December 31, 2011, 2010 and 2009:

	2011	2010	2009
Change in obligation:			
Benefit obligation—beginning of year	\$ 36,972,000	\$ 45,378,000	\$ 43,224,000
Service cost	523,000	935,000	2,377,000
Interest cost	1,856,000	2,184,000	2,288,000
Actuarial (gain) loss	7,923,000	(507,000)	729,000
Amendment	-	(7,207,000)	-
Benefits paid	(3,724,000)	(3,811,000)	(3,240,000)
Benefit obligation—end of year	<u>\$ 43,550,000</u>	<u>\$ 36,972,000</u>	<u>\$ 45,378,000</u>
 Accumulated benefit obligation—end of year	 <u>\$ 43,550,000</u>	 <u>\$ 36,972,000</u>	 <u>\$ 38,269,000</u>
Change in plan assets:			
Fair value of plan assets—beginning of year	\$ 38,998,000	\$ 39,788,000	\$ 45,062,000
Actual return on plan assets	5,251,000	3,021,000	(2,034,000)
Employer contributions	-	-	-
Benefits paid	(3,724,000)	(3,811,000)	(3,240,000)
Fair value of plan assets—end of year	<u>\$ 40,525,000</u>	<u>\$ 38,998,000</u>	<u>\$ 39,788,000</u>
 Funded status	 <u>\$ (3,025,000)</u>	 <u>\$ 2,026,000</u>	 <u>\$ (5,590,000)</u>
Unrecognized net actuarial loss	-	-	-
Unrecognized prior service cost	-	-	-
Net amount recognized	<u>\$ (3,025,000)</u>	<u>\$ 2,026,000</u>	<u>\$ (5,590,000)</u>
Components of net amount recognized:			
Noncurrent assets	\$ 784,000	\$ 2,026,000	\$ 1,967,000
Current liability	-	-	-
Noncurrent liability	(3,809,000)	-	(7,557,000)
Net amount recognized	<u>\$ (3,025,000)</u>	<u>\$ 2,026,000</u>	<u>\$ (5,590,000)</u>
Weighted-average assumptions:			
Discount rate	5.25%	5.50%	5.50%
Expected return on plan assets	4.75%	4.75%	4.75%
Rate of compensation increase	3.75%	3.75%	3.75%
Components of net periodic benefit cost:			
Service cost	\$ 523,000	\$ 935,000	\$ 2,377,000
Interest cost	1,856,000	2,184,000	2,288,000
Expected return on plan assets	(1,775,000)	(1,863,000)	(2,063,000)
Amortization of prior service cost	(641,000)	(480,000)	-
Recognized net actuarial loss	155,000	288,000	-
Net periodic benefit cost	<u>\$ 118,000</u>	<u>\$ 1,064,000</u>	<u>\$ 2,602,000</u>

# MERLE NORMAN COSMETICS, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011, 2010 AND 2009

## NOTE 6. RETIREMENT PLANS (Continued)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Additional information:			
Decrease (increase) in minimum liability included in other comprehensive income (loss)	\$ <u>(4,933,000)</u>	\$ <u>8,681,000</u>	\$ <u>(4,833,000)</u>

Expected future benefit payments at December 31, 2011 are as follows:

2012	\$ 2,944,000
2013	3,730,000
2014	4,285,000
2015	3,969,000
2016	4,050,000
Thereafter	<u>11,351,000</u>
	<u>\$ 30,329,000</u>

As of December 31, 2007, the Company prospectively adopted the balance sheet recognition provisions of ASC 715. Additionally, ASC 715 requires employers to measure plan assets and obligations at their year-end balance sheet date. As of December 31, 2011, a net accrued retirement liability of approximately \$3.0 million was recognized on the balance sheet representing the unfunded status of the Company's pension plan.

As of December 31, 2009, the Company adopted ASC 715-20-65 that requires that companies provide information on investment policies as well as further disclosures for all periods presented on the classification and fair value components surrounding its pension plan. The investment policy of the plan is to invest in fixed income securities across a range of maturities. The target investment allocation, and actual investment portfolio for each of the three years ended December 31, 2011, 2010 and 2009, is all fixed income securities, with a majority of the plan's assets invested in securities issued by the U.S. Treasury and a portion invested in securities that are issued, or guaranteed, by federally sponsored agencies (e.g., GNMA) as well as domestic corporate debt obligations. The overall expected return on plan assets is based on a review of current and expected returns on qualifying high-quality, low-risk debt securities including yields, quality spreads and the term structure of interest rates.

In valuing plan assets, the Company is required to maximize the use of quoted market prices and minimize the use of unobservable inputs in conjunction with guidance provided by ASC 820 (see Note 1 for discussion on level input under ASC 820). The Company calculates the fair value of the plan's Level 1 instruments based on the exchange traded price of similar or identical instruments where available or based on other observable instruments. These calculations take into consideration the credit risk of the Company. The Company has not changed the plan's valuation techniques in measuring the fair value of any financial assets and liabilities during the period.

**MERLE NORMAN COSMETICS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011, 2010 AND 2009

**NOTE 6. RETIREMENT PLANS (Continued)**

The following table sets forth the Company's financial assets as of December 31 that are measured at fair value. The inputs across all periods presented are classified as Level 1:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assets at fair value:			
Bonds and Notes	\$ 39,546,000	\$ 37,740,000	\$ 37,439,000
Asset-Backed Issues	856,000	880,000	1,067,000
Short-Term Investments	123,000	378,000	1,282,000
Fair Value of Assets at December 31	<u>\$ 40,525,000</u>	<u>\$ 38,998,000</u>	<u>\$ 39,788,000</u>

During 2010, the Company provided Pension Plan participants with a notice that described a change to the Pension Plan formula used to calculate pension benefits payable from the Plan. The change, commonly referred to as a switch from a traditional defined benefit plan to a cash balance defined benefit plan, will likely result in a significant reduction in the rate of future benefit accruals for a majority of Plan participants. Even so, the Company will continue to be obligated to fund the Plan in accordance with the applicable requirements of ERISA and the Code.

While both traditional defined benefit plans and cash balance defined benefit plans are required to offer payment of an employee's benefit in the form of a series of payments for life, traditional defined benefit plans define an employee's benefit as a series of monthly payments for life to begin at retirement, but cash balance defined benefit plans define the benefit in terms of a stated account balance.

In the Company's cash balance plan, a participant's account is credited each year with a pay credit of 3% of covered compensation and an interest credit that is linked to a government debt index. Increases and decreases in the value of the Plan's investments do not affect the benefit amounts promised to participants. Thus, the investment risks and rewards on plan assets continue to be borne solely by the Company.

During 2011, the Company recorded an Other Comprehensive Loss of \$4.9 million in connection with an increase in its Accrued Retirement Benefit liability on the Balance Sheet at December 31. The Company also recorded lower net periodic benefit cost on the Income Statement, as part of Net Income that totaled \$0.1 million during 2011 as compared to \$1.1 million in 2010 and \$2.6 million in 2009.

The Company has adopted a 401(k) plan (the Plan). All full-time employees of the Company are eligible to participate in the Plan upon or after reaching age 21. During 2011, qualifying participants may contribute up to the lesser of 25% or \$16,500 of pre-tax annual compensation plus "catch-up" contributions of \$5,500 for 50-year-old and older employees, as defined in the Plan. The Company contributes an amount equal to 10% of the first 3% of base compensation that a participant contributes to the Plan. Total Company contributions to the Plan in 2011, 2010 and 2009 were \$44,000, \$45,000 and \$51,000, respectively. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974.

**MERLE NORMAN COSMETICS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011, 2010 AND 2009

**NOTE 7. COMMITMENTS AND CONTINGENCIES**

Operating Leases

The Company has leased facilities for three Company-owned studios and for one independently owned studio. The Company has executed sublease agreements for the amount of its lease obligation with the four independently owned studios. These lease commitments expire at various times through the year 2013 and call for monthly minimum lease payments ranging from \$1,700 to \$3,900 per month. In addition, the Company has lease commitments for equipment through the year 2014.

The future minimum rental commitments under these leases at December 31, 2011 are as follows:

	<u>Rent</u>	<u>Sublease Income</u>	<u>Net Rental Obligation</u>
2012	\$ 422,000	\$ 47,000	\$ 375,000
2013	52,000	4,000	48,000
2014	16,000	-	16,000
	<u>\$ 490,000</u>	<u>\$ 51,000</u>	<u>\$ 439,000</u>

Sublease payments are generally made directly to the facility landlord and are not received by the Company. Rent expense, net of sublease rental income, for the years ended December 31, 2011, 2010 and 2009 was \$434,000, \$512,000 and \$502,000, respectively.

Legal

The Company is subject to legal proceedings and claims that have arisen in the ordinary course of business and have not been finally adjudicated. In management's opinion, the Company is not currently involved in any legal proceeding, which, individually or in the aggregate, could have a material effect on its financial condition, operations and/or cash flows.

**NOTE 8. SUBSEQUENT EVENTS**

The Company has evaluated subsequent events that have occurred from December 31, 2011 through March 22, 2012, which is the date that the financial statements were available to be issued, and determined that there were no subsequent events or transactions that required recognition or disclosure in the financial statements.

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***EXHIBIT E.1.***

***STUDIO AGREEMENT***

***(and addenda required by Illinois, Maryland, Minnesota, North Dakota, Rhode Island and Washington)***

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**MERLE NORMAN COSMETICS STUDIO AGREEMENT**

**BETWEEN**

**MERLE NORMAN COSMETICS, INC.  
(REFERRED TO AS “MNC,” “WE,” “US” OR “OUR”)**

**AND**

---

**(REFERRED TO AS “STUDIO OWNER,” “YOU” OR “YOUR”)**

**FOR THE MERLE NORMAN COSMETIC STUDIO LOCATED AT:**

---

**(“STUDIO LOCATION”)**

1. **Background.** As the result of the expenditure of time, skill, effort and money, we have developed, and continue to develop, a unique and distinctive system (“MN System”) for the development and operation of retail Merle Norman Cosmetic Studios (“Studios”) that feature multiple lines of high quality skin care, color and other cosmetic products (“MN Products”). Studios specialize in the sale of MN Products and offer customers free individualized instruction relating to skin care and the use of MN Products. We identify the Studios and the MN Products developed by us by means of certain trademarks, service marks, trade names, signs and logos (collectively “Trademarks”).

2. **Appointment.** We hereby grant you the nonexclusive right to operate a Studio at the Studio Location that will sell MN Products and use the Trademarks and the MN System (“Franchised Studio”), subject to the terms and conditions of this Agreement and your strict compliance with the MN System, including our confidential Studio Resource Manual (“Operations Manual”) which we will loan to you and which must be kept current and up-to-date and at the Franchised Studio. (The “Operations Manual” also includes other publications, materials, drawings, memoranda, videotapes, audio tapes, compact disc and electronic media that MNC from time to time may loan to you.) The Operations Manual may be supplemented or amended from time to time by letter, electronic mail, bulletin, videotapes, audio tapes, CDs, DVDs, software or other communications concerning the MN System, to reflect changes in the image, specifications and standards relating to developing, equipping, furnishing and operating a Merle Norman Cosmetic Studio.

We reserve the absolute right to establish other Studios (whether operated by us or independent studio owners) at any location without regard to their proximity to the Franchised Studio. We also reserve all rights to use and license the MN System and the Trademarks other than those expressly granted in this Agreement. The rights granted to you by this Agreement are limited and, among other things: **(A)** you do not have the right to sell MN Products developed by us or use the Trademarks or the MN System at any location other than the Studio Location; **(B)** you may not relocate the Franchised Studio without our prior written approval; **(C)** you do not have a right of first refusal or similar option with respect to any additional Studios; and **(D)** you may only obtain the right to develop and operate additional Studios, following approval by MNC, by signing a new studio agreement for each additional location.

3. **Term.**

**A. Initial Term.** The Initial Term of this Agreement and the rights granted by this Agreement begin on the date MNC signs this Agreement and, unless this Agreement is terminated at an earlier date, end on the 10-year anniversary of the date the Franchised Studio first opened for business.

**B. Renewal Term.** At the end of the Initial Term, you will have the option to remain a studio owner at the Studio Location for a single Renewal Term of 10 years. You must give us written notice of whether or not you intend to exercise your renewal option not less than 3 months, nor more than 6 months, before the end of the Initial Term. If you fail to timely provide us notice, we will assume that you have elected not to remain a studio owner for the Renewal Term and this Agreement will terminate at the end of the Initial Term.

If you want to remain a studio owner for the Renewal Term, you must also satisfy all of the following conditions: **(1)** you may not be in default of this Agreement or any other agreement with us; **(2)** if requested by MNC, you will renovate and update the Franchised Studio so that it reflects the image of the MN System for Studios being developed at that time; **(3)** you and your employees at the Franchised Studio must complete any training required by us; **(4)** you have the right to remain in possession of the Studio Location, or another location acceptable to us, for the Renewal Term; **(5)** during the Initial Term, you consistently operated the Franchised Studio in compliance with the MN System and timely met your

financial obligations to your vendors and us; (6) you and all guarantors must execute a general release and a covenant not to sue, in the form specified by us, of all claims against MNC and its past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities; and (7) you must execute a new studio agreement in the form we are using at that time.

#### **4. Development of the Franchised Studio.**

**A. Studio Design.** You assume all cost, liability and expense for designing, constructing and equipping the Franchised Studio. All proposed design concept plans for the Franchised Studio (“Plans”) must be approved by us. We will advise you, within 30 days after we receive the Plans, whether the Plans have been approved. (Our approval will not be unreasonably withheld.) You must develop the Franchised Studio in accordance with the Plans approved by us and you must fully comply with all applicable laws, ordinances, rules and regulations. At all times, you must devote at least 50% of the Franchised Studio’s available front window space to MN Products. In addition, if the Franchised Studio has less than 1,200 square feet of retail floor space, you must dedicate at least 500 square feet of retail floor space in the front of the Franchised Studio to MN Products. If the Franchised Studio has 1,200 or more square feet of retail floor space, you must dedicate a clearly-defined separate area of appropriate size (as determined by MNC) in the front of the Franchised Studio to MN Products.

**B. Furnishings.** All furnishings, furniture, fixtures, floor coverings and signs used in the Franchised Studio must be approved by us for use in Studios. In addition, you must prominently display at the Franchised Studio (both interior and exterior) those signs, emblems, logos and display materials required by us or which we approve in writing and Merle Norman signage must be the predominant signage. You may not display any handwritten signs at the Franchised Studio and you may only display signs that we have approved.

**5. MN Products.** We will make available the MN Products for purchase by you as long as you are not in default of your obligations to us. We have the right to modify and change the MN Products from time to time, including the right to discontinue the sale of certain MN Products and certain colors of MN Products. We also have the right to develop MN Products that are available for purchase by fewer than all Studios. We will set, and we can subsequently change at any time without prior notice, the prices we charge for the MN Products, the wholesale discounts you receive and our credit terms. Unless otherwise specified, all prices for the MN Products are F.O.B. Los Angeles, California. If you fail to make timely payments of all amounts owed to us, in addition to paying the amount owed, you must pay a delinquency fee as required by our payment policies in effect at that time and we may require special arrangements for future amounts owed to us. You may not return any MN Products to us without our prior approval.

#### **6. Additional Services by MNC.**

**A. Assistance.** During the term of this Agreement, we will provide consultation and advice to you as we deem appropriate in connection with the development and operation of the Franchised Studio. We may delegate some or all of our obligations and duties under this Agreement to third parties, including affiliates, agents and independent contractors.

**B. Inspections.** We have the right at any reasonable time and without prior notice to enter the Franchised Studio and inspect and record or photograph its operations and the facility, remove samples of any products, interview personnel and customers and inspect and copy any documents relating to the operation of the Franchised Studio. You agree to cooperate fully with these inspections and to take all steps necessary to immediately correct any deficiencies, including but not limited to, stopping the display, use or sale of any unapproved merchandise or services.

C. **Advertising.** MNC will reimburse a portion of your local advertising expenses if the advertising and media are approved by us and the amount spent is, in our judgment, reasonable in light of your sales of MN Products. The details of this program, which we may modify or discontinue at any time, will be provided separately to you.

D. **Modifications of the MN System.** We have the right, in our sole discretion and with 30 days' notice to you, to modify the MN System, including modifications to the Operations Manual, the design, layout and furnishing of Studios (including the trade dress, décor and color schemes), and the methods of payment of monies owed to us. We also have the right to modify the Trademarks without prior notice to you. You will use or display in the Franchised Studio any such modifications and make those expenditures required to do so.

E. **Sales Aids.** We will periodically make available for purchase by you sales aids such as props, supplies, favors, etc. to assist you in selling and promoting MN Products at the Franchised Studio. You may not sell the sales aids.

F. **Lesson Materials.** We will periodically provide you, at no cost, reasonable quantities of materials to use solely in connection with providing customers free make-up or makeover lessons in your Franchised Studio. You may not sell, or give away, lesson materials.

## 7. **Training.**

A. **Home Office Training.** Before the Franchised Studio opens for business, you (or, if you are any type of a business entity, those of your owners designated by us) or your Studio manager must attend and successfully complete Home Office Training, an initial training program in the operation of a Studio, that is currently offered at MNC's Home Office. We do not charge tuition, but you must pay all travel, living and other expenses incurred by your Studio manager and you while attending the training. We may dismiss from Home Office Training any person whom we do not believe will perform acceptably in the Franchised Studio and you must provide a suitable replacement within one month of dismissal.

B. **Training by You.** You will use your best efforts to ensure that all of your beauty advisors and sales personnel are fully trained and comply with the MN System.

8. **Standards for Studio Operation.** MN Products, the MN System and the Studios have a reputation for high quality. This reputation has been developed and maintained by MNC and it is important to MNC and all studio owners that this reputation continue to be maintained through high quality service to customers and compliance with the MN System. In order to realize the mutual benefits that come from maintaining this reputation for quality, you will fully comply with all requirements of the MN System including the following requirements:

A. **General Standards and Policies.** You will operate the Franchised Studio, sell all MN Products, provide all services and make all payments due to us as required by our standards and policies as set forth in the Operations Manual or otherwise in writing (and whether in effect now or in the future). You will use your best efforts to ensure that your employees and you maintain a neat and clean appearance, dress in a manner that will not hurt the image and reputation of MNC or the MN System, and provide competent, courteous service to your customers.

B. **Best Efforts.** You will purchase an initial inventory of MN Products, as agreed to by MNC and you, and you will continuously use your best efforts to promote the sale of MN Products. In order to maximize your sale of MN Products, you will employ a sufficient number of employees to operate the Franchised Studio at its maximum capacity during the days and hours regularly maintained by other retail establishments in your neighborhood or area. In addition, if your purchases of MN Products for the Franchised Studio are in the bottom 10% of similarly situated Studios in comparably sized markets (which we will determine) for 12 consecutive months, we may place you in default of this Agreement.

Notwithstanding the provisions of Section 13, in order to cure that default, you may be required to: **(1)** develop a detailed written business plan (and provide it to us within 30 days) that establishes specific steps for increasing your purchases of MN Products; **(2)** promptly modify the plan as requested by us; **(3)** immediately implement the plan once it has been finalized; and **(4)** increase your purchases of MN Products over an extended period.

**C. Financial Statements.** At MNC's request, you will, at your expense, provide us a profit and loss statement and balance sheet for the Franchised Studio, within 60 days after the end of each fiscal year, which present fairly your financial position and the results of operations during the period covered. You must submit to us those other forms, reports, records, information and data regarding the Franchised Studio when and as we reasonably designate.

**D. Upkeep.** You will constantly maintain (including performing all necessary repairs and maintenance) and continuously operate the Franchised Studio and all furniture, fixtures, furnishings, floor coverings, interior and exterior signage, the building interior and exterior, and interior and exterior lighting in first-class condition and repair and in accordance with the requirements of the MN System. You will not make any alterations to the Franchised Studio that affect its operations or the image of the MN System without our prior written approval.

**E. Approved Merchandise and Services.** You agree to focus your efforts at the Franchised Studio on the sale of MN Products and providing free makeover lessons using the lesson materials provided by us. In addition:

**(1)** You may not display, sell or offer for sale any merchandise of any other manufacturer which is likely to confuse the public as to the origin or quality of the merchandise or to enable others to trade upon the Trademarks and goodwill of MNC or other studio owners.

**(2)** You may not sell or offer to sell: **(a)** any skin care or color cosmetic products other than MN Products; or **(b)** any merchandise or service which we have determined is inconsistent with the image of MNC or the MN System.

**(3)** You may only sell other merchandise (in addition to MN Products) and offer other services (in addition to free makeover lessons using the lesson materials provided by MNC) if you first obtain our prior written approval. We will not unreasonably withhold our approval, but our approval may be revoked for reasonable cause on 30 days' notice. We will advise you in writing, within 30 days after we receive notice of your desire to sell additional merchandise or offer additional services at the Franchised Studio, if we have approved the particular merchandise or service. We may condition our approval on, among other things, your placing signs that indicate that these additional products and services are not affiliated with MNC.

**F. Limitation on Channels of Distribution.** You may only sell MN Products to customers who are physically present at the Studio Location and to customers at MNC approved marketing events. You may not sell MN Products in connection with the use of a toll free telephone number or in any wholesale, mail order or e-commerce distribution, or any channel of distribution other than the retail operation of the Franchised Studio at the Studio Location; however, following your written request, we may approve your accepting orders for MN Products from existing customers that are to be mailed to those customers.

**G. Retail Prices.** We periodically will provide you with suggested retail price lists for the MN Products. You have the right to determine the prices for all non-Merle Norman merchandise and services we have approved in accordance with Section 8.E., but you may not charge customers for makeover lessons when lesson materials provided by MNC are used.

**H. Advertising.** You may conduct local advertising for your Studio using the Trademarks at your expense; however, you may only advertise in your trade area (as defined by us), and you may not independently advertise on any on-line computer network. You may not use the Trademarks to advertise or promote any merchandise or services other than MN Products regardless of whether the merchandise or services have been approved by MNC in accordance with Section 8.E. You will maintain, at your expense, one or more telephone directory listings for the Franchised Studio as we require from time to time.

Your local advertising and promotional materials must comply with all federal and local laws and regulations and with our guidelines for advertising and promotions and must be submitted to us at least 30 days prior to first use for our approval. If we do not respond within 30 days, we will be considered to have denied approval of that advertising. All of your advertising and promotion must be completely factual and must conform to the highest standards of ethical advertising. Your advertising may not contain any statement or material which may be considered: **(1)** in bad taste or offensive to the public or to any group of persons; **(2)** defamatory of any person or an attack on another studio owner or any competitor; **(3)** to infringe upon any other person's copyright, trade name, trademark, service mark, identification or other intellectual property; or **(4)** inconsistent with the image of MNC or the MN System.

**I. Good Business Practices.** You will secure and maintain in force in your name all required licenses, permits and certificates for the Franchised Studio. You will operate the Franchised Studio in full compliance with all applicable laws, ordinances and regulations, including, but not limited to, all laws or regulations governing the withholding and payment of federal and state income taxes, social security taxes and sales taxes. You will, in all dealings with your customers, vendors and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct and you will comply with MNC's return policy on MN Products. You may not engage in any business or advertising practice that could damage the goodwill associated with the Trademarks or the business of MNC.

**9. Trademarks.** The term "Trademarks" refers to all words, symbols, designs, trade names, service marks or combinations used to identify the MN System and the MN Products and services offered under the MN System. We may restrict the use of certain Trademarks to fewer than all Studios. We periodically will advise you as to any additions or deletions to the Trademarks and your right to use the Trademarks will be modified by these additions or deletions.

You may use the Trademarks only in connection with the operation of the Franchised Studio at the Studio Location and as expressly provided in this Agreement and the Operations Manual. You may not use any Trademark, any variation of any Trademark or any marks or names confusingly similar to any Trademark in any manner not authorized by us or in the name of your business entity. If local laws or ordinances require that you file an affidavit of doing business under a fictitious name, you will include in the filing an indication that the filing is made "as an authorized studio owner of Merle Norman Cosmetics, Inc., Los Angeles, California." You will use the symbol ® with all registered Trademarks and the symbol ™ or ℠ with all other Trademarks. You may not use the Trademarks on any Internet domain name, e-mail address or in the operation of any Internet web site without our prior written approval. We may require that any web site be hosted by us and we may designate the form and content of any web site.

You agree that you do not have any right, title or interest in the Trademarks (except the right to use the Trademarks pursuant to this Agreement); that the Trademarks are the sole property of MNC; that you will not directly or indirectly challenge the validity or our ownership of the Trademarks or our right to license the Trademarks; and that all uses of the Trademarks by you and the goodwill that arises from

your uses of the Trademarks are for our benefit. Any unauthorized use of the Trademarks by you or attempt by you, directly or indirectly, to register the Trademarks in any jurisdiction will constitute a breach of this Agreement and an infringement of our rights.

#### **10. Insurance and Indemnification.**

**A. Insurance.** You will maintain throughout the term of this Agreement, at your cost and expense, that insurance as you deem necessary or desirable, but at least that insurance which is required by your lease. We have the right to specify (and later modify) the types of insurance you must have, including insurance coverage for non-Merle Norman merchandise and services offered at the Franchised Studio; specify (and later increase) minimum required coverages; and require that your insurers achieve certain ratings by insurance rating agencies. We must be an additional insured in each insurance policy to the extent we have an insurable interest and you will provide us certificates of insurance.

**B. Indemnification.** You will indemnify and hold us harmless from all liability, damages, costs and expenses incurred in connection with any action or claim arising out of or resulting from or in connection with your operations at the Studio Location. Your indemnification obligation does not include claims covered by our product liability insurance.

#### **11. Transfers.**

**A. Generally.** Your obligations to MNC under this Agreement are personal to you. We have entered into this Agreement based on your business, marketing and operational skills, financial capacity and personal character. Accordingly, you may not, directly or indirectly, sell, assign, convey or transfer any interest in this Agreement, in the ownership of the Franchised Studio or in you (if you are a business entity) without our prior written approval. Any attempted transfer without our prior written approval will have no effect on MNC. Before we can consider whether to grant approval, you must provide us a copy of all written agreements relating to the proposed transfer. We will not unreasonably withhold our approval; however, in deciding whether to approve a transfer, we may condition our approval on, and we may consider, many factors we believe to be relevant, including the following:

(1) All of your monetary obligations to us and all other financial obligations related to the Franchised Studio are paid and you are not in material default of any provision of this Agreement or any other agreement with MNC. We reserve the right to require that a reasonable sum of money be placed in escrow to ensure that all of these obligations will be satisfied.

(2) You execute a general release and a covenant not to sue, in the form specified by us, of any and all claims against MNC and its past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities.

(3) You provide us written certification that you have not made any representations to the transferee that MNC has granted you any exclusive territory or any right of first refusal or similar option.

(4) The transferee: (a) satisfies our then-current managerial, operational, experience, financial, quality, character and business criteria for new studio owners; (b) executes the form of studio agreement in use at that time for an initial term ending on the expiration of the Initial Term of this Agreement; and (c) completes Home Office Training.

**B. Transfer Upon Death or Permanent Incapacity.** Upon the death or permanent incapacity of any individual who signs this Agreement or, if you are a business entity, any individual who owns an interest in you, the executor, administrator, personal representative or trustee of that person will have 12 months in which to transfer the affected person's interest. During that period, the Franchised

Studio must be operated by a person who has completed Home Office Training. MNC must approve any transfer as provided in Section 11.A. Failure to timely transfer the interest shall be a default of this Agreement.

C. **Ownership Interests.** If you are any type of a business entity, you represent that: **(1)** the entity is in good standing under the laws of the state of its formation and is qualified to do business in the state in which the Franchised Studio is located; **(2)** the name, address, ownership interest (whether legal or beneficial) and office held by each person as of the date of this Agreement are listed on Exhibit A (which must be completed by you); and **(3)** some or all your owners, as requested by MNC, have signed the Guarantee attached to this Agreement.

12. **Termination by You.** You may terminate this Agreement without cause by providing us 10 days' advance written notice of your intent to terminate.

13. **Termination by MNC.**

A. **Termination Without Cure Period.** In addition to the grounds for termination that are stated elsewhere in this Agreement, we may terminate this Agreement, and the rights granted by this Agreement, upon written notice to you without an opportunity to cure if: **(1)** you sell MN Products through any wholesale, mail order (except as approved by MNC to existing customers) or e-commerce distribution, or through any channel of distribution other than the retail operation of the Franchised Studio at the Studio Location and MNC approved marketing events; **(2)** you sell, or give away, lesson materials or you sell sales aids; **(3)** you close the Franchised Studio for more than 5 consecutive days, unless the closing is due to an act of God, fire or other natural disaster or is approved in writing in advance by us; **(4)** you (or if you are any type of a business entity, any of your owners) remain in default beyond the applicable cure period under any other agreement with MNC; or **(5)** you relocate the Franchised Studio or undertake any transfer (as defined in Section 11.A.) without our prior written approval.

B. **Termination Following Expiration of Cure Period.** Except for those items listed in preceding Section 13.A., you will have 30 days (10 days for a monetary default) after your receipt of written notice of default from us in which to remedy the default and provide evidence of that remedy to us. If any such default is not cured in that time, this Agreement will terminate without further notice to you effective immediately upon expiration of that time, unless we notify you otherwise in writing. You will be in default under this Section for any failure to materially comply with any of the requirements of this Agreement, the Operations Manual or the MN System, or to carry out the terms of this Agreement in good faith. If you have received 1 or more notices of default in the previous 12 months, we may send you a notice of termination upon your next default in that 12 month period without providing you an opportunity to remedy the default.

C. **Termination Following Inspection.** We intend to periodically inspect the Franchised Studio to evaluate your compliance with the MN System, the Operations Manual and this Agreement. If, following the inspection, we conclude that you are not materially complying with this Agreement, the Operations Manual or the MN System, we may send you a notice of default and terminate this Agreement if you fail to come into compliance within 30 days after your receipt of the notice of default and fail to remain in compliance for an extended period.

D. **Statutory Limitations.** If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement requires a longer notice or cure period, this Agreement will be considered amended to comply with the minimum notice or cure period required by the applicable law or regulation.



**14. Post-Termination Obligations.** Upon the expiration or termination of this Agreement:

**A.** You must immediately stop operating a Merle Norman Cosmetic Studio at the Studio Location; immediately stop selling MN Products; and promptly make those alterations and modifications to the Studio Location to distinguish it from a Studio, including those specific changes we may request.

**B.** You must immediately pay us all monies you owe to us.

**C.** You must promptly return to us, at your cost, the Operations Manual, any copies of the Operations Manual, lesson materials and any other materials provided by MNC to you at no charge and all other materials and information furnished by MNC to you.

**D.** You must immediately discontinue all use of the Trademarks; remove the Trademarks from the Franchised Studio (including all signage) and from items used in the operation of the Franchised Studio; cancel all advertising that contains any Trademarks (including telephone directory listings); and cancel all filings or registrations for the Franchised Studio (including any fictitious business name certificates) that identify you as a Merle Norman Cosmetic Studio or contain any Trademarks. You appoint MNC as your attorney-in-fact to cancel those filings and registrations if you fail to do so.

**E.** Unless you operate another Studio, within 15 days after termination, you must sell to us, and we will buy, all MN Products and any other merchandise and supplies which you purchased from us. You will pay all freight charges incurred in shipping these items to us and, except as described below, the purchase price for the MN Products, merchandise and supplies will be the price paid by you less 10% for handling and restocking costs. We are not obligated to purchase, although we may purchase, those MN Products that we no longer manufacture and/or distribute and those MN Products that are not in saleable and useable condition (as we determine). The purchase price for those MN Products will be separately negotiated. We may deduct from the monies to be paid to you for repurchase of these MN Products, merchandise and supplies all monies that you owe to us and we may hold some or all of the monies to be paid to you for up to 6 months to ensure that no additional monies become owed to us.

**F.** You must cooperate with us in referring inquiries regarding MN Products to the person(s) designated by us.

**G.** We will be free to continue to use any customer lists you provided to us.

**15. Our Relationship.** This Agreement does not create a fiduciary or other special relationship between us. You are an independent contractor who controls the Franchised Studio and its operations, subject only to this Agreement. No agency, employment, or partnership is created or implied by this Agreement and you are not and may not hold yourself out as an agent, legal representative, partner, subsidiary, joint venturer or employee of MNC. In all public records and relationships with other persons and on stationery, business cards, checks, contracts, receipts, advertising and other business documents and forms, you will indicate the independent ownership of the Franchised Studio and that you are solely a franchisee of MNC. You will post a sign, approved by us, in a conspicuous location in the Franchised Studio, which will contain your name and mailing address and state that the Franchised Studio is operated by you under a studio agreement with MNC.

**16. Notices.** No notice, demand, request or other communication to either of us will be binding unless the notice is in writing, refers specifically to this Agreement and is addressed to: **(A)** if to you, addressed to you at the Studio Location; and **(B)** if to MNC, addressed to Merle Norman Cosmetics, Inc. at 9130 Bellanca Avenue, Los Angeles, California 90045 (Attn: Legal Department). Each of us may designate a new address for notices by giving written notice of the new address pursuant to this Section; however, even if you designate a new notice address, we can still send notices to the Studio Location in addition to the new address. Notices will be effective upon receipt or first rejection and may be:

(1) delivered personally or sent by facsimile with confirmation of receipt; (2) mailed in the United States mail, postage prepaid, certified mail, return receipt requested; or (3) mailed via overnight courier.

17. **General Provisions.**

A. **Entire Agreement.** This Agreement, the Operations Manual, the documents referred to in this Agreement, and the attachments to this Agreement constitute the entire, full and complete agreement between us concerning your appointment as a studio owner and your operation of the Franchised Studio and supersede all other negotiations, discussions, or understandings. There are no other oral or written promises or agreements between us that relate to the matters covered by this Agreement. Except as expressly set forth in this Agreement, no amendment or change to this Agreement will be binding upon either of us unless in writing and signed by both of us. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim any representation made in MNC's Franchise Disclosure Document.

B. **Governing Law and Forum.** This Agreement and the relationship between us will be governed by and construed in accordance with the laws of the state in which the Franchised Studio is located. We both agree that, to the extent that any disputes cannot be resolved directly between us, you may file suit against MNC only in the federal or state court having jurisdiction where our principal offices are located at the time the suit is filed. MNC may file suit in the federal or state court located in the jurisdiction where our principal offices are located at the time suit is filed or in the jurisdiction where you reside or do business or where the Franchised Studio is or was located or where the claim arose. You consent to the personal jurisdiction of those courts over you and to venue in those courts.

C. **Limitations.** Except for payments owed by one of us to the other, and unless prohibited by applicable law, any legal action brought with respect to any dispute arising from or related to this Agreement or any breach of this Agreement must be brought within a period of 2 years after the initial occurrence of any act or omission that is the basis of the legal action, whenever discovered. We each waive, to the fullest extent permitted by law: (1) the right to bring, or be a class member in, any class action suits; and (2) any right or claim of any punitive or exemplary damages against each other.

**D. Attorneys' Fees.** If either of us brings an action to enforce this Agreement in a judicial proceeding, the party prevailing in that proceeding will be entitled to reimbursement of attorneys' fees and expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of, the proceeding. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

**MERLE NORMAN COSMETICS, INC.**

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

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

As Its: \_\_\_\_\_

**STUDIO OWNER(S):**

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

**EXHIBIT A**

**ENTITY INFORMATION**

The following must be completed if the party signing the Studio Agreement is a corporation or any other type of business entity:

**1. Name of Entity:** \_\_\_\_\_.

**2. Type of Entity:** \_\_\_\_\_.

**3. Date Formed:** \_\_\_\_\_.

**4. State of Formation:** \_\_\_\_\_.

**5. Ownership Information:** As of the date of the Studio Agreement, the following is the name, address, ownership interest and office held by each person with any legal or beneficial ownership interest in the party signing the Studio Agreement:

Name	Address	Ownership Interest	Office Held
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

**6. Contact Information:** While each person listed above has the authority to act for and legally bind the Studio Owner, notices need only be sent to the following person:

\_\_\_\_\_

**GUARANTEE**

The Guarantors who have signed below: **(1)** have signed a Merle Norman Studio Agreement and desire to transfer the Studio Agreement to a corporation or other business entity in which they are all of the owners; or **(2)** are all of the owners of a corporation or other business entity which is entering into a Merle Norman Studio Agreement with Merle Norman Cosmetics, Inc. to operate a Merle Norman Cosmetic Studio. Merle Norman will be referred to in this Guarantee as “MNC,” each of the Guarantors will be referred to as “you,” and the business entity that will operate the Studio will be referred to as “Studio Owner.”

You personally and unconditionally: **(A)** guarantee to MNC for the term of the Studio Agreement that the Studio Owner will punctually pay and perform each obligation and covenant in the Studio Agreement; and **(B)** agree to be bound by, and personally liable for, the breach of each provision of the Studio Agreement.

You agree not to protest MNC’s enforcement of this Guarantee, and you waive all notices and legal or equitable defenses to which you may be entitled. You consent and agree that: **(i)** you will be responsible for all obligations of the Studio Owner as if you were the only guarantor; **(ii)** you will pay MNC any amount, and perform any action, required under the Studio Agreement immediately upon MNC’s request if the Studio Owner fails or refuses to do so punctually; **(iii)** MNC need not enforce or attempt to enforce any remedies against the Studio Owner or any other person before MNC may enforce this Guarantee against you; and **(iv)** your liability will not be lessened, forgiven or otherwise affected by MNC’s grant of any extension of time, credit or other indulgence to the Studio Owner or to any other person, such as MNC’s acceptance of partial payments or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guarantee. Your obligations under this Guarantee are continuing and irrevocable during the term of the Studio Agreement and for so long thereafter as the Studio Owner continues to owe monies or obligations to MNC.

We each understand the terms of this Guarantee and agree to honor its provisions.

**GUARANTOR(S):**

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

\_\_\_\_\_

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

\_\_\_\_\_

**ADDENDUM TO THE MERLE NORMAN COSMETICS  
STUDIO AGREEMENT  
REQUIRED FOR ILLINOIS STUDIO OWNERS**

This Addendum to the Merle Norman Cosmetics Studio Agreement dated \_\_\_\_\_ between Merle Norman Cosmetics, Inc. (referred to as “MNC,” “we,” “us” or “our”) and \_\_\_\_\_ (referred to as “Studio Owner,” “you” or “your”) is entered into simultaneously with the execution of the Studio Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Studio Agreement. This Addendum is being executed because: **(A)** the offer or sale of the franchise to you was made in the State of Illinois; **(B)** you are a resident of the State of Illinois; and/or **(C)** the Franchised Studio will be located or operated in the State of Illinois.
2. The second sentence of Section 17.A. is deleted and replaced with the following:  
  
There are no other oral or written promises or agreements between us that relate to the matters covered by this Agreement (except for, or other than, those contained in the Disclosure Document).
3. The following sentence is added after the first sentence of Section 17.B.:  
  
Notwithstanding the foregoing, Illinois law shall govern this Agreement.
4. The following sentence is added to the end of Section 17.B.:  
  
Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.
5. The following sentence is added after the first sentence of Section 17.C.:  
  
Section 27 of the Illinois Franchise Disclosure Act provides that causes of action under the Act must be brought within the earlier of: 3 years of the violation, 1 year after the franchisee becomes aware of the underlying facts or circumstances or 90 days after delivery to the franchisee of a written notice disclosing the violation.
6. The following Section 17.E. is added to the end of Section 17:  
  
**E. Waivers Void.** Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act is void.
7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Studio Agreement.
8. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently of this Addendum.

9. Except as expressly modified by this Addendum, the Studio Agreement remains unmodified and in full force and effect.

**MERLE NORMAN COSMETICS, INC.**

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

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

As Its: \_\_\_\_\_

**STUDIO OWNER(S):**

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

**ADDENDUM TO THE MERLE NORMAN COSMETICS  
STUDIO AGREEMENT  
REQUIRED FOR MARYLAND STUDIO OWNERS**

This Addendum to the Merle Norman Cosmetics Studio Agreement dated \_\_\_\_\_ between Merle Norman Cosmetics, Inc. (referred to as “MNC,” “we,” “us” or “our”) and \_\_\_\_\_ (referred to as “Studio Owner,” “you” or “your”) is entered into simultaneously with the execution of the Studio Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Studio Agreement. This Addendum is being executed because: **(A)** the offer or sale of the franchise to you was made in the State of Maryland; **(B)** you are a resident of the State of Maryland; and/or **(C)** the Franchised Studio will be located or operated in the State of Maryland.
  
2. The following sentence is added to the end of Sections 3.B.(6) (Renewal Term) and 11.A.(2) (Transfers – Generally):  
  
Any provision requiring you to sign a general release of claims against MNC does not release any claim you may have under the Maryland Franchise Registration and Disclosure Law.
  
3. The following sentence is added after the first sentence of Section 17.C. (Limitations):  
  
Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
  
4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Studio Agreement.
  
5. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently of this Addendum.
  
6. Except as expressly modified by this Addendum, the Studio Agreement remains unmodified and in full force and effect.

**MERLE NORMAN COSMETICS, INC.**

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

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

As Its: \_\_\_\_\_

**STUDIO OWNER(S):**

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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



**ADDENDUM TO THE MERLE NORMAN COSMETICS  
STUDIO AGREEMENT  
REQUIRED FOR MINNESOTA STUDIO OWNERS**

This Addendum to the Merle Norman Cosmetics Studio Agreement dated \_\_\_\_\_ between Merle Norman Cosmetics, Inc. (referred to as “MNC,” “we,” “us” or “our”) and \_\_\_\_\_ (referred to as “Studio Owner,” “you” or “your”) is entered into simultaneously with the execution of the Studio Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Studio Agreement. This Addendum is being executed because: **(A)** the offer or sale of the franchise to you was made in the State of Minnesota; **(B)** you are a resident of the State of Minnesota; and/or **(C)** the Franchised Studio will be located or operated in the State of Minnesota.
2. The following sentence is added to the end of Sections 3.B.(6) and 11.A.(2):  
  
Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.
3. The following sentence is added to the end of Section 3.B.:  
  
With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C.14, Subdivision 3, 4, and 5 which requires, except in certain cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of franchise agreements.
4. The following sentence is added to the end of Section 9:  
  
Notwithstanding the foregoing, we will indemnify you against liability to a third party resulting from claims that your use of a Trademark infringes trademark rights of a third party; provided, that we will not indemnify against the consequences of your use of the Trademarks unless the use is in accordance with the requirements of this Agreement and the MNC System.
5. The following sentence is added to the end of Section 13:  
  
With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C.14, Subdivision 3, 4, and 5 which requires, except in certain cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of franchise agreements.
6. The following sentences are added to the end of Sections 17.B.:  
  
Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or agreements can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Studio Agreement.
8. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the Minnesota Statute are met independently of this Addendum.

9. Except as expressly modified by this Addendum, the Studio Agreement remains unmodified and in full force and effect.

**MERLE NORMAN COSMETICS, INC.**

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

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

As Its: \_\_\_\_\_

**STUDIO OWNER(S):**

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

**ADDENDUM TO THE MERLE NORMAN COSMETICS  
STUDIO AGREEMENT  
REQUIRED FOR NORTH DAKOTA STUDIO OWNERS**

This Addendum to the Merle Norman Cosmetics Studio Agreement dated \_\_\_\_\_ between Merle Norman Cosmetics, Inc. (referred to as “MNC,” “we,” “us” or “our”) and \_\_\_\_\_ (referred to as “Studio Owner,” “you” or “your”) is entered into simultaneously with the execution of the Studio Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Studio Agreement. This Addendum is being executed because: **(A)** the offer or sale of the franchise to you was made in the State of North Dakota; **(B)** you are a resident of the State of North Dakota; and/or **(C)** the Franchised Studio will be located or operated in the State of North Dakota.
2. Section 3.B.(6) is deleted.
3. The following sentence is added to the end of Section 17.B.:  
  
Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void.
4. The following sentence is added after the end of the first sentence of Section 17.C.:  
  
Notwithstanding the foregoing, the statute of limitations under North Dakota law applies.
5. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Studio Agreement.
6. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently of this Addendum.
7. Except as expressly modified by this Addendum, the Studio Agreement remains unmodified and in full force and effect.

**MERLE NORMAN COSMETICS, INC.**

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

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

As Its: \_\_\_\_\_

**STUDIO OWNER(S):**

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

**ADDENDUM TO THE MERLE NORMAN COSMETICS  
STUDIO AGREEMENT  
REQUIRED FOR RHODE ISLAND STUDIO OWNERS**

This Addendum to the Merle Norman Cosmetics Studio Agreement dated \_\_\_\_\_ between Merle Norman Cosmetics, Inc. (referred to as “MNC,” “we,” “us” or “our”) and \_\_\_\_\_ (referred to as “Studio Owner,” “you” or “your”) is entered into simultaneously with the execution of the Studio Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Studio Agreement. This Addendum is being executed because: **(A)** the offer or sale of the franchise to you was made in the State of Rhode Island; **(B)** you are a resident of the State of Rhode Island; and/or **(C)** the Franchised Studio will be located or operated in the State of Rhode Island.
  
2. The following language is added to the end of Section 17.B.:  
  
Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”
  
3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Studio Agreement.
  
4. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently of this Addendum.
  
5. Except as expressly modified by this Addendum, the Studio Agreement remains unmodified and in full force and effect.

**MERLE NORMAN COSMETICS, INC.**

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

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

As Its: \_\_\_\_\_

**STUDIO OWNER(S):**

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

**ADDENDUM TO THE MERLE NORMAN COSMETICS  
STUDIO AGREEMENT  
REQUIRED FOR WASHINGTON STUDIO OWNERS**

This Addendum to the Merle Norman Cosmetics Studio Agreement dated \_\_\_\_\_ between Merle Norman Cosmetics, Inc. (referred to as “MNC,” “we,” “us” or “our”) and \_\_\_\_\_ (referred to as “Studio Owner,” “you” or “your”) is entered into simultaneously with the execution of the Studio Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Studio Agreement. This Addendum is being executed because: **(A)** the offer or sale of the franchise to you was made in the State of Washington; **(B)** you are a resident of the State of Washington; and/or **(C)** the Franchised Studio will be located or operated in the State of Washington.
2. The state of Washington has a statute, the Washington Franchise Investment Protection Act, RCW 19.100.180 (“Act”), which may supersede this Agreement in your relationship with us including the areas of termination and renewal of your franchise. There also may be court decisions which may supersede this Agreement in your relationship with us including the areas of termination and renewal of your franchise.
3. 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.
4. In the event of a conflict of laws, the provisions of the Act shall prevail.
5. A release or waiver of rights executed by you shall not include rights under the 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.
6. Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.
7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Studio Agreement.
8. The provisions of this Addendum will be effective only to the extent that the jurisdictional requirements of the Act are met independently of this Addendum.

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9. Except as expressly modified by this Addendum, the Studio Agreement remains unmodified in full force and effect.

**MERLE NORMAN COSMETICS, INC.**

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

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

As Its: \_\_\_\_\_

**STUDIO OWNER(S):**

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

***EXHIBIT E.2.***  
***GOLD MEDALLION STUDIO ADDENDUM***

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**GOLD MEDALLION STUDIO ADDENDUM**

**BETWEEN**

**MERLE NORMAN COSMETICS, INC.  
(REFERRED TO AS “MNC,” “WE,” “US” OR “OUR”)**

**AND**

---

**(REFERRED TO AS “STUDIO OWNER,” “YOU” OR “YOUR”)**

**FOR THE MERLE NORMAN COSMETIC STUDIO LOCATED AT:**

---

**(“STUDIO LOCATION”)**

1. **Background.** As the result of the expenditure of time, skill, effort and money, we have developed a program, which is known as the “Gold Medallion Program,” to provide internal and external recognition to those Merle Norman Cosmetic Studios offering the highest level of services in a quality environment. We offer additional benefits to Gold Medallion Studios and require that Gold Medallion Studios comply with additional requirements.

You have represented to us that the Merle Norman Cosmetic Studio which you operate (“Franchised Studio”) meets the minimum criteria of the Gold Medallion Program and you have applied to have the Franchised Studio recognized by us as a Gold Medallion Studio. You understand and acknowledge the importance of our high and uniform standards for Gold Medallion Studios and the necessity of operating the Franchised Studio in compliance with this Addendum, the Gold Medallion Program and the Gold Medallion Guidelines.

2. **Appointment.** We have determined, based on the information you provided, that the Franchised Studio meets the minimum criteria of the Gold Medallion Program and we hereby grant you the nonexclusive right to participate in the Gold Medallion Program and to operate a Gold Medallion Studio at the Studio Location, subject to the terms and conditions of this Addendum and your strict compliance with the Gold Medallion Program and the Gold Medallion Guidelines.

We reserve the absolute right to appoint other Studios as Gold Medallion Studios (whether operated by us or independent studio owners) at any location without regard to their proximity to the Franchised Studio. In addition, the rights granted to you by this Addendum are limited and, among other things: **(A)** you may not use the Gold Medallion Program or operate a Gold Medallion Studio at any location other than the Studio Location, including at other Merle Norman Studios you operate, unless MNC and you sign a Gold Medallion Studio Addendum for each additional location; **(B)** this Addendum will automatically terminate if you relocate the Franchised Studio; you must qualify for the Gold Medallion Program at any new location for the Franchised Studio even if we have approved the new location; and **(C)** this Addendum will automatically terminate if you sell the Franchised Studio, a majority interest in the Franchised Studio or, if you are a business entity, a majority interest in you; the purchaser must qualify for the Gold Medallion Program.

3. **Term.** The term of this Addendum (and your right to participate in the Gold Medallion Program and to operate a Gold Medallion Studio at the Studio Location) ends on the 3-year anniversary of the date MNC signs this Addendum. You may renew this Addendum and your right to operate a Gold Medallion Studio for successive 3 year periods, provided:

A. Your Studio Agreement for the Studio Location remains in effect.

B. At least 60 days before the end of the term, you demonstrate to our satisfaction that the Franchised Studio and you continue to be in compliance with the then-current Gold Medallion Guidelines. In that regard, we may require, among other things, that you submit photographs of the interior and exterior of the Franchised Studio. We will assume that you have elected to withdraw from the Gold Medallion Program for the Franchised Studio if you fail to timely provide us this information. After we receive your information, we will advise you in writing if we determine that the Franchised Studio does not comply with the Gold Medallion Guidelines in effect at that time and we will give you 30 days to bring the Franchised Studio into compliance. If you fail to do so, this Addendum will expire at the end of the 3-year term or at the end of the 30 day period, whichever is later.

C. If requested by us, you must sign the a new Gold Medallion Studio Addendum in the form we are using at the time or a similar document demonstrating the renewal of your rights.

4. **The Gold Medallion Program and Guidelines.** You have received on loan from us the current Gold Medallion Guidelines. We may periodically supplement or amend the Guidelines to reflect changes in the Gold Medallion Program. You must keep your copy of the Gold Medallion Guidelines at the

Franchised Studio and keep it current and up-to-date with all modifications provided by us, not reproduce the Gold Medallion Guidelines or any part of them and treat the Gold Medallion Guidelines as confidential. As long as the Franchised Studio is a Gold Medallion Studio, you will be entitled to receive the additional services and benefits that are only available to Gold Medallion Studios. You must, however, maintain the quality of service and image and standards of excellence of a Gold Medallion Studio. Accordingly, at all times you must operate the Franchised Studio in strict compliance with the Gold Medallion Program and the Gold Medallion Guidelines, which includes complying with the following requirements:

**A. Advertising.** You must contribute to, and participate in, a regional co-op advertising group if one is formed for the geographic area that includes the Franchised Studio.

**B. Returns.** You must comply with our recommended return policy and prominently display the Gold Medallion Satisfaction Guaranteed policy in the Studio. If return privileges on non-Merle Norman products are limited, you must display a sign informing customers of the applicable return policy.

**C. Non-Merle Norman Products and Services.** Any products not purchased from us and all services offered at the Franchised Studio must comply with the requirements of your Studio Agreement, as well as with the following requirements: **(1)** the products and services must be compatible with Merle Norman products and MNC's quality image, they must not compete with Merle Norman products and they must clearly be identified as non-Merle Norman products or services; **(2)** the products must be merchandised, and the services must be offered, in a separate, defined area of the Franchised Studio; and **(3)** you must display a sign (in the form we specify) that states that the Franchised Studio is independently owned and operated and that you are solely responsible for all non-Merle Norman products and services.

**D. Gift Certificates.** You must participate in our gift certificate program by honoring Merle Norman gift certificates (but only for the purchase of Merle Norman products) issued by other Studios. If you offer your own gift certificates, they must comply with all applicable laws and clearly state that they are redeemable only at the Franchised Studio.

**5. Gold Medallion Marks.** The term "Gold Medallion Marks" refers to all words, symbols, designs, trade names, service marks or combinations used to identify the Gold Medallion Program and Gold Medallion Studios. We periodically will advise you as to any additions or deletions to the Gold Medallion Marks and your right to use the Gold Medallion Marks will be modified by these additions or deletions.

You may use the Gold Medallion Marks only in connection with the operation of the Franchised Studio at the Studio Location and as expressly provided in this Addendum and the Gold Medallion Guidelines. You may not use any Gold Medallion Mark, any variation of any Gold Medallion Mark or any marks or names confusingly similar to any Gold Medallion Mark in any manner not authorized by us or in the name of your business entity. You will use the symbol ® with all registered Gold Medallion Marks and the symbol ™ or ℠ with all other Gold Medallion Marks. You may not use the Gold Medallion Marks on any Internet domain name, e-mail address or in the operation of any Internet web site without our prior written approval. We may require that any web site be hosted by us and we may designate the form and content of any web site.

You agree that you do not have any right, title or interest in the Gold Medallion Marks (except the right to use the Gold Medallion Marks pursuant to this Addendum); that the Gold Medallion Marks are the sole property of MNC; that you will not directly or indirectly challenge the validity or our ownership of the Gold Medallion Marks or our right to license the Gold Medallion Marks; and that all uses of the Gold Medallion Marks by you and the goodwill that arises from your uses of the Gold Medallion Marks are for our benefit. Any unauthorized use of the Gold Medallion Marks by you or

attempt by you, directly or indirectly, to register the Gold Medallion Marks in any jurisdiction will constitute a breach of this Addendum and an infringement of our rights.

**6. Termination.**

**A. Automatic Termination.** This Addendum will automatically terminate without notice if: **(1)** your Studio Agreement is terminated; **(2)** you relocate the Franchised Studio; **(3)** you sell the Franchised Studio, or a majority interest in the Franchised Studio, to a third party; or **(4)** if you are any type of business entity, you sell a majority interest in you.

**B. Termination by You.** You may terminate this Addendum without cause by providing us 30 days' advance written notice of your intent to terminate.

**C. Termination by MNC.**

**(1)** We may terminate this Addendum (and the termination will be effective upon your receipt of notice of termination) if: **(A)** you fail to comply with any of the requirements of this Addendum, the Gold Medallion Program or the Gold Medallion Guidelines and you fail to come into compliance within 60 days after your receipt of a written notice of default and fail to remain in compliance for an extended period; or **(B)** we, in our reasonable business judgment, decide to cancel the Gold Medallion Program and provide you 60 days' advance written notice of cancellation.

**(2)** We intend to periodically inspect the Franchised Studio to evaluate your compliance with the Gold Medallion Program, the Gold Medallion Guidelines and this Addendum. If, following the inspection, we conclude that you are not materially complying with this Addendum, the Gold Medallion Guidelines or the Gold Medallion Program, we may send you a written notice of default and terminate this Addendum if you fail to come into compliance within 60 days after your receipt of a written notice of default and fail to remain in compliance for an extended period.

**(3)** If you have received 2 or more notices of default of this Addendum within the previous 12 months, we may send you a notice of termination upon your next default of this Addendum within that 12 month period without providing you an opportunity to remedy the default.

**D. Statutory Limitations.** If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Addendum requires a longer notice or cure period, this Addendum will be considered amended to comply with the minimum notice or cure period required by the applicable law or regulation.

**7. Post-Termination Obligations.** Upon the expiration or termination of this Addendum:

**A.** You will no longer be authorized to participate in the Gold Medallion Program at the Franchised Studio or operate the Franchised Studio as a Gold Medallion Studio. This will require you to cease all use of the Gold Medallion Marks, to cancel all advertising for the Franchised Studio that contains any Gold Medallion Mark (including telephone directory listings) and to stop identifying the Franchised Studio as a Gold Medallion Studio. You will, however, be entitled to sell any Gold Medallion products remaining in the Franchised Studio.

**B.** You must immediately return to us at your cost the Gold Medallion Guidelines, any copies of the Guidelines and all other Gold Medallion materials provided by MNC to you at no charge.

**C.** Your Studio Agreement will continue to govern your relationship with us (unless it also has been terminated) and you will continue to operate the Franchised Studio under the terms of that Agreement.

Except to the extent your Studio Agreement is expressly amended by this Addendum, that Agreement remains unmodified and in full force and effect.

**MERLE NORMAN COSMETICS, INC.**

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

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

As Its: \_\_\_\_\_

**STUDIO OWNER(S):**

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

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***EXHIBIT E.3.***  
***CO-OP GROUP LETTER OF AGREEMENT***

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**CO-OP GROUP LETTER OF AGREEMENT**

1. I, \_\_\_\_\_, a Studio Owner in the \_\_\_\_\_ area, agree to participate for a \_\_\_\_\_ ( ) month period in the \_\_\_\_\_ Area Co-Op by contributing a total of \$ \_\_\_\_\_ to be spent in accordance with the \_\_\_\_\_ Area Co-Op Group's approved media plan.
2. I understand that my total financial commitment will be spread over the next \_\_\_\_\_ ( ) months and that my Studio Account # \_\_\_\_\_ will be debited on the first day of each month for \_\_\_\_\_ ( ) months, beginning \_\_\_\_\_ and ending \_\_\_\_\_ at an amount of \$ \_\_\_\_\_ per month.
3. If, at any time during the media plan I am delinquent on my Studio account, I shall pay Merle Norman directly for my share prior to each advertisement.
4. Should I close or sell my Studio after the date I sign this Agreement but before I have fully paid my share, I understand that the balance of my payments will immediately become due and payable.
5. Merle Norman Home Office will debit the individual accounts of all other Studios participating in the Co-Op Advertising program for each Studio's individual share.
6. If, during the course of the media plan, advertising materials other than those already produced and provided by the Company are required, the cost of the production will be the responsibility of the Group.
7. I understand that it is an important part of the media plan to track the effectiveness of the media plan with the sales in my Studio. I therefore agree to provide the Company with sales and tracking information as requested by Home Office.

Signed \_\_\_\_\_

Date \_\_\_\_\_

Studio # \_\_\_\_\_

Studio Telephone # \_\_\_\_\_

Studio Address \_\_\_\_\_

Adv. Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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***EXHIBIT E.4.***  
***CREDIT CARD AGREEMENT***

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## EDC AGREEMENT

THIS is an agreement dated as of \_\_\_\_\_ between MERLE NORMAN COSMETICS, INC., a California corporation (“Merle Norman”), and \_\_\_\_\_ (“Studio”).

### 1. **Introduction**

- 1.1 From time to time Merle Norman may enter into agreements with banks or other processors of credit card charges (each a “Processor”) that allow Merle Norman Cosmetic Studios (including Studio) to submit charges from credit cards bearing the symbols of VISA USA, Inc., Visa International (collectively, “Visa”), MasterCard International, Inc. (“MasterCard”), American Express Company (“American Express”), Discover Card Services, Inc. (“Discover”), Diners Club International (“Diners”), Carte Blanche International (“Carte Blanche”) and JCB cards (“JCB”), for processing by the Processor. Until directed otherwise by Merle Norman, Studio agrees to permit holders of valid cards bearing the symbols of VISA, MASTERCARD, AMERICAN EXPRESS, DISCOVER, DINERS, CARTE BLANCHE and JCB to charge purchases of goods and services from Studio. For each charge, Merle Norman will cause a Processor to purchase the resulting debt if the transaction complies with this Agreement and is actually a sale of goods or services. The Processors may credit any or all charges to a bank account maintained by Merle Norman and report any and all charges solely to Merle Norman. Merle Norman shall apply any credits received from the Processors to the account of the proper Merle Norman Cosmetic Studio (including Studio) and provide a monthly report.
- 1.2 From time to time, Merle Norman may provide Studio with a credit card authorization terminal. Merle Norman will not charge Studio for such terminal and Studio shall use the terminal solely for the purpose of processing transactions of holders of credit cards bearing the symbols of VISA, MASTERCARD, AMERICAN EXPRESS, DISCOVER, DINERS, CARTE BLANCHE and JCB through a Processor named by Merle Norman.
- 1.3 The Processor will not be required to transmit any transactions of Studio to any person other than Merle Norman. Studio will only submit charges that arise out of a charge by a cardholder with Studio.
- 1.4 Studio may submit charges related to mail orders and or telephone orders but may be assessed an additional handling fee if charged by a Processor to Merle Norman.
- 1.5 If Merle Norman has provided Studio financing in excess of Five Thousand and No/100 Dollars (\$5,000.00), as additional security for that financing, Studio must process all credit card purchases through Merle Norman’s Processors until the amount financed has been repaid in full.

2. **Procedures.** Upon receipt of information from the Processor, Merle Norman will credit or charge (where Processor reverses a previously allowed item or otherwise charges an amount to Merle Norman that relates to Studio) Studio's account for the gross amount of each transaction less all applicable processing fees which processing fees shall be indicated (as may be changed) from time to time by Merle Norman to Studio. Studio agrees to follow any agreement that it has with the Processor or directions given to it by the Processor and to be bound by the operating regulations of VISA, MASTERCARD, AMERICAN EXPRESS, DISCOVER, DINERS, CARTE BLANCHE and JCB in effect from time to time.
  - 2.1 Studio agrees to balance and settle a minimum of every forty-eight (48) hours, (preferably every twenty-four (24) hours if they have one or more transactions in forty-eight (48) hours). In the event Studio does not balance and settle a minimum of once every forty-eight (48) hours, Studio may be assessed an additional service charge.
3. **Marketing.** Studio shall clearly display the VISA, MASTERCARD, AMERICAN EXPRESS, DISCOVER, DINERS, CARTE BLANCHE and JCB service marks and other promotional materials supplied to it by the Processor or Merle Norman. Studio's right to use or display the VISA, MASTERCARD, AMERICAN EXPRESS, DISCOVER, DINERS, CARTE BLANCHE and JCB service marks shall continue as long as this Agreement remains in effect or until Studio is notified to cease their use and display.
4. **Financial Information.** Studio agrees to retain the "Bank Copy" of all paper sales slips, electronic sales slips and credit slips for as long as requested by Merle Norman or the Processor. If Studio is requested to provide a Processor with the original or a copy of a sales draft and cannot, the Processor may charge the item back to Merle Norman and Merle Norman will charge it back to Studio.
5. **Equipment and Supplies.**
  - 5.1 Merle Norman will provide the terminal and credit card imprinters (collectively, "Terminal") at no cost to Studio. Merle Norman or the Processor will provide Studio with instructions for the installation and use of the Terminal and Studio will use and operate the terminal only as directed.
  - 5.2 All sales drafts, credit drafts, decals and other supplies shall be supplied at no cost to Studio.
  - 5.3 The Terminal shall only be used by Studio to process transactions through a Processor to Merle Norman. Studio is prohibited from using the Terminal to process transactions directly to or from VISA, MASTERCARD, AMERICAN EXPRESS, DISCOVER, DINERS, CARTE BLANCHE, JCB, or some other third party processor.
  - 5.4 Studio may, at its option, use the Terminal in connection with a check guarantee system. Studio must arrange for the check guarantee system to be installed and pay any related fees.
  - 5.5 Studio will promptly notify Merle Norman or the Processor of any equipment malfunction, failure or other incident resulting in the loss of use of the Terminal or need for repair or maintenance. Merle Norman or the Processor will arrange for repair or replacement of the Terminal. Merle Norman or the Processor may advance the charges,

if any, for replacement or repair of the Terminal. Studio's account will be charged for any amounts advanced on its behalf, including shipping costs.

- 5.6 Studio agrees to protect the Terminal from loss, theft, damage or any legal encumbrance. If the Terminal is lost, destroyed or stolen, or is rendered inoperative as a result of any negligence or willful conduct of Studio, its agents or employees, Studio will be liable for the replacement cost of the Terminal. The replacement cost for the Terminal will not exceed Five Hundred and No/100 Dollars (\$500.00), which will be charged to Studio's account.
6. **Return of Equipment.** In the event of the closure of the Studio, or in the event this Agreement is terminated for any reason, Studio will immediately return the Terminal to Merle Norman to facilitate the transfer of the unit to another studio, unless Merle Norman gives its advance written consent to Studio's retention thereof. If Studio fails to return the Terminal to Merle Norman within ten (10) days, after the closure or termination, Studio will be liable for the replacement cost of the Terminal.
7. **Transferability.** Studio may not assign its rights under this Agreement or transfer ownership of the Terminal without the consent of Merle Norman.
8. **Term and Termination.** This Agreement shall remain in full force and effect until properly terminated by either party as allowed in this section 8.
  - 8.1 Studio may terminate this agreement at any time for any reason, provided that Studio has repaid in full any financing provided by Merle Norman, so long as Studio properly terminates any agreement with a Processor at the same time.
  - 8.2 Merle Norman may terminate its obligations under this Agreement if: (a) Studio fails to perform its obligations under this Agreement; or (b) Studio fails to follow the rules and regulations of the Processor or any operating rule or regulation of an applicable credit card association; or (c) Studio makes, or Merle Norman discovers that the Studio has made, any false statement or misrepresentation (including failing to report matters that are material to Merle Norman); (d) Studio fails in any respect to perform its obligations under its Business Agreement with Merle Norman; (e) Studio ceases, for any reason, to be a Merle Norman Cosmetic Studio.
  - 8.3 Even if this Agreement is terminated, Studio's obligations under this Agreement shall remain in force in connection with any charges processed before such termination, including but not limited to chargebacks, items presented for collection, unpaid but accrued fees, processing fees and service fees.
9. **No Liability of Merle Norman.** Studio acknowledges that Merle Norman is offering Studio the ability to use the Processor's services as an accommodation, and that Merle Norman has no responsibility for the services to be so provided by the Processor used by Studio.
10. **Amendments.** Studio acknowledges that it has been informed that Processors may change their rules and regulations from time to time, and may also make other changes to this Agreement as required by a credit card association. Merle Norman or the Processor will promptly notify Studio of any material change or material amendments required by a credit card association and such amendment or change shall become effective no earlier than the date specified by the applicable

credit card association. Such amendment shall be binding upon Studio on the effective date of such amendment and Studio hereby agrees to abide by such amendments.

11. **Indemnity.** Studio agrees to satisfy any claim or complaint arising in connection with any purchase directly with the cardholder. Under no circumstances shall Merle Norman be liable to Studio or to any third person for losses, claims, reimbursements, chargebacks or damages arising out of any transaction between a cardholder, a Processor or any third party, whether or not Merle Norman is an intermediary or otherwise involved in the transaction. Studio agrees to indemnify and hold Merle Norman harmless from and against any and all liabilities, losses, claims, damages, disputes, offsets, claims or counterclaims made by a cardholder or other party with regard to charges processed by Studio through a Processor or any other service provided, except for claims arising out of the negligence or willful misconduct of Merle Norman.
12. **Third Party Beneficiary.** Studio agrees that a Processor may have rights, as a third party beneficiary, and may be permitted to enforce any of the obligations of this Agreement.
13. **Governing Law.** The form, execution, validity and construction of this Agreement shall be determined in accordance with the laws of the State of California.
14. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto and supersedes all prior discussions, negotiations and agreements, whether oral or written.

“MERLE NORMAN”

MERLE NORMAN COSMETICS, INC.

By: \_\_\_\_\_  
Its: Chief Financial Officer

“STUDIO”  
(If Incorporated or Partnership)

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

“STUDIO”  
(If not incorporated)

\_\_\_\_\_



***EXHIBIT E.5.***  
***PROMISSORY NOTE – MN POS &***  
***HARDWARE***

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## PROMISSORY NOTE

Amount: \$ \_\_\_\_\_, 2\_\_\_\_

**FOR VALUE RECEIVED**, the undersigned \_\_\_\_\_ and \_\_\_\_\_ (collectively “Maker”), with a mailing address of \_\_\_\_\_, hereby promise to pay to the order of Merle Norman Cosmetics, Inc. (“Lender”) at 9130 Bellanca Avenue, Los Angeles, California 90045, \$ \_\_\_\_\_ (the “Principal Amount”) plus interest on the outstanding Principal Amount at the applicable Interest Rate (as defined below) compounded monthly until paid, and all other applicable fees, costs and charges, if any, not yet paid.

**1. Interest.** Interest on the outstanding Principal Amount of this Note will accrue beginning on \_\_\_\_\_ at a rate equal to 10% per annum (the “Interest Rate”). The Interest Rate shall remain constant throughout the term of this Note. Interest shall be calculated on the basis of a year of 365 days and charged for the actual number of days elapsed. In the event of a Default (as defined below), this Note shall bear interest at a rate per annum equal to the lesser of 18% or the highest rate permitted by applicable law. Following a permitted cure or waiver of a Default, this Note shall again bear interest at the Interest Rate.

### **2. Payment.**

**(a) Payment Schedule.** Commencing on the \_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_ and on the first day of each month thereafter for \_\_\_\_\_ consecutive months, Maker shall pay monthly installments of principal and interest in the amount set forth in the Amortization Schedule attached hereto as Schedule 1 and incorporated herein by reference.

**(b) Prepayment/Late Fees.** This Note may be prepaid at the option of Maker, in whole or in part, without penalty. Any such prepayment shall be applied first to interest, fees and other charges and then to the Principal Amount. Maker agrees not to send Lender payments marked “paid in full,” “without recourse,” or similar language. If Maker sends such a payment, Lender may accept it without losing any of Lender’s rights under this Note, and Maker will remain obligated to pay any further amount owed to Lender. If Maker is late in paying in full any scheduled installment payment, final or balloon payment or other amounts owed to Lender under this Note, on or before its applicable due date (notwithstanding any grace or notice period), Maker shall pay Lender a late fee equal to 5% of the amount of such installment or other payment.

### **3. Default.**

**(a) Events of Default.** Any of the following events shall constitute an event of default (“Default”):

**(i)** Maker fails to make any payment of principal, interest, late fees or other amounts owing under this Note when due, which is not fully corrected within 5 days after a notice of Default is received by Maker from Lender;

**(ii)** The breach of any representation or warranty by or obligation of Maker contained herein, which is not fully corrected within 30 days after a notice of Default is received by Maker from Lender;

**(iii)** The occurrence of a default by Maker under any other agreement between Maker and Lender (“Related Agreement”), including without limitation the Studio Agreement between Maker and Lender, which default has not been cured within the applicable cure period, if any; or

**(iv)** The death, dissolution, termination or cessation of Maker’s existence as a going business, or the appointment of a trustee or receiver for Maker or for all or a substantial portion of the assets of Maker, or Maker makes a general assignment for the benefit of Maker’s creditors, or Maker files for bankruptcy, or an involuntary bankruptcy petition is filed against Maker, or any change occurs in the ownership of Maker without Lender’s prior written consent.

**(b) Remedies.** Upon the occurrence of any Default, Lender may, at its option and in addition to any right, power, or remedy permitted by law or equity, declare the entire unpaid Principal Amount of this Note due and payable in its entirety together with accrued interest thereon. No waiver by Lender of any Default(s) shall operate as a waiver of any other Default or the same Default on a future occasion. If this Note is not paid in accordance with its provisions, Maker

hereby agrees to pay, in addition to the unpaid balance of the Note, all expenses, including but not limited to legal expenses, court costs, reasonable attorneys' fees, and any other costs, incurred by Lender in endeavoring to collect indebtedness owed pursuant to this Note, or any part thereof, and in enforcing its rights under this Note or any Related Agreement. Maker acknowledges that a Default under the terms of this Note shall constitute a default under each of the Related Agreements.

**4. Notices.** Any notice required to be given under this Note shall be given in writing, and shall be effective when received (or first refused) if hand delivered, sent via a nationally recognized overnight courier or mailed first class, certified, or registered mail, postage prepaid, and directed to the addresses shown near the beginning of this Note. Any party may change its notice address under this Note by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. If there is more than one Maker, any notice given by Lender to any Maker is deemed to be notice given to all Makers.

**5. Miscellaneous.** If Maker has signed a Security Agreement with Lender, this Note shall be subject to the provisions of that Security Agreement. This Note is personal to Maker and is not assignable by Maker. This Note is assignable by Lender. The terms of this Note shall be binding upon Maker, and upon Maker's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns. If signed by more than one person or entity, the obligations hereunder shall be joint and several as to each signatory. Maker acknowledges that its obligations under this Note are unconditional and are separate from and independent of any other representations, warranties, commitments, agreements or understandings, whether oral or written, express or implied, between Maker and Lender, and that this Note contains the entire agreement of Maker and Lender with respect to the subject matter hereof. Maker hereby waives presentment and demand for payment, notice of non-payment, notice of dishonor, protest of dishonor, and notice of protest.

**PRIOR TO SIGNING THIS NOTE, EACH MAKER ACKNOWLEDGES THAT IT HAS READ AND UNDERSTANDS ALL OF THE PROVISIONS OF THIS NOTE AND AGREES TO THE TERMS OF THIS NOTE.**

**IN WITNESS WHEREOF**, the undersigned Maker has affixed its signature, under seal, as of the date first written above.

**MAKER:**

**MAKER:**

\_\_\_\_\_ (seal)

\_\_\_\_\_ (seal)

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

**GUARANTEE**

The undersigned Guarantors are owners of a corporation or a limited liability company that signed the foregoing Promissory Note in favor of Merle Norman Cosmetics, Inc. as "Maker." Merle Norman will be referred to in this Guarantee as "MNC" and each of the Guarantors will be referred to as "you".

You personally and unconditionally: **(1)** guarantee to MNC that Maker shall punctually pay and perform each obligation in the Promissory Note; and **(2)** agree personally to be liable for any Default of the Promissory Note (as defined in the Promissory Note).

You consent and agree that: **(A)** you will be responsible for all obligations of Maker as if you were the only guarantor; **(B)** you will pay MNC any amount required under the Promissory Note immediately upon MNC's request if Maker fails or refuses to do so punctually; **(C)** MNC need not enforce or attempt to enforce any remedies against Maker or any other person before MNC may enforce this Guarantee against you; and **(D)** your liability will not be lessened, forgiven or otherwise affected by MNC's grant of any extension of time, credit or other indulgence to Maker or to any other person, such as MNC's acceptance of partial payments or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guarantee. Your obligations under this Guarantee are continuing and irrevocable for so long as Maker owes MNC any monies under the Promissory Note.

The undersigned understand the terms of this Guarantee and agree to honor its provisions.

**GUARANTOR(S):**

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

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

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

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***EXHIBIT E.6.***  
***PROMISSORY NOTE – FIXTURES***

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## PROMISSORY NOTE AND LOAN AGREEMENT

Up to a maximum of: \$ \_\_\_\_\_, 2\_\_\_\_

**FOR VALUE RECEIVED**, the undersigned \_\_\_\_\_ and \_\_\_\_\_ (collectively "Maker"), with a mailing address of \_\_\_\_\_, hereby promise to pay to the order of Merle Norman Cosmetics, Inc. ("Lender") at 9130 Bellanca Avenue, Los Angeles, California 90045, the Principal Amount (as defined below) plus interest on the outstanding Principal Amount at the applicable Interest Rate (as defined below) compounded monthly until paid, and all other applicable fees, costs and charges, if any, not yet paid.

**1. Advances; Principal Amount.** The purpose of this loan is to assist Maker in its purchase of furnishings, fixtures and equipment sold through vendors approved by Lender for use in Maker's licensed Merle Norman Studio. From time to time during the term of this Note, and in accordance with the provisions and procedures herein, Maker may request one or more loan advances from Lender up to a maximum outstanding amount as set forth above (each an "Advance" and collectively the "Advances"). In order to initiate an Advance, Maker shall first obtain written approval of its design plans for the planned improvements to its Merle Norman Studio from Lender's Studio Design Department. After obtaining such approval, Maker shall send Lender a Cost Estimate Sheet signed by Maker containing the identity of and contact information for each vendor that supplies labor or materials to Maker for the approved work. Upon the identified vendors' successful completion of the services or delivery of the materials, as specified in the Cost Estimate Sheet, Maker shall certify that completion and forward the invoice to Lender's Studio Design Department which shall then pay the identified vendors the amounts indicated in each invoice, up to the maximum amount set forth above. (Maker's certification shall be conclusive evidence of the borrowing.) The aggregate amount of unpaid Advances shall constitute the "Principal Amount." Once the maximum amount set forth above is met, Maker shall be responsible for paying applicable vendors directly for all additional expenses, goods or services.

**2. Interest.** Interest on the outstanding Principal Amount of this Note will accrue beginning on the date of the first Advance at a rate equal to \_\_\_\_\_ % per annum (the "Interest Rate"). The Interest Rate shall remain constant throughout the term of this Note. Interest shall be calculated on the basis of a year of 365 days and charged for the actual number of days elapsed. In the event of a Default (as defined below), this Note shall bear interest at a rate per annum equal to the lesser of 18% or the highest rate permitted by applicable law. Following a permitted cure or waiver of a Default, this Note shall again bear interest at the Interest Rate.

### **3. Payment.**

**(a) Payment Schedule.** Commencing on the \_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_ and on the first day of each month thereafter for \_\_\_\_\_ consecutive months, Maker shall pay monthly installments of principal and interest in the amount set forth in the Amortization Schedule attached hereto as Schedule 1 and incorporated herein by reference. Following each borrowing by Maker, the aggregate unpaid Principal Amount shall be reamortized over the remaining period and Lender shall advise Maker of the new amount of its monthly payment.

**(b) Prepayment/Late Fees.** This Note may be prepaid at the option of Maker, in whole or in part, without penalty. Any such prepayment shall be applied first to interest, fees and other charges and then to the Principal Amount. Maker agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Maker sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Maker will remain obligated to pay any further amount owed to Lender. If Maker is late in paying in full any scheduled installment payment, final or balloon payment or other amounts owed to Lender under this Note, on or before its applicable due date (notwithstanding any grace or notice period), Maker shall pay Lender a late fee equal to 5% percent of the amount of such installment or other payment.

### **4. Default.**

**(a) Events of Default.** Any of the following events shall constitute an event of default ("Default"):

**(i)** Maker fails to make any payment of principal, interest, late fees or other amounts owing under this Note when due, which is not fully corrected within 5 days after a notice of Default is received by Maker from Lender;

(ii) The breach of any representation or warranty by or obligation of Maker contained herein, which is not fully corrected within 30 days after a notice of Default is received by Maker from Lender;

(iii) The occurrence of a default by Maker under any other agreement between Maker and Lender (“Related Agreement”), including without limitation the Studio Agreement between Maker and Lender, which default has not been cured within the applicable cure period, if any; or

(iv) The death, dissolution, termination or cessation of Maker’s existence as a going business, or the appointment of a trustee or receiver for Maker or for all or a substantial portion of the assets of Maker, or Maker makes a general assignment for the benefit of Maker’s creditors, or Maker files for bankruptcy, or an involuntary bankruptcy petition is filed against Maker, or any change occurs in the ownership of Maker without Lender’s prior written consent.

**(b) Remedies.** Upon the occurrence of any Default, Lender may, at its option and in addition to any right, power, or remedy permitted by law or equity, declare the entire unpaid Principal Amount of this Note due and payable in its entirety together with accrued interest thereon. No waiver by Lender of any Default(s) shall operate as a waiver of any other Default or the same Default on a future occasion. If this Note is not paid in accordance with its provisions, Maker hereby agrees to pay, in addition to the unpaid balance of the Note, all expenses, including but not limited to legal expenses, court costs, reasonable attorneys’ fees, and any other costs, incurred by Lender in endeavoring to collect indebtedness owed pursuant to this Note, or any part thereof, and in enforcing its rights under this Note or any Related Agreement. Maker acknowledges that a Default under the terms of this Note shall constitute a default under each of the Related Agreements.

**5. Security.** This Note is secured by a priority security interest in Maker’s business assets, as further set forth in the Security Agreement between Maker and Lender.

**6. Notices.** Any notice required to be given under this Note shall be given in writing, and shall be effective when received (or first refused) if hand delivered, sent via a nationally recognized overnight courier or mailed first class, certified, or registered mail, postage prepaid, and directed to the addresses shown near the beginning of this Note. Any party may change its notice address under this Note by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party’s address. If there is more than one Maker, any notice given by Lender to any Maker is deemed to be notice given to all Makers.

**7. Miscellaneous.** This Note is personal to Maker and is not assignable by Maker. This Note is assignable by Lender. The terms of this Note shall be binding upon Maker, and upon Maker’s heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns. If signed by more than one person or entity, the obligations hereunder shall be joint and several as to each signatory. Maker acknowledges that its obligations under this Note are unconditional and are separate from and independent of any other representations, warranties, commitments, agreements or understandings, whether oral or written, express or implied, between Maker and Lender, and that this Note contains the entire agreement of Maker and Lender with respect to the subject matter hereof. Maker hereby waives presentment and demand for payment, notice of non-payment, notice of dishonor, protest of dishonor, and notice of protest.

**PRIOR TO SIGNING THIS NOTE, EACH MAKER ACKNOWLEDGES THAT IT HAS READ AND UNDERSTANDS ALL OF THE PROVISIONS OF THIS NOTE AND AGREES TO THE TERMS OF THIS NOTE.**

**IN WITNESS WHEREOF,** the undersigned Maker has affixed its signature, under seal, as of the date first written above.

**MAKER:**

**MAKER:**

\_\_\_\_\_ (seal)

\_\_\_\_\_ (seal)

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

**GUARANTEE**

The undersigned Guarantors are owners of a corporation or a limited liability company that signed the foregoing Promissory Note in favor of Merle Norman Cosmetics, Inc. as "Maker." Merle Norman will be referred to in this Guarantee as "MNC" and each of the Guarantors will be referred to as "you".

You personally and unconditionally: **(1)** guarantee to MNC that Maker shall punctually pay and perform each obligation in the Promissory Note; and **(2)** agree personally to be liable for any Default of the Promissory Note (as defined in the Promissory Note).

You consent and agree that: **(A)** you will be responsible for all obligations of Maker as if you were the only guarantor; **(B)** you will pay MNC any amount required under the Promissory Note immediately upon MNC's request if Maker fails or refuses to do so punctually; **(C)** MNC need not enforce or attempt to enforce any remedies against Maker or any other person before MNC may enforce this Guarantee against you; and **(D)** your liability will not be lessened, forgiven or otherwise affected by MNC's grant of any extension of time, credit or other indulgence to Maker or to any other person, such as MNC's acceptance of partial payments or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guarantee. Your obligations under this Guarantee are continuing and irrevocable for so long as Maker owes MNC any monies under the Promissory Note.

The undersigned understand the terms of this Guarantee and agree to honor its provisions.

**GUARANTOR(S):**

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

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

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

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***EXHIBIT E.7.***  
***SECURITY AGREEMENT***

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## SECURITY AGREEMENT

\_\_\_\_\_, \_\_\_\_\_ (“Borrower”), for valuable consideration, receipt whereof is hereby acknowledged, hereby grants to Merle Norman Cosmetics, Inc., 9130 Bellanca Avenue, Los Angeles, California (“Secured Party”), a security interest in the property described in Exhibit “A” attached hereto and by this reference made a part hereof, together with any and all additions and accessions thereto (the “Collateral”), to secure payment of \$\_\_\_\_\_ as evidenced hereby and by Borrower’s Promissory Note(s) dated \_\_\_\_\_ (the “Debt”) and also any and all liabilities, direct or indirect, absolute or contingent including without limitation indebtedness incurred to purchase inventory on open account, now existing or hereafter arising, of Borrower to Secured Party (all hereinafter collectively referred to as “the Obligations”).

Borrower agrees to pay the Debt in the manner and at the rate of interest as provided in the Promissory Note(s).

### **Default**

Any of the following events or conditions shall constitute an event of default (“Default”) under this Security Agreement:

- (1) The failure to pay any of the Obligations or to perform any covenant referred to herein or in any Promissory Note evidencing any of the Obligations which is not fully corrected within 5 days after a notice of Default is received by Borrower from Secured Party;
- (2) The making of any warranty, representation or statement by Borrower in connection with this Security Agreement which was untrue when made;
- (3) The occurrence of any default under any other agreement between Borrower and Secured Party (“Related Agreement”), including without limitation the Studio Agreement between Borrower and Secured Party, which default is not fully corrected within the applicable cure period, if any;
- (4) The loss, theft, substantial damage, sale or encumbrance to or of any of the Collateral; or
- (5) Borrower’s death, dissolution, termination of existence, insolvency or business failure, or the appointment of a receiver of any of the property of, assignment for the benefit of creditors by, or the commencement of any proceedings under any bankruptcy or insolvency laws by or against Borrower, or the commencement of any foreclosure or forfeiture proceedings against Borrower.

In the event of any Default, the Secured Party may at any time thereafter declare all of the Obligations to be immediately due and payable and shall then have the remedies of a secured party under the Uniform Commercial Code of the State of \_\_\_\_\_ or other applicable law, including without limitation the right to take possession of the Collateral and the right to realize the cost of retaking, holding, preparing for sale and selling the Collateral and reasonable attorneys’ fees and legal expenses pursuant thereto. Borrower waives all requirements of presentment, protest, demand and notice of dishonor or non-payment to Borrower or any other party to the Obligations or the Collateral. Borrower acknowledges that a Default under the terms of this Security Agreement shall constitute a default under each of the Related Agreements.

### **Further Warranties and Covenants**

Borrower hereby further warrants and covenants that:

- (1) The Collateral will be kept at Borrower’s place of business which is located at the place and address indicated above.
- (2) Except for the security interest granted hereby, Borrower is the owner of the Collateral free from any prior security interest or encumbrance and will defend the Collateral against all claims and demands of all persons claiming the same or any interest therein.
- (3) Borrower will not sell, transfer or encumber the Collateral or any interest therein, except for sales of inventory in the ordinary course of business.

(4) Borrower has concurrently executed and delivered to Secured Party such financing statements and other papers as are necessary or appropriate to establish, perfect and maintain in Secured Party a valid security interest, subject to no prior liens or encumbrances, securing payment of the Obligations. Borrower agrees to execute such further financing statements and to take whatever other actions are requested by Secured Party to perfect and continue Secured Party's security interest in the Collateral. Borrower hereby appoints Secured Party as Borrower's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect or to continue the security interest granted in this Security Agreement. Secured Party may at any time, and without further authorization from Borrower, file a carbon, photographic or other reproduction of any financing statement, or of this Security Agreement, for use as a financing statement.

(5) Borrower will keep the Collateral at all times insured against risks of loss or damage by fire (including so-called extended coverage), theft and such other casualties as Secured Party may reasonable require, all in such amounts, upon such terms, for such periods and written by such companies as Secured Party may approve, losses in all cases to be payable to Secured Party and Borrower as their interests may appear. All policies of insurance shall provide for at least 10 days' prior written notice of cancellation to Secured Party and Borrower shall furnish Secured Party with evidence as to compliance with the provisions of this paragraph.

(6) Borrower will keep the Collateral in good order and repair and will not waste or destroy the Collateral.

(7) Borrower will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation. Borrower further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with, the Collateral.

(8) Borrower has the full right, power and authority to enter into this Security Agreement and to pledge the Collateral to Secured Party. The execution and delivery of this Security Agreement will not violate any law or agreement governing Borrower or to which Borrower is a party and, if Borrower is a business entity, its organizational documents do not prohibit any term or condition of this Security Agreement.

#### **Further Provisions**

This Security Agreement and the security interest in the Collateral created hereby shall terminate when the Obligations have been paid in full.

No waiver by Secured Party of any Default shall be effective unless in writing nor operate as a waiver of any other Default. All rights of Secured Party hereunder shall inure to the benefit of its successors and assigns; and all obligations of Borrower shall bind the heirs, legal representatives, successors and assigns of Borrower.

**IN WITNESS WHEREOF**, Borrower has executed this Agreement as of this \_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
\_\_\_\_\_

Secured Party:

MERLE NORMAN COSMETICS, INC.

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



## EXHIBIT "A" TO THE SECURITY AGREEMENT

The Collateral which is the subject of the Security Agreement of which this Exhibit "A" is a part is described as follows:

- (a) All Goods, consisting of Equipment, Inventory, or Fixtures of the Borrower, now owned or hereafter acquired, or in which Borrower now has or hereafter acquires an interest, all or part of which is or will be installed in, affixed to or attached to the real property located at the following location(s): \_\_\_\_\_  
\_\_\_\_\_;
- (b) All Contract Rights of the Borrower, now existing or hereafter arising, or in which Borrower now has or hereafter acquires an interest;
- (c) All Accounts of the Borrower, now existing or hereafter arising or in which Borrower now has or hereafter acquires an interest;
- (d) All General Intangibles of Borrower, now existing or hereafter arising or in which Borrower now has or hereafter acquires an interest;
- (e) All Goods, Instruments, Documents of Title, Policies and Certificates of Insurance, Securities, Chattel Paper, Deposits, Cash or other property owned by the Borrower, hereafter acquired or in which it has or hereafter acquires an interest;
- (f) All accessions, attachments, accessories, tools, parts, supplies, replacements and additions to any of the Collateral, whether added now or later;
- (g) Proceeds (including insurance proceeds) and Products of all the foregoing; and
- (h) All records and data relating to any of the Collateral, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Borrower's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

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***EXHIBIT E.8.***  
***POS PURCHASE AGREEMENT***

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**Merle Norman Cosmetics, Inc.**  
**P.O.S. Purchase Agreement**

THIS AGREEMENT is entered into between MERLE NORMAN COSMETICS, INC., a California corporation (“MNC”), and the Merle Norman Cosmetic Studio Owner (“OWNER”) upon installation of Merle Norman Software.

The items of equipment and computer software to be provided to OWNER under this Agreement (the “Hardware” and the “Software” respectively), and the duration and conditions of the maintenance and support to be provided, are those items designated below. The terms and conditions on which they are being provided to OWNER are set forth herein.

TERMS AND CONDITIONS

MNC has obtained certain perpetual exclusive rights to an inventory control point of sale system (known as “*MN POS*™”) and desires to license the software for this system (the “*MN POS* Software”) to OWNER.

Concurrently with the execution of this Agreement, OWNER accepts a Software Support Agreement with MNC under the terms of which OWNER will purchase support for the *MN POS* Software (the “Software Support Agreement”).

In consideration of the mutual promises and covenants set forth herein, the parties hereto hereby agree as follows:

1. **Maintenance of Hardware.** OWNER acknowledges that MNC has arranged to make the hardware available to OWNER as an accommodation to OWNER. The manufacturer of the Hardware offers certain maintenance services, which have been explained to OWNER. Accordingly, OWNER understands and agrees that MNC shall have no responsibility for the maintenance or operation of the Hardware. Further, OWNER has expressly agreed, as set forth in Section 1.3 below, that MNC has no liability for the Hardware, its operation, or its fitness for use.

1.1 If any part of the purchase price of the Hardware is financed by MNC, OWNER agrees to purchase service and repair for the Hardware from the manufacturer for so long as any part of the purchase price remains unpaid.

1.2 Owner acknowledges that MNC has arranged for OWNER’s purchase of the Hardware as an accommodation to OWNER and agrees that:

1.3 MNC MAKES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE TO OWNER. UNDER NO CIRCUMSTANCES SHALL MNC BE LIABLE FOR ANY MALFUNCTION, FAILURE, DEFECT IN THE OPERATION OF THE HARDWARE DUE TO ANY REASON WHATSOEVER. MNC SHALL IN NO WAY BE LIABLE FOR SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES INCURRED BY OWNER, EVEN IF MNC IS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

2. **Agreement for License of Software.** MNC grants to OWNER non-exclusive license to use the *MN POS* Software including the related programs, instructional guides and documentation only at the Merle Norman Cosmetic Studio address for which it was purchased. “Use” shall constitute:

- (a) the copying of the *MN POS* Software program into the Hardware for processing;
- (b) the copying of the *MN POS* Software onto storage disks for backup purposes only; and

(c) the utilization of *MN POS* in machine-readable form. OWNER of the fees set forth below grants this license in consideration for payment.

2.1 The *MN POS* Software, instructional guide and all related materials are proprietary information, trade secrets and the property of MNC. OWNER agrees to keep such proprietary information confidential and not publish, disclose or otherwise make available the *MN POS* Software to any person for any reason whatsoever, except employees of OWNER who need such information to utilize the *MN POS* Software. OWNER agrees to use reasonable controls to protect the confidential nature of all *MN POS* Software and related materials furnished hereunder and inform every employee thereof. OWNER agrees that the materials may not be used or reproduced, except as specified by this agreement.

2.2 The original property of MNC original *MN POS* Software must be destroyed or returned to MNC no later than one (1) month after the cancellation or termination of this Agreement.

2.3 OWNER acknowledges and agrees that it is responsible to backup all *MN POS* Software sales data files and all customer inventory files and other files, as OWNER may determine is necessary or desirable. The *MN POS* Software instructional guide makes certain recommendations as to backup, but OWNER recognizes that it is OWNER's responsibility to establish appropriate procedures for its use of the *MN POS* Software and preservation of the data in the system and MNC shall not be responsible for any lost data files.

2.4 OWNER shall not modify the *MN POS* Software, MNC is not responsible for any modifications made by OWNER or any third party, and has no obligation to warrant or to maintain the *MN POS* Software if any such modification has been made to the program. Notwithstanding the foregoing, if OWNER shall modify the *MN POS* Software, the obligations of OWNER shall continue as to the program as so modified.

**3. Maintenance and Warranties of the MN POS Software.** MNC will provide training for the MN POS System as set forth in section 6 of this Agreement. Owner agrees to operate the MN POS System in accordance with such training and all user manuals or related documents provided.

3.1 OWNER will promptly notify MNC of any *MN POS* Software malfunction, failure or other incident resulting in the loss of the use of the software or the need for correction. MNC will use its best efforts to correct any *MN POS* Software program defects as soon as practicable.

3.2 MNC warrants that:

(a) it has the right to license the *MN POS* Software; and

(b) the *MN POS* Software shall substantially conform to its software specifications at such time as it is delivered to OWNER. THIS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, WHETHER EXPRESSED OR IMPLIED, INCLUDING WITHOUT LIMITATION, IMPLIED WARRANTIES OR MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

3.3 MNC agrees to replace a *MN POS* Program or manual if found defective in manufacture, provided such defective product is returned to MNC within ninety (90) days of receipt by OWNER.

3.4 MNC DOES NOT WARRANT THAT THE OPERATION OF THE *MN POS* SOFTWARE WILL BE UNINTERRUPTED OR ERROR FREE, OR THAT ALL PROGRAMMING ERRORS WILL BE CORRECTED. NOR DOES MNC WARRANT THAT THE FUNCTIONS CONTAINED IN THE *MN POS* SOFTWARE WILL OPERATE IN THE COMBINATION WHICH MAY BE SELECTED FOR USE BY OWNER OR WILL MEET OWNER'S REQUIREMENTS. MNC SHALL IN NO WAY BE LIABLE FOR

SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES INCURRED BY OWNER, EVEN IF MNC ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

3.5 In the event of any breach of the warranty contained in section 3.3, MNC's sole responsibility shall be to use its reasonable efforts to correct the *MN POS* Software so that it conforms with its specifications in such a manner as will minimize any delays or inconvenience resulting therefrom, or at MNC's option, to repay to OWNER the purchase price for the *MN POS* Software, such payment to be in cash or credit to OWNER's Merle Norman Cosmetic Studio account with MNC or by cancellation of OWNER's indebtedness to MNC for the unpaid portion (if any) of the purchase price.

4. **Support for *MN POS* Software.** As a condition to licensing the *MN POS* Software, OWNER is required and agrees to purchase software support for a period of not less than one (1) year from the date on which OWNER receives the *MN POS* software. MNC will provide support to OWNER for OWNER's use of the *MN POS* Software, on the terms set forth in the Software License Agreement, the terms and conditions of which are incorporated in this Agreement. If any part of the purchase price of the *MN POS* System is financed by MNC, OWNER agrees to purchase *MN POS* Software support for the entire length of the Note.

5. **Payment Terms.** The total price to be paid by owner for the Hardware and the use of the *MN POS* Software (collectively, the "*MN POS* System") shall be the amount set forth in the current U.S Equipment and Software Price List and Canada Equipment and Software Price List.

6. **Training.** MNC will provide, and OWNER is required to attend before taking delivery of the *MN POS* System, a two (2) day training session for the *MN POS* System conducted by MNC. MNC reserves the right to change the schedule of any training session upon written notification to OWNER.

6.1 The two (2) day training session is provided by MNC free of charge. OWNER is responsible for hotel accommodations and all other related expenses for the training sessions. OWNER is responsible to pay for all transportation costs to and from the training session.

6.2 If OWNER is unable to attend a scheduled training session, OWNER will notify MNC in writing, seven (7) days prior to the first day scheduled for such training. If OWNER fails to notify MNC, OWNER will pay a fee of Two Hundred and no/100 Dollars (200.00) to cover preparatory expenses of MNC.

7. **No Assignment By OWNER.** The rights of OWNER under this Agreement may not be assigned to any other person without the prior written consent of MNC.

8. **Termination.** This Agreement shall remain in full force and effect until terminated by either party in accordance with the following:

8.1 MNC may terminate its obligations under this Agreement as to OWNER upon:

(a) Any default by OWNER in performing its obligation under this Agreement, including its obligation to pay the Note, or any other deferred amount;

(b) Any misrepresentation by OWNER;

(c) OWNER's ceasing, for any reason, to be a Merle Norman Cosmetic Studio OWNER.

8.2 OWNER may terminate its obligations under this Agreement upon seven (7) days written notice prior to the commencement of a scheduled training and installation session as described in Section 6 of this Agreement. In such event, all deposit monies will be returned to OWNER. If OWNER does not give the

notice required hereunder, all deposit monies will be returned to OWNER less a Two Hundred and No/100 Dollars (\$200.00) fee to cover all preparatory expenses of MNC.

8.3 Further, OWNER may terminate its obligation under this Agreement after completion of a scheduled training session and after the *MN POS* System is returned to MNC (at OWNER's cost) no later than ninety (90) days after the date of this Agreement. In such event, all monies paid will be returned to OWNER less any interest paid (if balance of the Purchase Price was paid by a Note) and less Four Hundred and No/100 Dollars (\$400.00) fee to cover all training and preparatory expenses of MNC.

9. **Sales Taxes.** OWNER shall pay all sales taxes arising in connection with the purchase of the *MN POS* System, where applicable.

10. **LAW.** The form, execution, validity and construction of this Agreement shall be determined in accordance with the laws of the State of California.

11. **Parties In Interest.** This Agreement shall insure to the benefit of, and be binding upon, the parties named herein and their respective heirs, successors, assigns and legal representatives.

**MERLE NORMAN COSMETICS, INC.**

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

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

As Its: \_\_\_\_\_

**STUDIO OWNER(S):**

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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



***EXHIBIT E.9.***  
***SOFTWARE LICENSE AGREEMENT***

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**Merle Norman Cosmetics, Inc.**  
**Software License Agreement – Monthly Fee**

THIS AGREEMENT is entered into on the software installation date between MERLE NORMAN COSMETICS, INC., a California Corporation (“MNC”), and the MERLE NORMAN Cosmetics Studio Owner named above (“OWNER”).

MNC and OWNER have entered into a Software License Agreement (“Software License”) under which OWNER has obtained certain non-exclusive rights to use the software of an inventory control point of sale system (to be known as “*MN POS*™”) to be used in a Merle Norman Cosmetic Studio (“Studio”).

In consideration of the mutual promises and covenants set forth herein, the parties hereto hereby agree as follows:

**1. Maintenance and Support for *MN POS* Software.** Effective the first date of the month following training, OWNER will begin a monthly service (“Support”). This Support will continue until OWNER terminates this contract. Support shall include:

1.1 Telephone support. MNC will provide up to ten (10) hours of telephone support per year to OWNER for the software for *MN POS* (the “*MN POS* Software”) during the hours of 7:00 A.M. through 5:00 P.M. Pacific Standard Time Monday through Friday. Any telephone support in addition to the ten- (10) hours per year provided hereunder will be charged to OWNER by MNC at its then current hourly rate for service and support.

1.2 Software updates. MNC will provide OWNER with periodic *MN POS* Software updates and releases. Such updates and releases (including all related software and documentation) shall be subject to the terms and conditions of the Software License under which the *MN POS* Software is licensed by MNC to Owner. There is no express or implied representation or warranty regarding the frequency of such updates or releases or the extent and nature of enhancement to be incorporated into such updates or releases.

1.3 Inventory updates. MNC will provide a bulletin board listing of the then available inventory items available from MNC. OWNER may update its inventory by dialing into the bulletin board. There is no express or implied representation or warranty regarding the frequency of such updates or the extent and nature of updates to be incorporated into such updates or releases. Using the bulletin board requires a modem. MNC does not guarantee that your modem will be compatible with MNC’s bulletin board when purchased from a source other than MNC.

1.4 Notwithstanding anything to the contrary, the following services are not provided under this agreement: (a) any custom programming; (b) training (c) file recovery services; (d) assistance or support required due to OWNER’s failure to meet its obligations under this Agreement or the Software License; (e) assistance for the *MN POS* Software if it is modified by any party except MNC or its authorized representative; (f) assistance or support for any custom software other than *MN POS* Software; (g) assistance or support for any source codes; (h) assistance or support required due to any malfunction, defect or aberration of any hardware not purchased through MNC; and (i) assistance and support for data conversion.

**2. Maintenance and Procedures for the *MN POS* Software.** MNC will provide initial training for the *MN POS* Software as set forth in the Software License. OWNER agrees to operate the *MN POS* Software in accordance with such training and Instructional Guide or related documents provided.

2.1 OWNER agrees to comply with the following procedure: (a) run the *MN POS* Software at the then current recommended *MN POS* release and update levels for both the operating system and the *MN POS* Software; (b) maintain operating personnel who are competent and capable of maintaining the *MN POS*

System and understanding the total operation of the system, including hardware, system software and *MN POS* Software; and (c) follow all procedures provided for database maintenance and diagnostic and recovery procedures.

2.2 OWNER acknowledges and agrees that it is responsible to backup all *MN POS* Software sales data files and all customer and inventory files and all other files, as OWNER may determine is necessary or desirable. The *MN POS* Software Instructional Guide makes certain recommendations as to backup, but OWNER recognizes that it is OWNER's responsibility to establish procedures suitable for operation in OWNER's Studio and MNC will not be responsible for any lost data files.

2.3 Prior to requesting support or assistance for *MN POS* Software, OWNER must have completed the initial training as established in the Software License and read all the user's manual and related materials.

3. **Support Services Fees.** For support services for the *MN POS* Software as set forth in this agreement, OWNER shall pay a monthly fee of \$25.00 U.S., \$35 Canadian. All fees shall be paid in cash by OWNER to MNC upon the execution of this Agreement or charged to OWNER's Merle Norman Cosmetics Studio Account.

3.1 **Reactivation Charge.** Should OWNER cancel Software Support for any reason, OWNER will be charged a reactivation fee to reactivate Software Support of one-year pre-paid Software Support coverage. The current reactivation fee is U.S., \$300, Canada, \$420. This fee may change with 30 days written notice by MNC.

4. **Disclaimer of Warranty and Limitations of Liability.** MNC DISCLAIMS ANY AND ALL WARRANTIES OF ANY KIND OR NATURE, WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, WARRANTIES OF RESULTS, QUALITY, COMMERCIAL, PRACTICALITY, PERFORMANCE, AND IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. NOTWITHSTANDING ANYTHING TO THE CONTRARY, MNC SHALL HAVE NO LIABILITY FOR DAMAGES OR INDEMNITY IN ANY AMOUNT EXCEEDING THE CHARGES PAID BY OWNER DURING THE TERM OF THIS AGREEMENT. UNDER NO CIRCUMSTANCES SHALL MNC BE LIABLE FOR ANY INCIDENTAL DAMAGES, DAMAGES ARISING OUT OF DELAY, CONSEQUENTIAL DAMAGES, OR LOST PROFITS INCURRED BY OWNER, EVEN IF MNC IS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

5. **Termination.** This Agreement shall remain in full force and effect until termination by either party in accordance with the following:

5.1 OWNER may terminate this agreement at any time for any reason. Termination must be submitted in writing to MNC.

5.2 MNC may terminate its obligations under this Agreement as to OWNER upon: (a) the default of OWNER in performing its obligations under this agreement; (b) any misrepresentation by OWNER; (c) the default by OWNER under performing its obligations under the Software License; or (d) termination of the Software License for any reason.

6. **Force Majeure.** Dates or times by which any party is required to make performance under this agreement shall be postponed automatically to the extent that such party is prevented from meeting its obligations due to cause beyond their reasonable control such as acts of GOD, labor shortages or acts of third parties.

7. **Law.** The form, execution, validity and constructions of the Agreement shall be determined in accordance with the laws of the State of California.

8. **No assignment by OWNER.** The rights of OWNER under this Agreement may not be assigned to any other person without written consent of MNC.

9. **Parties in Interest.** This Agreement shall inure to the benefit of, and be binding upon, the parties named herein and their respective heirs, successors, assigns and legal representatives.

10. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto and supersedes all prior discussions, negotiations and agreements, whether oral or written.

**MERLE NORMAN COSMETICS, INC.**

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

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

As Its: \_\_\_\_\_

**STUDIO OWNER(S):**

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

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***EXHIBIT F.1.***  
***LIST OF ACTIVE STUDIOS***

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**LIST OF ACTIVE STUDIOS**

as of 12/31/11

Studio Owner	Studio Address	City	State	Zip	Bus. Phone
<b>ALABAMA</b>					
PAMELA S. ROY	300 COL PROMENADE PKWY # 2000	ALABASTER	AL	35007-3140	(205)664-2522
BETH ROSSON & RICKEY ROSSON	7036 HWY 431-ALBERTVILLE S/C	ALBERTVILLE	AL	35950-1870	(256)878-1301
SUE B WALKER	11 MAIN STREET	ALEXANDER CITY	AL	35010-1903	(256)329-8852
MELINDA MARTIN & ANN MOORE	1835-B E. THREE NOTCH ST.	ANDALUSIA	AL	36421-2438	(334)222-8779
FANCY FACE ENTERPRISES, LLC	4420 MCCLELLAN BOULEVARD	ANNISTON	AL	36206-2809	(256)238-8040
ANGIE CLICK	1132 N BRINDLEE MTN PKWY	ARAB	AL	35016-1094	(256)586-4176
SELINA'S COSMETICS & GIFTS, INC	600 S JEFFERSON ST STE H	ATHENS	AL	35611-3544	(256)771-0544
THELMA&DANNY LITTLE/AYRE PRICE	249 US HWY 31 SO/P.O.BOX 4	BAY MINETTE	AL	36507-0004	(251)937-7602
SELMAN AND ROY	2904 MORGAN ROAD SUITE 104	BESSEMER	AL	35022-6482	(205)424-1079
DIANNE LAWRENCE	5054 PINNACLE SQUARE STE 100	BIRMINGHAM	AL	35235-0000	(205)655-1905
GLAMOUR SCOTTS, INC.	2000 RIVERCHASE GALLERIA #151A	BIRMINGHAM	AL	35244-2325	(205)987-8244
PAULINE M. BRUCE	102 NORTH MAIN STREET	BOAZ	AL	35957-1626	(256)593-5871
DEBORAH & KERMIT GEORGE	818 DOUGLAS AVENUE	BREWTON	AL	36426-1710	(251)867-2923
LUCILLE SKINNER	226 SOUTH HAMBURG AVENUE	BUTLER	AL	36904-2514	(205)459-3499
KELLY A. MYER	1484 CHESNUT BYPASS	CENTRE	AL	35960-2815	(256)927-3213
IMAGENE & KRISTLE SMITHERMAN	612 2ND AVE. N.	CLANTON	AL	35045-3423	(205)755-4929
CHARLENE BROCK, INC.	721 CULLMAN SHOPPING CTR N W	CULLMAN	AL	35055-2872	(256)734-2191
MAULENA & JAMES LOYAL	175 N. DALEVILLE AVE. STE. A	DALEVILLE	AL	36322-2019	(334)598-4124
PARRISH COSMETICS, INC	2699 SANDLIN RD. S W B-3	DECATUR	AL	35601-0000	(256)355-1550
JC&B MNC, INC.	900 COMMONS DR. SUITE 903	DOTHAN	AL	36303-2282	(334)793-7422
AMORETTE HELMS	706 SIMMONS STREET	ELBA	AL	36323-1933	(334)897-6493
MARGARET COLLIER	109 N MAIN ST	ENTERPRISE	AL	36330-2536	(334)347-8344
SHAINA AND JEFF MOSLEY	22530 HWY 98 SUITE 220	FAIRHOPE	AL	36532-6398	(251)928-1901
ROBBIE C. PERRY	120 TEMPLE AVE	FAYETTE	AL	35555-2652	(205)932-6217
DOROTHY HAMMONDS	2114 RINGOLD ST.	FLOMATON	AL	36441-0000	(251)296-2930
STACIE SULLIVAN	408 SECOND STREET SOUTH	FLORALA	AL	36442-1543	(334)858-3322
KIMBROUGH & PRESTAGE	2701 MALL DR STE 13	FLORENCE	AL	35630-1547	(256)764-7399
RITA PATRICK	8725A STATE HWY 59	FOLEY	AL	36535-3835	(251)943-8587
NORMA AND WILLIAM ABLES	222 GAULT AVENUE NORTH W	FORT PAYNE	AL	35967-2104	(256)845-1231

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Studio Owner	Studio Address	City	State	Zip	Bus. Phone
FANCY FACE ENTERPRISES, LLC	1515 RAINBOW DRIVE, STE 3	GADSDEN	AL	35901-5371	(256)546-7744
MARGUERITE CRAFT, INC.	439 FIELDSTOWN ROAD	GARDENDALE	AL	35071-2491	(205)631-4133
THE 3 SISTERS, LLC	522 S COMMERCE ST	GENEVA	AL	36340-2421	(334)684-3114
JENNIFER JONES/G. CHANCELLOR	135 INTERSTATE DRIVE	GREENVILLE	AL	36037-3731	(334)382-7310
SUSAN PERRY/NANCY LIEDERBACH	380 GUNTER AVENUE	GUNTERSVILLE	AL	35976-0000	(256)582-6493
LINDA GODSEY	1439 21ST STREET	HALEYVILLE	AL	35565-2035	(205)486-5467
MARTHA PATTERSON	241 HWY 31 S W SUITE 1	HARTSELLE	AL	35640-2855	(256)773-6323
CLARA P ROACH	606 ROSS ST.	HEFLIN	AL	36264-1342	(256)463-5638
SELMAN AND ROY	260 FOREST ROAD	HUEYTOWN	AL	35023-1657	(205)491-3133
C & C PROPERTIES, INC.	2750 CARL T. JONES DR #1215	HUNTSVILLE	AL	35802-1258	(256)650-5717
FAYE S JACKSON	140 INVERNESS PLAZA	INVERNESS	AL	35242-4800	(205)995-2442
MARTHA HAYES	1205 COLLEGE AVENUE	JACKSON	AL	36545-2406	(251)246-3892
JUDY KIRK ENTERPRISES INC.	916 HIGHWAY 78 EAST	JASPER	AL	35501-3957	(205)221-5233
PEGGY SATTERFIELD	HWY 49	LINEVILLE	AL	36266-4735	(256)396-5584
C & C PROPERTIES, INC.	7950 HIGHWAY 72 WEST	MADISON	AL	35758-6416	(256)325-4711
K CI CI'S LLC	5238 HIGHWAY 90 WEST STE. A	MOBILE	AL	36619-1976	(251)660-0393
AMERICAN REAL, INC.	720-B SCHILLINGER RD SUITE 12	MOBILE	AL	36695-8981	(251)633-3512
CAMPBELL ENTERPRISES, LLC	7032 EASTCHASE PKWY	MONTGOMERY	AL	36117-0000	(334)409-2345
MRS SUE LAYTON	2529 MOODY PARKWAY	MOODY	AL	35004-3008	(205)640-1028
NELL MAXINE GILLESPIE	726 MAIN STREET	MOULTON	AL	35650-1537	(256)974-1593
CONSTANCE WADDELL	100 ALABAMA AVENUE	MUSCLE SHOALS	AL	35661-0000	(256)383-3390
JEFFREY V. ROBBINS	215 1ST AVE EAST	ONEONTA	AL	35121-1710	(205)274-7901
STACIE SULLIVAN	105 E COVINGTON AVE	OPP	AL	36467-2122	(334)493-6012
HOLLY REECE	230 OXFORD EXCHANGE BLVD.	OXFORD	AL	36203-3453	(256)835-0358
CORENE E. EDGAR	122 WEST COURT SQUARE	OZARK	AL	36360-0402	(334)774-8309
TLC, LLC	PELHAM PROMNDE 2635 PELHAM PWY	PELHAM	AL	35124-1353	(205)663-6194
CORBINA & JIMMY HOWARD	1917 COGSWELL AVE. #1	PELL CITY	AL	35125-1650	(205)338-2625
JANIS G. WESTBROOK	102 E. LADIGA STREET	PIEDMONT	AL	36272-1736	(256)447-0370
DOROTHY & JERRI GRANT	111 PARK ROAD	PLEASANT GROVE	AL	35127-1820	(205)744-8171
AMELIA OWEN FAULK	984 SOUTH MEMORIAL DRIVE	PRATTVILLE	AL	36067-5730	(334)365-5141
DESLYNE B. AND RONALD D. WAITS	82 E. MAIN STREET	RAINSVILLE	AL	35986-4560	(256)638-7789
TERESA CRUNK	1614 LEE STREET	ROGERSVILLE	AL	35652-7600	(256)247-0810

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GAYLA P. BOWDEN	4 N. BROAD STREET	SAMSON	AL	36477-1102	(334)898-7106
EDDINS & EDDINS, INC.	1102-A SHELTON BEACH RD. STE 2	SARALAND	AL	36571-3016	(251)675-2199
DESLYNE B. AND RONALD D. WAITS	808 SOUTH BROAD ST	SCOTTSBORO	AL	35768-2508	(256)259-6032
J & T HOWELL, INC.	30500 STATE HWY 181 STE 111	SPANISH FORT	AL	36527-5806	(251)625-6250
MRS BETTY CROSBY	55297 HWY 17 P O BOX 454	SULLIGENT	AL	35586-0000	(205)698-0505
PAT'S BOUTIQUE, INC.	290 HULL ROAD	SUMITON	AL	35148-4322	(205)648-5828
LINDA S HARDY	125 NORTH BROADWAY	SYLACAUGA	AL	35150-2523	(256)249-4008
CONNIE WELCHER	109 JOHNSON AVE	TALLADEGA	AL	35160-2478	(256)362-3232
JANET P. HILL	109 WILSON AVE.	THOMASVILLE	AL	36784-2023	(334)636-2560
CAPTIVATING, LLC	1259 TROY MARKETPLACE	TROY	AL	36081-3054	(334)566-7433
MAKEOVERS GALORE, INC.	2119 UNIVERSITY BLVD	TUSCALOOSA	AL	35401-1539	(205)349-0072
LINDA MCCRORY & HALEY CUMMINGS	2601 MCFARLAND BLVD EAST	TUSCALOOSA	AL	35405-1803	(205)345-1101
LAURA & DAVID THOMPSON	3 CHAMBERS SQUARE	VALLEY	AL	36854-2800	(334)768-3393
BRENDA G. BROWN	672 MONTGOMERY HWY.	VESTAVIA HILLS	AL	35216-1810	(205)822-7660
MARTHA SPIGENER	7332 US HWY 231	WETUMPKA	AL	36092-2053	(334)567-9406
<b>ALASKA</b>					
MRS ELMA CRITTELL	4007 OLD SEWARD HWY STE 300	ANCHORAGE	AK	99503-6077	(907)562-4185
WASILLA COSMETICS LLC	1375 E PARKS HWY STE A	WASILLA	AK	99654-8288	(907)376-6020
<b>ARIZONA</b>					
MY OPEN WINDOW, INC.	39512 N. DAISY MTN DR. STE 176	ANTHEM	AZ	85086-1646	(623)551-9502
NORMA R. OSITS	2107 HIGHWAY 95 SUITE 5	BULLHEAD CITY	AZ	86442-9008	(928)758-3603
MRS JOSEPHINE HEARD	37417 TOM DARLINGTON ROAD	CAREFREE	AZ	85377-0000	(480)488-3208
KELSIE D PATE	402 N. FLORENCE STREET	CASA GRANDE	AZ	85222-4425	(520)426-1618
MERLE NORMAN COSMETICS, INC.	3305 W CHANDLER BLVD, STE #2	CHANDLER	AZ	85226-5094	(480)782-8331
KELLY & RION THORNSLEY	2124 NORTH 4TH STREET	FLAGSTAFF	AZ	86004-4230	(928)526-5277
FH COSMETICS, INC.	16810 E AVE OF THE FTNS #103	FOUNTAIN HILLS	AZ	85268-8493	(480)837-6861
PAMELA J. LESTER	17550 N. 75TH AVE, STE 640	GLENDALE	AZ	85308-5990	(623)412-1923
MERLE NORMAN COSMETICS, INC.	6555 E SOUTHERN AVE #1322	MESA	AZ	85206-3722	(480)830-6265

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Studio Owner	Studio Address	City	State	Zip	Bus. Phone
MARNIE, INC.	9784 W NORTHERN AVE STE 1240	PEORIA	AZ	85345-4623	(623)772-8393
MARGARET & MARY J. MECKLEY	5835 N 16TH STREET SUITE K	PHOENIX	AZ	85016-2534	(602)230-0301
EGLANTINA J. LOOMIS	4550-52 E.CACTUS RD	PHOENIX	AZ	85032-7716	(602)996-2569
CONNIE GAIL DESROCHERS	4855 E WARNER RD STE 17	PHOENIX	AZ	85044-3310	(480)893-6947
S. FORDE, L.L.C.	3250 GATEWAY BLVD STE 140	PRESCOTT	AZ	86303-0000	(928)445-4141
PAMELA J. LESTER	PROM/10001 W BELL RD #145	SUN CITY	AZ	85351-1286	(623)972-8533
SHELLY & DENNIS DALEY	2045 WEST HIGHWAY #70	THATCHER	AZ	85552-5445	(928)428-2315
GJDA, LLC.	7927 NORTH ORACLE	TUCSON	AZ	85704-6344	(520)229-6199
GJDA, LLC.	6061 E BROADWAY SP. 106	TUCSON	AZ	85711-4024	(520)790-1539
<b>ARKANSAS</b>					
APRIL DAVIS & SANDRA DAVIS	420 EAST HAMILTON STE 9	ASHDOWN	AR	71822-3538	(870)898-5453
ALICIA & GREG RHINEHART	504 N. CHURCH STREET	ATKINS	AR	72823-3742	(479)641-7908
KIMBERLY HINKLE	1370 NEELEY STREET	BATESVILLE	AR	72501-5815	(870)793-2100
KELLI & DWAYNE BENTON	304 DEWITT HENRY DR	BEEBE	AR	72012-2206	(501)882-0400
DONNA BEASON	616 LANCASHIRE BLVD	BELLA VISTA	AR	72715-3027	(479)855-9722
MCADOO & PELTON	119 N MARKET STREET SUITE A	BENTON	AR	72015-3768	(501)778-4270
ILLUSIONS OF N.W. ARKANSAS,INC	100 S.W. 14 SUITE 16	BENTONVILLE	AR	72712-6713	(479)273-2577
ME & MY SISTER, LLC	321 WEST MAIN STREET	BLYTHEVILLE	AR	72315-3317	(870)763-2924
ELIZABETH TAYLOR	322 WEST CYPRESS STREET	BRINKLEY	AR	72021-2733	(870)734-1313
CHANGING FACES, LLC	3108 HORIZON DRIVE SUITE 3	BRYANT	AR	72022-9137	(501)847-1111
CAMILLE INC.	924 WEST MAIN STREET	CABOT	AR	72023-2429	(501)843-2374
MARY AND KIM LANGLEY	1137 W WASHINGTON STE 127	CAMDEN	AR	71701-3754	(870)836-3177
B. FREEMAN AND J. KOENIGSEDER	1128 S. ROGERS STREET	CLARKSVILLE	AR	72830-9157	(479)754-4023
STEINMETZ CONWAY, INC.	567 ELSINGER BLVD	CONWAY	AR	72032-4717	(501)932-3159
EMMA JEAN BRADY	805C MAIN STREET	CROSSETT	AR	71635-3423	(870)364-7116
TIM BROTHERTON	706 EAST COLLIN RAYE DR	DE QUEEN	AR	71832-8053	(870)642-5000
WILLIAM & VERONICA MCLENDON	111 NORTH JEFFERSON AVE	EL DORADO	AR	71730-6107	(870)863-4747
DELBERT AND LAURIE MINTON	118 E. HAYWOOD STREET	ENGLAND	AR	72046-1842	(501)842-3622
SUNNY HARGIS	LAKEWOOD VILLAGE MALL	FAIRFIELD BAY	AR	72088-1240	(501)884-3343
SHARON & VICTOR LEE	NWST ARKANSAS ML 4201 N SHILOH	FAYETTEVILLE	AR	72703-5197	(479)443-3221

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Studio Owner	Studio Address	City	State	Zip	Bus. Phone
MRS SHIRLEY CURRY	311 MAIN STREET	FORDYCE	AR	71742-3711	(870)352-3782
BEAUTY CREATIONS INC	8317 ROGERS AVENUE	FORT SMITH	AR	72903-5236	(479)452-3345
MRS JOYCE D WALKER	312 NORTH 1ST STREET	GLENWOOD	AR	71943-9204	(870)356-3310
PLANK, INC	1 LAKE STREET	GREENBRIER	AR	72058-9221	(501)679-6732
SHEREE & JOHN HAMM	2379D HWY62-412/HIGHLAND SQ R2	HARDY	AR	72542-9392	(870)856-3626
BETTYE L CURTIS	605 HIGHWAY 62 65 N STE C	HARRISON	AR	72601-2200	(870)741-2112
DAVIS-HUNT, LLC	306 WEST MAIN	HEBER SPRINGS	AR	72543-3052	(501)362-3655
TIFFANY AND TERRY STORY	242 CORNERSTONE BLVD.	HOT SPRINGS	AR	71913-6564	(501)525-3084
MAURINE BAILES	1424 AIRPORT ROAD	HOT SPRINGS	AR	71913-7995	(501)767-8616
LUCILLE COOK & CINDY BREWER	2126 N FIRST ST STE E	JACKSONVILLE	AR	72076-2870	(501)982-3861
MAXINE HAUN	3000 E HIGHLAND DR STE 303	JONESBORO	AR	72401-6539	(870)932-9411
STEINMETZ GOLD MEDALLION. INC.	303 S. BOWMAN	LITTLE ROCK	AR	72211-3431	(501)312-9696
STEINMETZ PLEASANT RIDGE, INC.	11525 CANTRELL ROAD SUITE 701	LITTLE ROCK	AR	72212-0000	(501)907-8025
RTH VENTURES, INC	25255 HIGHWAY 5 STE O	LONSDALE	AR	72087-9519	(501)922-0271
MARY LANGLEY	115 SOUTH COURT SQUARE	MAGNOLIA	AR	71753-3511	(870)234-5773
REGAN WHITLOW	321 S. MAIN STREET	MALVERN	AR	72104-3738	(501)332-5642
PATRICIA DE PRIEST	2278 N HIGHWAY 65 STE 2	MARSHALL	AR	72650-0000	(870)448-4499
STEINMETZ MAUMELLE, INC	115 AUDUBON DRIVE	MAUMELLE	AR	72113-7408	(501)851-9977
PATRICIA A. MITCHELL HOOD	105-A WEST GAINES STREET	MONTICELLO	AR	71655-4717	(870)367-9093
BLSC, INC.	106 S MOOSE STREET	MORRILTON	AR	72110-3401	(501)354-8092
ANITA & GEORGE PANNELL	117 EAST 7TH STREET	MOUNTAIN HOME	AR	72653-4411	(870)425-3945
CORNERSTONE BOUTIQUE, INC.	101 N PEABODY	MOUNTAIN VIEW	AR	72560-6231	(870)269-7300
TINA AND ROBERT CHISM	109 NORTH MAIN STREET	NASHVILLE	AR	71852-2002	(870)845-3777
STEINMETZ COSMETICS, INC.	NORTHPRK ML/4639 JFK BLVD	NORTH LITTLE ROCK	AR	72116-7310	(501)753-6679
JUNE'S MN COSMETICS INC	3929 MCCAIN/MCCAIN MALL SP-F5	NORTH LITTLE ROCK	AR	72116-8088	(501)758-5760
DONNA & RANDAL KINGSTON	217 SOUTH PRUETT ST.	PARAGOULD	AR	72450-4331	(870)239-8582
WANDA MORRIS	162 S. 2ND STREET	PIGGOTT	AR	72454-2642	(870)598-2203
BERTIE JACKSON	2626 W 28TH STREET	PINE BLUFF	AR	71603-4917	(870)534-2182
SHARON & VICTOR LEE	DIXIELAND ML/100N DIXIELAND RD	ROGERS	AR	72756-1123	(479)631-6375
SHELLY KITCHENS	407 NORTH ARKANSAS #4	RUSSELLVILLE	AR	72801-3928	(479)968-6690
KATHY NORTON	3133 E. RACE STREET	SEARCY	AR	72143-4815	(501)268-6318
DELORES G. KINGSTON, LLC	105 SOUTH OAK STREET	SHERIDAN	AR	72150-2436	(870)942-3615

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LISA BULLOCK & PAULA BRASKO	305 W. 22ND ST.	STUTTGART	AR	72160-6636	(870)673-4106
B. FREEMAN AND J. KOENIGSEDER	2308 FAYETTEVILLE RD #1100	VAN BUREN	AR	72956-6583	(479)474-9661
TINA MERCER	212 NORTH MARTIN	WARREN	AR	71671-2608	(870)226-6900
SHARON & DOROTHY WRIGHT	1985 KROGER DRIVE C-13	WEST MEMPHIS	AR	72301-1771	(870)735-1296
MARCIE & BENJAMIN HESS	119 EAST MERRIMAN	WYNNE	AR	72396-2941	(870)238-3786
<b>CALIFORNIA</b>					
SONYA NGUYEN & TINA TRAN	2210A SOUTHSHORE CENTER	ALAMEDA	CA	94501-5723	(510)523-8442
VIRGINIA AND STEVEN WILLIAMS	9500 BRIMHALL RD STE 702	BAKERSFIELD	CA	93312-2241	(661)587-3990
LINDA AND ROBERT ROY	2793 CASTRO VALLEY BLVD.	CASTRO VALLEY	CA	94546-5426	(510)581-4102
JO & TERRY WYATT	1600 MANGROVE AVE SUITE 150	CHICO	CA	95926-2620	(530)895-0958
DENISE AND CALDWELL WILSON	3926 GRAND AVENUE STE B	CHINO	CA	91710-5421	(909)591-5442
CHERYL BERGHOFF, LJS-COLGROVE	1185 MAGNOLIA AVE, #C	CORONA	CA	92879-3231	(951)371-3200
JOSEPHINE LOPEZ-COX	550 BROADWAY EAST	EL CAJON	CA	92021-5423	(619)442-3031
COTY JORDAN	559-A MAIN STREET	EL CENTRO	CA	92243-2906	(760)352-1925
WXHEAD L.L.C.	9171 ELK GROVE-FLORIN RD #3	ELK GROVE	CA	95624-4051	(916)714-8489
MRS SHARRON M LINNER	330 W FELICITA #A7	ESCONDIDO	CA	92025-6531	(760)747-0930
KAREN AND JACK DRUCKER	1500 OLIVER ROAD STE. A	FAIRFIELD	CA	94534-3473	(707)422-7490
BECKY RICHARD & ELAINE WHITE	1171 RILEY STREET	FOLSOM	CA	95630-3508	(916)984-3434
DKB ENTERPRISES, INC.	2011 W. BULLARD	FRESNO	CA	93711-1200	(559)431-5000
ROSEANNE & STEPHANIE ITALIA	1911 FOOTHILL BLVD	LA VERNE	CA	91750-3511	(909)596-5551
MARY M & PATRICK M SAATZER	43763 N 15TH ST W	LANCASTER	CA	93534-4754	(661)948-5580
KRIS KLINE & KIM KELLY	2341 HONOLULU AVENUE	MONTROSE	CA	91020-1821	(818)249-1743
JANNICE HART	29910 MURRIETA HOT SPRGS RD #E	MURRIETA	CA	92563-0000	(951)677-3958
GLORIA K. BAKER	2235 EL CAMINO REAL STE B	OCEANSIDE	CA	92054-6393	(760)966-1558
DORIS BARKER & LAURIE JACKSON	944 EAST LINCOLN AVE	ORANGE	CA	92865-1905	(714)998-0381
MAIKO SCHRAN	507 CENTRAL	PACIFIC GROVE	CA	93950-2704	(831)372-5906
MNC, INC.	44-491 TOWN CTR WAY 5D	PALM DESERT	CA	92260-2724	(760)346-3533
LAKEWEST MN, LLC	380 SOUTH LAKE AVE SUITE 107	PASADENA	CA	91101-3525	(626)449-4070
BARBARA LEWIN & LORI ALPERT	538 12 STREET	PASO ROBLES	CA	93446-2201	(805)238-5554
CHERYL R. FILLINGER	56B E WASHINGTON/GLDN EAGLE SC	PETALUMA	CA	94952-3165	(707)778-8340

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CONNIE J JOHNSON	10582 FOOTHILL BLVD #110	RANCHO CUCAMONGA	CA	91730-3877	(909)944-7178
ANA SYLVIA MADUENO	1428 INDUSTRIAL PARK AVENUE	REDLANDS	CA	92374-4517	(909)798-3566
MELISSA M. REECE	130 BALSAM STREET	RIDGECREST	CA	93555-3821	(760)375-0222
LANCE MARTIN, INC	3540 RIVERSIDE PLZ DR #330	RIVERSIDE	CA	92506-2712	(951)683-3350
HUMMER HOUSE, INC.	6632 LONETREE BLVD STE 100	ROCKLIN	CA	95765-9748	(916)772-3000
HUMMER HOUSE, INC.	613 MUNROE STREET	SACRAMENTO	CA	95825-6416	(916)483-8428
MARTINIE LE AND STEVE TRAN	16765 BERNARDO CTR DRIVE #02	SAN DIEGO	CA	92128-2539	(858)674-6544
MERIDIAN BUSINESS GROUP, INC.	1535 MERIDIAN AVE SUITE 20	SAN JOSE	CA	95125-5356	(408)978-7488
NORRIS HAYES	729 EAST MAIN STREET	SANTA MARIA	CA	93454-4507	(805)925-0515
SANDRA VELOZ & MICAELA VALDOVI	926 WEST MAIN ST STE A	SANTA PAULA	CA	93060-2714	(805)933-0259
NICOLA, INC.	1198 PACIFIC COAST HWY STE F	SEAL BEACH	CA	90740-6251	(562)493-3700
SHANNON LAIRD	1914 EAST FRONT STREET	SELMA	CA	93662-3501	(559)896-7772
ELLEN MASCARO	3517 TWEEDY BLVD SUITE A	SOUTH GATE	CA	90280-6025	(323)569-8808
DONNA VINCENT&TAMMY BEILSTEIN	142 LINCOLN CENTER	STOCKTON	CA	95207-2610	(209)474-0314
HELAINA,SUSAN & MICK WHITE	26010C MCCALL BLVD.	SUN CITY	CA	92586-1934	(951)679-9782
TAMARA SCHULTZ-SNYDER	1054 VALLEY BLVD SUITE B	TEHACHAPI	CA	93561-2176	(661)822-4322
MEYERS UNLIMITED, INC.	31285 TEMECULA PKWAY,#105	TEMECULA	CA	92592-0000	(951)506-7472
MARZIEH SADEH	3637-A E THOUSAND OAKS BL	THOUSAND OAKS	CA	91362-3606	(805)496-8750
FOXBEAUTY MN (DA), INC	21712 HAWTHORNE BL, #209	TORRANCE	CA	90503-5713	(310)370-4897
FOXBEAUTY MN (HB) INC.	2917 EL CAMINO REAL	TUSTIN	CA	92782-8909	(714)832-8636
DEEMING AND CORTEZ	368 MERCHANT STREET	VACAVILLE	CA	95688-4508	(707)448-4646
CHARLOTTE & RICHARD CORRENTE	4020 EAST MAIN B-71	VENTURA	CA	93003-5211	(805)642-1968
LINDA L. & RANI N. WALKER	13728 HESPERIA ROAD #7	VICTORVILLE	CA	92395-5831	(760)245-3633
FOXBEAUTY MN (HB) INC.	2067 WESTMINSTER MALL	WESTMINSTER	CA	92683-4947	(714)893-1397
<b>COLORADO</b>					
COLORADO FACES, INC.	6868 S. UNIVERSITY BLVD.	CENTENNIAL	CO	80122-1515	(303)795-5037
L.T.M.N., INC.	750 CITADEL DRIVE EAST #2304	COLORADO SPRINGS	CO	80909-5346	(719)597-2212
M. CARVER, INC.	1710 BRIARGATE BLVD STE 840	COLORADO SPRINGS	CO	80920-3456	(719)599-0282
BARBARA GARCIA & DANA WEYAND	2232 EAST MAIN STREET	CORTEZ	CO	81321-4263	(970)564-0864
ANN INGRAM	3100 S. SHERIDAN ST. A-12	DENVER	CO	80227-5543	(303)936-0278

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NATURAL ESSENTIALS, LLC	175 MAIN STREET #C-102	EDWARDS	CO	81632-8116	(970)926-7995
THE FACE OF FORT COLLINS, LLC	158 SOUTH COLLEGE AVENUE	FORT COLLINS	CO	80524-2809	(970)223-3223
BEVERLY A WATSON	610 SHERMAN	FORT MORGAN	CO	80701-3538	(970)867-8573
MLM-MN OF COLORADO	2408-B WEST 17TH ST	GREELEY	CO	80634-6008	(970)353-5258
ANGELA MARIE CAMPBELL	111 WEST BEECH	LAMAR	CO	81052-2731	(719)336-5770
COLORADO FACES, INC.	8501 WEST BOWLES AVE #2B-215	LITTLETON	CO	80123-9508	(303)979-3100
LOIS E ANDERSEN	265 F EAST 29TH STREET	LOVELAND	CO	80538-2764	(970)669-6777
RICHARD AND LORI WEBB	4 SNS ML 16367 S TOWNSEND #11	MONTROSE	CO	81401-5451	(970)240-4300
CYGNUS `G`	206B W 29TH ST	PUEBLO	CO	81008-1004	(719)543-6566
<b>CONNECTICUT</b>					
SALLY ANN'S INC.	1116 A MAIN STREET	BRANFORD	CT	06405-3718	(203)481-9770
LAURA CATHERINE WAGNER	9 WEST MAIN STREET	CLINTON	CT	06413-2029	(860)664-1946
LA-ROB LLC	385 MAIN STREET BLDG.1 STE 101	SOUTHBURY	CT	06488-4246	(203)262-8707
RICH-DEB, LLC	1123 NEW BRITAIN AVE.	W HARTFORD	CT	06110-2412	(860)523-4112
<b>DELAWARE</b>					
CIBONEY ENTERPRISES LTD.	1030 FORREST AVE STE 113	DOVER	DE	19904-3382	(302)736-1961
<b>FLORIDA</b>					
KATHIE, INC.	931 N SR 434 STE 1315	ALTAMONTE SPRINGS	FL	32714-7048	(407)862-6008
MACHBITZ ASSOCIATES, INC.	100 INDIAN ROCKS ROAD N	BELLEAIR BLUFFS	FL	33770-1778	(727)581-2592
ANGELA M. HILL	17932 MAIN ST STE 5	BLOUNTSTOWN	FL	32424-1385	(850)674-9191
MRS MARTHA A HARRIS	101 N WAUKESHA ST	BONIFAY	FL	32425-2352	(850)547-2531
3MC, INC.	950 N CONGRESS AVE STE 120	BOYNTON BEACH	FL	33426-3329	(561)740-1257
PAMELLA S & TERRY L BOOZER	5264 S R 64 E	BRADENTON	FL	34208-0000	(941)746-5515
KONNIE VELLA	212 OAKFIELD DRIVE	BRANDON	FL	33511-5707	(813)689-7646
CHRISTY L. COUCH	1125 N/W 19TH AVE	CHIEFLAND	FL	32626-1659	(352)490-5333
FIVE NORM, INC.	2532 SR 580 SUITE K	CLEARWATER	FL	33761-0000	(727)797-0206



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NANCY A BASS	311 NORTH MAIN ST.	CRESTVIEW	FL	32536-3541	(850)682-6655
SANDRA E. TYRE	655 NE HWY 19	CRYSTAL RIVER	FL	34429-4240	(352)795-9542
DMM SALES, INC.	37845 MERIDIAN AVENUE	DADE CITY	FL	33523-3821	(352)567-5300
BARBARA & VICTOR WISE	1030 D US HWY 331 S	DEFUNIAK SPRINGS	FL	32435-8719	(850)951-2755
LINDA FREEMAN	9 SOUTH 10TH STREET	FERNANDINA BEACH	FL	32034-3638	(904)261-5235
ULTIMATE BEAUTY, INC.	4125 CLEVELAND AVE. #1420	FORT MYERS	FL	33901-9098	(239)936-2287
TOTAL BEAUTY CONCEPTS, INC.	15245 S TAMIAMI TRL STE 13	FORT MYERS	FL	33908-4596	(239)454-9933
G. LARSON-FISHER & JANIS GUSKY	OAKS MALL 6329 NEWBERRY RD	GAINESVILLE	FL	32605-4339	(352)331-7878
LASSITER, LLC	950 PRIM AVENUE BOX #3	GRACEVILLE	FL	32440-2542	(850)263-0995
BELGIAN ENTERPRISES, INC.	1527 UNIVERSITY BLVD WEST	JACKSONVILLE	FL	32217-2005	(904)739-1361
D & P ENTERPRISES OF JAX, INC.	716 NEW BERLIN ROAD #13	JACKSONVILLE	FL	32218-3800	(904)696-1244
B & K HOLLAND ENTERPRISES, INC	6001-22 ARGYLE FOREST BLVD	JACKSONVILLE	FL	32244-6127	(904)771-6888
ROBIN FRIEND & LYNETTE ROGERS	401-B CHURCH STREET	KISSIMMEE	FL	34741-4469	(407)847-9116
CATHERINE GERRITS	1050 BICHARA BLVD	LADY LAKE	FL	32159-7715	(352)750-2222
PAPHIDES-CUADRAS COSMETICS, INC	183 S W BASCOM NORRIS DR. #107	LAKE CITY	FL	32025-1514	(386)752-3411
LS & RS, INC.	4786 SO FLA AV/LAKE MIRIAM SQ	LAKELAND	FL	33813-2181	(863)644-3777
ARK5, LLC	733 N. 14TH STREET	LEESBURG	FL	34748-4205	(352)787-1443
WIC, INCOPORATED	1809 N.E. 24TH STREET	LIGHTHOUSE POINT	FL	33064-7742	(954)946-8200
JKS UNLIMITED, LLC	1809 N.E. 24TH STREET	LIGHTHOUSE POINT	FL	33064-7742	(954)946-8200
MABEL LOCKE	1104 SOUTH OHIO AVE.	LIVE OAK	FL	32064-4131	(386)364-1186
MRS NINA CREWS	589 SOUTH 6TH STREET	MACCLENNY	FL	32063-2605	(904)259-3428
WILLIAMS ENT. OF MADISON, INC.	178 S W RANGE AVE.	MADISON	FL	32340-2458	(850)973-6616
GIN-S INC.	4451 LAFAYETTE ST.	MARIANNA	FL	32446-3407	(850)482-2294
LARSON-FISHER & FARNUNG	1700 W NEW HAVEN AVE RM 517	MELBOURNE	FL	32904-3928	(321)727-1333
J K MATTHEWS, INC.	777 E. MERRITT ISL. CSWY. #103	MERRITT ISLAND	FL	32952-3501	(321)452-5770
HOLLY J ELMS INC	13617 S DIXIE HWY #124	MIAMI	FL	33176-7259	(305)233-4772
AGAPE GIRL, INC.	2355 VANDERBILT BEACH RD 121	NAPLES	FL	34109-2653	(239)513-1005
NAYLOR COSMETICS, LLC	1819 ALPINE DR	NAVARRE	FL	32566-7538	(850)936-7006
ARABELALYNNE, LLC	24212 W. NEWBERRY ROAD	NEWBERRY	FL	32669-2211	(352)472-4747
DEZ & COMPANY, LLC	1125 E. JOHN SIMS PARKWAY	NICEVILLE	FL	32578-2752	(850)678-6758
LINDA N. WUMMER	11585 U.S. HWY 1 SUITE 303	NORTH PALM BEACH	FL	33408-3077	(561)775-2535
FABULOUS HAIR CUTS, INC	1012 E SILVER SPRINGS BL STE A	OCALA	FL	34470-6781	(352)368-5008

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RUBY AND OPAL, INC.	4848 S APOPKA VINELAND RD #212	ORLANDO	FL	32819-3100	(407)876-1340
MAKE-UP AND MORE, INC	673 NORTH ALAFAYA TRAIL	ORLANDO	FL	32828-7045	(407)281-0801
LEEN ENTERPRISES, INC.	278 N. NOVA ROAD	ORMOND BEACH	FL	32174-5124	(386)615-1808
CANDI'S COSMETICS, INC.	1410 OVIEDO MALL BLVD.	OVIEDO	FL	32765-8023	(407)971-0590
SOUTHERN SPIRITS, LLC	4430 HIGHWAY 90 SUITE D	PACE	FL	32571-2059	(850)995-6001
BROOKERIDGE LLC	2204 MARTIN LUTHER KING BLVD	PANAMA CITY	FL	32405-5321	(850)769-6994
D & J ENT. OF PENSACOLA, INC.	1620 AIRPORT BLVD STE 110	PENSACOLA	FL	32504-8618	(850)476-8044
VERGIE ANDREWS	103 NORTH JEFFERSON STREET	PERRY	FL	32347-3230	(850)584-5893
HOLLIE P. CLARK	1514 S ALEXANDER STREET #102	PLANT CITY	FL	33566-6317	(813)752-4718
JUDITH CSURKA	8000 W BROWARD BLVD. #121	PLANTATION	FL	33388-0008	(800)421-2060
KEN & ADEL COOK	VL MKTPL 1825 S TAMIAMI TRL E5	PORT CHARLOTTE	FL	33948-1047	(941)625-3797
LEEN ENTERPRISES, INC.	1665 DUNLAWTON AVE SUITE 108	PORT ORANGE	FL	32127-2920	(386)898-0737
BEAUTY XPRESSIONS, INC.	GULFVIEW ML/9409 US19N #277	PORT RICHEY	FL	34668-4630	(727)848-0782
ALINE ABRAMS	315 WILLIAMS AVENUE	PORT SAINT JOE	FL	32456-1845	(850)229-6600
MAKEOVER, INC.	SARASOTA SQ/8201 S TAMIAMI A28	SARASOTA	FL	34238-2949	(941)924-5155
DEBORAH M. PARKS	11125 PARK BLVD STE 109	SEMINOLE	FL	33772-4757	(727)392-6993
FOURNORM, INC.	4383 COMMERCIAL WAY	SPRING HILL	FL	34606-1963	(352)597-2114
COURTYARD FUNDING, INC.	340 CBL DRIVE SUITE 103	ST AUGUSTINE	FL	32086-5185	(904)819-9656
JEROME EVANS & DEBORAH MERCER	6801 GULFPORT BLVD STE 9	ST PETERSBURG	FL	33707-2217	(727)344-7367
JOYCE M. HAAG	814 S FEDERAL HWY	STUART	FL	34994-2939	(772)287-3005
COSMET CORPORATION	1500 APALACHEE PKWY STE 1041	TALLAHASSEE	FL	32301-3053	(850)656-1513
FEROL, INC.	13232 N DALE MABRY	TAMPA	FL	33618-2408	(813)968-7165
ROSEMARY RITT	367 TEQUESTA DR	TEQUESTA	FL	33469-3027	(561)746-3460
JEAN ALAN ENTERPRISES LLC	313 COLONY BLVD.	THE VILLAGES	FL	32162-6084	(352)750-1119
CANDI'S COSMETICS, INC.	3045 COLUMBIA BLVD A106	TITUSVILLE	FL	32780-7864	(321)383-7474
KEN & ADEL COOK	1846 TAMIAMI TRAIL S STE 9	VENICE	FL	34293-3135	(941)497-1392
SERENDIPITY BOUTIQUE/SPA, INC.	701 21ST STREET SUITE 101	VERO BEACH	FL	32960-0947	(772)299-9744
RENEE'S COSMETICS, INC	2261 TOWN CENTER STE. 143	VIERA	FL	32940-6114	(321)637-3336
SAMMIE POWELL WOOLS	14023 W. COLONIAL DRIVE	WINTER GARDEN	FL	34787-6037	(407)656-3521
ANGELA ESPOSITO & PHOEBE HYER	1588 HAVENDALE BLVD. N W	WINTER HAVEN	FL	33881-5306	(863)291-0704

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<b>GEORGIA</b>					
JIMMY WALKER & ASHLEY WALKER	138 SOUTH PARRISH AVENUE	ADEL	GA	31620-2642	(229)896-7393
KATRINA J. BARANKO	2726 LEDO ROAD STE 9	ALBANY	GA	31707-1624	(229)435-3505
CHRISTA & KENNY KIRKSEY	803 SOUTH DIXON STREET	ALMA	GA	31510-2142	(912)632-7143
SHIRLENE PADRICK/RITA TOMSITS	1164 N. POINT CIRCLE	ALPHARETTA	GA	30022-3065	(770)740-1993
KEL BUG, LLC	1206 CRAWFORD ST. SUITE D	AMERICUS	GA	31709-3278	(229)924-5967
SHIRLENE PADRICK/RITA TOMSITS	3700 ATLANTA HWY/GA SQ ML #222	ATHENS	GA	30606-7424	(706)543-6565
YOUTHFUL BEAUTY CONCEPTS, INC.	4792 ASHFORD DUNWOODY STE. 810	ATLANTA	GA	30338-5504	(770)396-7807
STEPHANIE S FELL ENT INC	2701 WASHINGTON RD STE 19	AUGUSTA	GA	30909-2286	(706)736-6611
K-TEE, LLC	553 S SCOTT STREET	BAINBRIDGE	GA	39819-4101	(229)243-1590
DAWN & WANDA CARTER	24 GLENDALE AVENUE	BAXLEY	GA	31513-0244	(912)367-2027
BETSY W. STRICKLAND	3345 US HWY 84 EAST SUITE 103	BLACKSHEAR	GA	31516-2100	(912)807-1035
CYNTHIA J. LYLES	215 BLUE RIDGE STREET STE C	BLAIRSVILLE	GA	30512-3676	(706)745-7721
LAURIE W. SPENCE	12277 COLUMBIA STREET	BLAKELY	GA	39823-2538	(229)723-3850
MELISSA HAMPTON	2465 BLUERIDGE DRIVE	BLUE RIDGE	GA	30513-0000	(706)492-3083
PSA RETAIL, INC.	114 CITY HALL AVENUE	BOWDON	GA	30108-1503	(770)258-0198
JANICE NIX & J MICHELLE NIX	521A PACIFIC AVE.	BREMEN	GA	30110-2137	(770)537-2449
LORIE BRITT INVESTMENTS, INC.	250 GOLDEN ISLES PLAZA	BRUNSWICK	GA	31520-1950	(912)262-1481
MARGARET & WAYNE BOHANNON	110 WC BRYANT PARKWAY	CALHOUN	GA	30701-2624	(706)629-8182
KATIE A. WILLIAMS	41 W. BROAD ST.	CAMILLA	GA	31730-1748	(229)336-0701
NANCY & KENNETH HERMELE	1353 RIVERSTONE PKWY. STE. 105	CANTON	GA	30114-5634	(770)720-3880
L&D CREATIONS, LLC	6205 HICKORY FLAT HWY STE102	CANTON	GA	30115-7323	(770)479-7576
PSA RETAIL, INC.	103 NEWMAN STREET	CARROLLTON	GA	30117-3225	(770)832-8268
AG-AK CORP.	274 NELSON ST/CARTERSVILLE PLZ	CARTERSVILLE	GA	30120-2862	(770)382-5941
PEGGY BURGESS & ANNA B. WILSON	230 MAIN STREET	CEDARTOWN	GA	30125-3047	(770)748-1514
SARA B. SMITH	100 N HOUSTON LAKE BLVD STE-W	CENTERVILLE	GA	31028-1732	(478)953-5365
AMY & WILLIAM WINKLER	1422 GREEN ROAD	CHATSWORTH	GA	30705-6997	(706)695-1143
JAN G. BROWN	133 N SECOND ST. STE. C	COCHRAN	GA	31014-6301	(478)934-4488
CRYSTAL D. BUSBY	4405 ARMOUR ROAD SUITE B	COLUMBUS	GA	31904-5387	(706)323-1695
TAMMIE POLSTON	1745 HWY 138 SE STE C-10	CONYERS	GA	30013-5749	(770)483-4900

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SHIRLEY CARTER/GERALDINE MANN	105 7TH ST. NORTH	CORDELE	GA	31015-4208	(229)273-8686
S. STRATTON & M. JENKINS	107 MIDWAY DRIVE UNIT D	CORNELIA	GA	30531-1111	(706)778-2589
SCT SERVICES, INC.	1110 COLLEGE AVENUE S.E.	COVINGTON	GA	30014-2803	(678)625-0052
AUDREY & DAVID FISHER	100 W WALNUT AVE STE 140	DALTON	GA	30720-3869	(706)278-8815
ROBERTS PHARMACY, INC	803 N. WILEY AVENUE	DONALSONVILLE	GA	39845-1121	(229)524-2313
TURNER & ALEXANDER	301 S. PETERSON AVENUE	DOUGLAS	GA	31533-5200	(912)384-7842
INNER GLOW, INC.	2866 A CHAPEL HILL ROAD	DOUGLASVILLE	GA	30135-7141	(770)942-0282
MRS ELIZABETH EUBANKS	1801 RICE AVE STE D	DUBLIN	GA	31021-3652	(478)272-2970
STEPHENS & STEPHENS	3036 YUKON ROAD	ELLIJAY	GA	30540-6130	(706)635-2671
MARY JANE MINTON BROOK	840 SO. GLYNN ST. STE. 358	FAYETTEVILLE	GA	30214-2004	(770)460-1282
MRS BETTY H REDUS	125 EAST PINE STREET	FITZGERALD	GA	31750-2906	(229)423-3322
SHAYB INC	7419 SPOUT SPRING RD STE B104	FLOWERY BRANCH	GA	30542-5515	(770)965-1544
LISA ALLEN	701 BATTLEFIELD PKWY.	FORT OGLETHORPE	GA	30742-3923	(706)866-6020
NANCY HERMELE	950 WASHINGTON ST UNIT C	GAINESVILLE	GA	30501-3542	(770)532-7800
GAIL, ALICIA & SHARON ROGERS	112 W. BARNARD ST.	GLENNVILLE	GA	30427-1558	(912)654-3031
SANDRA COOK & ANN COOK HOWELL	1435 N EXPRESSWAY STE 104	GRIFFIN	GA	30223-1700	(770)227-9188
ELIZABETH MILFORD	24 N.FOREST AVENUE	HARTWELL	GA	30643-7214	(706)376-4904
MARY & DARNELL STONE	117 SOUTH TALLAHASSEE	HAZLEHURST	GA	31539-6419	(912)375-5209
PA'AR COSMETICS, INC.	4109 JIMMY LEE SMITH PWY STE D	HIRAM	GA	30141-2643	(770)943-6447
RHONDA STANLEY	134 SOUTH MACON STREET	JESUP	GA	31545-1116	(912)427-6119
JULIE C. FONDREN	840 ERNEST BARRETT PKY STE 220	KENNESAW	GA	30144-4975	(770)499-8423
MOM & ME COSMETICS, LLC	118 W. LA FAYETTE SQUARE	LA FAYETTE	GA	30728-2930	(706)639-3490
BART-PEGGE, INC.	103 RIDLEY AVENUE	LAGRANGE	GA	30240-2723	(706)884-8630
SHIRLENE PADRICK/RITA TOMSITS	860 DULUTH HIGHWAY STE. 146	LAWRENCEVILLE	GA	30043-5336	(678)985-1778
LINDA & G. ROBERT BRAMBILA	5942 ZEBULON ROAD	MACON	GA	31210-2031	(478)475-0704
JANICE DARBY	3565 AUSTELL RD SW STE 1027	MARIETTA	GA	30008-5770	(770)436-1371
ANNICE E. WADE	2100 ROSWELL RD NE STE 3104	MARIETTA	GA	30062-3879	(770)971-5943
JEAN BERRY HOCKENSMITH	224 JONESBORO ROAD	MCDONOUGH	GA	30253-3720	(770)898-8883
ALL OVER BEAUTY, LLC	2400 N COLUMBIA ST STE A-28	MILLEDGEVILLE	GA	31061-2066	(478)452-2013
K & T TURNER ENTERPRISE, LLC	250 DOC DARBYSHIRE RD STE 6	MOULTRIE	GA	31788-4168	(229)891-2097
FRANZACH, INC.	272-A BULLSBORO DRIVE	NEWNAN	GA	30263-5819	(770)683-6375
KISS'N MAKE-UP INC	1237-B N. PEACHTREE PKWY.	PEACHTREE CITY	GA	30269-1743	(770)631-0007

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TINA J. COLLINS INC.	132B BRAZELL STREET	REIDSVILLE	GA	30453-4448	(912)557-1102
PATRICK E. MCCANTS	60 EXCHANGE STREET STE B2	RICHMOND HILL	GA	31324-7647	(912)756-8222
MARY JANE BRINSON	163 COMMERCIAL DR. PO BOX 823	RINCON	GA	31326-5469	(912)826-1101
DEBRA FORSYTH	826 W. ELM STREET	ROCKMART	GA	30153-1727	(678)757-1600
SHARON STROUP	417 BROAD STREET	ROME	GA	30161-3007	(706)291-6444
STEPHANIE B. MARTIN	DILL'S PLAZA/669 COOK STREET	ROYSTON	GA	30662-3905	(706)245-7393
ALL OVER BEAUTY, LLC	KAOLIN PLZ/622 S. HARRIS ST.	SANDERSVILLE	GA	31082-2821	(478)552-8422
T1 PARTNERS, LLC	7805 ABERCORN STREET #25	SAVANNAH	GA	31406-2402	(912)355-0810
SHIRLENE PADRICK/RITA TOMSITS	2296 G HENRY CLOWER BL	SNELLVILLE	GA	30078-3147	(770)972-5738
LINDA FIGG AND ALISHA DAVIS	26 WEST MAIN STREET	STATESBORO	GA	30458-5366	(912)764-3870
GINGER WOFFORD	10042 COMMERCE STREET	SUMMERVILLE	GA	30747-1318	(706)857-3741
LISA & KELVIN DAILEY	414 SOUTH MAIN ST. STE A-5	SWAINSBORO	GA	30401-3677	(478)237-9224
KATHY SPURLIN & ANITA MCKENZIE	108 N. ISABELLA ST.	SYLVESTER	GA	31791-2158	(229)776-0023
JENNIFER & SANDRA COSBY	1428 REMINGTON AVE SUITE 8	THOMASVILLE	GA	31792-4884	(229)227-9780
LIPS, INC.	316 WEST HILL STREET	THOMSON	GA	30824-2600	(706)595-9921
REGINA HARPER	131 EAST 3RD STREET	TIFTON	GA	31794-4841	(229)382-6024
JAMIE D BULECZA	VALDOSTA MALL/1700 NORMAN DR	VALDOSTA	GA	31601-7460	(229)244-4330
SHERRI STONE	906 EAST FIRST ST BBT BANK SQ	VIDALIA	GA	30474-4246	(912)537-9542
PSA RETAIL, INC.	104 S. CARROLL ST. STE. B	VILLA RICA	GA	30180-2728	(770)459-3060
TANA J. MCKINNEY	325 HATCHER POINT ROAD	WAYCROSS	GA	31503-5501	(912)283-3388
<b>HAWAII</b>					
LOVERN, INC.	204 PEARLRIDGE CENTER	AIEA	HI	96701-4773	(808)487-3977
LOVERN, INC.	WARD WAREHOUSE/1050 ALA MOANA	HONOLULU	HI	96814-4905	(808)591-1131
LOVERN, INC.	46-056 KAMEHAMEHA HWY	KANEOHE	HI	96744-3755	(808)235-5064
<b>IDAHO</b>					
TR INVESTMENTS	350 N MILWAUKEE #1121	BOISE	ID	83704-9137	(208)377-5228
SUSAN L. NAVE	200 WEST HANLEY A-125	COEUR D ALENE	ID	83815-7738	(208)772-3777
RC FRIESZ, LLC	2091 E. 17TH STREET	IDAHO FALLS	ID	83404-6480	(208)523-7351

**LIST OF ACTIVE STUDIOS**

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Studio Owner	Studio Address	City	State	Zip	Bus. Phone
<b>ILLINOIS</b>					
SILVEY & ASSOC INC	230 ALTON SQUARE	ALTON	IL	62002-5919	(618)462-6455
ANN WAITS	406 LAKE STREET	ANTIOCH	IL	60002-1406	(847)395-1116
SHELTON STUDIO, INC.	2500 FOX VALLEY CENTER B-15A	AURORA	IL	60504-7973	(630)851-2233
A. STEFANIK, INC.	1615 E EMPIRE/EASTLAND ML #D1A	BLOOMINGTON	IL	61701-3585	(309)663-4733
JANICE UNGER	555 MAIN N W	BOURBONNAIS	IL	60914-2305	(815)933-9009
BRONZE AUTUMN, INC.	202 MCHENRY ROAD	BUFFALO GROVE	IL	60089-6748	(847)279-3243
J H COSMETICS & BOUTIQUE, LLC	325 EAST MAIN STREET	CARMI	IL	62821-1810	(618)382-4922
MARJORIE K WALLIS	215 EAST THIRD STREET	CENTRALIA	IL	62801-3901	(618)533-5817
SIDNEY ARMSTRONG	1123 WEST WINDSOR ROAD	CHAMPAIGN	IL	61821-7804	(217)359-8100
LEEANN AND DAN INCORPORATED	14-16 WEST NORTH	DANVILLE	IL	61832-5729	(217)442-7666
MARILYN F. MELVIN	148 EAST MAIN STREET	DECATUR	IL	62523-1238	(217)422-1991
DEBRA FUESTING	1901 S. FOURTH STREET SUITE 13	EFFINGHAM	IL	62401-4187	(217)347-0831
DYCKMA, INC.	251 NORTH YORK STREET	ELMHURST	IL	60126-2726	(630)279-4774
LISA AND KEITH BAHLER	113C WEST WALNUT STREET	FAIRBURY	IL	61739-1557	(815)692-3777
KESNEY RILEY	117 SE 2ND STREET	FAIRFIELD	IL	62837-2141	(618)516-7252
TRINITY AND ASSOCIATES, INC.	PLZ ST CLAIR/525 LINCEN HWY #6	FAIRVIEW HEIGHTS	IL	62208-2142	(618)624-3223
LUCILLE & SAM ANDERSON	419 EAST NORTH AVENUE	FLORA	IL	62839-2533	(618)662-2664
BELLA DONNA, INC.	726 NORTHWEST HIGHWAY	FOX RIVER GROVE	IL	60021-1207	(847)462-1504
JM TROSPER, INCORPORATED	19957 SOUTH LAGRANGE ROAD	FRANKFORT	IL	60423-3105	(815)806-9480
TAILWIND CORPORATION	2 WEST MAIN STREET	FREEPORT	IL	61032-4216	(815)233-5626
SHARON PONDER & TONI PONDER	153 EAST MAIN STREET	GALESBURG	IL	61401-4653	(309)342-9449
ROBIN J. WEBER	518 WEST STATE STREET	GENEVA	IL	60134-2105	(630)232-0098
CNS COSMETICS, LLC	4219 STATE ROUTE 159 SUITE 2	GLEN CARBON	IL	62034-3224	(618)288-2438
LAURIE CUMMINS WHEELER	1920 US HWY 45 N. STE 20	HARRISBURG	IL	62946-4810	(618)252-7120
CHERYL A. LAMBERT, INC.	101 W. CHERRY STREET	HERRIN	IL	62948-1736	(618)988-1783
JOANNE MESSMER, INC.	50 SOUTH WASHINGTON	HINSDALE	IL	60521-4138	(630)986-8766
S JONES, G JONES & E LAMB	1122 VETERANS DR.	JACKSONVILLE	IL	62650-4010	(217)245-1299
THAT PLACE, INC.	608 BROADWAY	LINCOLN	IL	62656-2722	(217)732-6406
CREATIVE BEAUTY, INC.	6128 E RIVERSIDE BLVD	LOVES PARK	IL	61111-4467	(815)977-4041

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VIVIAN & SAM JOHNSON	902 W. DUFOUR AVENUE STE. A	MARION	IL	62959-1698	(618)997-6181
RENEE AND JON ENGLAND	1608 BROADWAY	MATTOON	IL	61938-3918	(217)234-4277
SQUARE NEST, LTD.	113 SOUTH MAIN ST	MORTON	IL	61550-2029	(309)266-9512
TAYLOR & SOAPES, LLC	120 EAST MAIN STREET	MOUNT OLIVE	IL	62069-1702	(217)999-5600
KATHY J. WITHERS	2622 BROADWAY	MOUNT VERNON	IL	62864-2922	(618)242-4494
REMEMBERED IMAGE LTD	7323 HARLEM AVENUE	NILES	IL	60714-4252	(847)600-3000
LARRY E MASON	524 W. MAIN ST.	OLNEY	IL	62450-1540	(618)395-3331
JANICE UNGER	15006 SOUTH LA GRANGE ROAD	ORLAND PARK	IL	60462-3233	(708)226-6903
THERELYN, INC.	2964 ROUTE 34	OSWEGO	IL	60543-8362	(630)554-9779
ELLEN A MIDDLETON	36 EAST SECOND	PANA	IL	62557-1474	(217)562-4722
SUSAN HOAD WALLDREN	21 SOUTH PROSPECT	PARK RIDGE	IL	60068-4127	(847)823-4224
JAMIE STONE	2976 COURT ST/SUNSET PLAZA	PEKIN	IL	61554-6229	(309)346-6874
ROMANCY, INC.	4700 N UNIVERSITY ST SPC 44	PEORIA	IL	61614-5849	(309)688-0487
OLLIE MILLER	4005 PROGRESS BLVD.	PERU	IL	61354-1190	(815)223-3607
B. JOYCE GOEHL	QUINCY MALL #3266	QUINCY	IL	62301-4641	(217)222-0867
SHEILA LECKY	216 EAST MAIN STREET	ROBINSON	IL	62454-3749	(618)544-7275
ELMA RINCKER	144 EAST MAIN STREET	SHELBYVILLE	IL	62565-1654	(217)774-4233
CAMELOT COSMETICS, LLC	1207 THOUVENOT LANE. STE 700	SHILOH	IL	62269-8915	(618)234-0100
NAN-KIM, LTD.	THE GABLES/2912 PLAZA DR.	SPRINGFIELD	IL	62704-6586	(217)698-1200
CINDY FANE & MIKE FANE	806 E THIRD STREET	STERLING	IL	61081-3800	(815)625-3751
LAURA LONG	115 S. WASHINGTON STREET	TAYLORVILLE	IL	62568-2241	(217)824-4874
THAT PERFECT LOOK, INC	105 WASHINGTON SQUARE	WASHINGTON	IL	61571-2658	(309)444-2633
MERLE GIRL, INC.	742 N MARKET SUITE F	WATERLOO	IL	62298-1070	(618)939-9199
RUTH ANN & RAY JENSEN	123 NORTH MAIN STREET	WHEATON	IL	60187-5326	(630)668-6685
<b>INDIANA</b>					
SLB COSMETIC STUDIO, INC.	5213 COLUMBUS AVE	ANDERSON	IN	46013-5140	(765)642-2021
SJS, INC	1620 O STREET	BEDFORD	IN	47421-3529	(812)275-8031
ALH, LLC	101 W KIRKWOOD AVENUE STE 107	BLOOMINGTON	IN	47404-6129	(812)323-1885
POLAND II, LLC	600 W. NORTHFIELD DRIVE #A3-03	BROWNSBURG	IN	46112-9199	(317)858-5110
MR ROBERT E BERGREN	686 BROADWAY	CHESTERTON	IN	46304-2258	(219)926-1688

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SHARON FAYE BEAUTY, LLC	1025 VETERANS PARKWAY #450	CLARKSVILLE	IN	47129-3300	(812)725-8575
BMP ENTERPRISES, LLP.	FAIR OAKS ML/2204 25TH STREET	COLUMBUS	IN	47201-3719	(812)314-2261
BETTY L MUNRO	136 W MAIN ST	CRAWFORDSVILLE	IN	47933-1718	(765)362-1191
VICKI L. & RONALD G. BYROM	802 NORTH MAIN STREET	CROWN POINT	IN	46307-0000	(219)662-8237
BRENDA POOLE	ESTLND ML STE3/800 N GRNRIVER	EVANSVILLE	IN	47715-2471	(812)477-5379
LINDA BRUINSMA	6386 W. JEFFERSON BL. #D15	FORT WAYNE	IN	46804-3075	(260)432-9315
R.S. BIANSKI INCORPORATED	4430 COLDWATER ROAD	FORT WAYNE	IN	46825-5547	(260)484-2032
KAREN AND ERNEST PLETCHER JR.	125 SOUTH MAIN STREET	GOSHEN	IN	46526-3701	(574)534-2780
POLAND II, LLC	1251 US 31 N/GREENWOOD PK MALL	GREENWOOD	IN	46142-4503	(317)881-8187
MARCIA GASPAROVIC, INC	2132 45TH STREET	HIGHLAND	IN	46322-3742	(219)924-1555
FREDERICKSEN III LLC	904-A CASTLETON SQUARE MALL	INDIANAPOLIS	IN	46250-4746	(317)849-4853
KAY ROTH	607 MAIN STREET	JASPER	IN	47546-3040	(812)482-3635
IMBLER, MILLER, ZIRKLE	1513 EAST MARKLAND AVENUE	KOKOMO	IN	46902-6230	(765)456-3252
DIALYN, INC.	3540 STATE ROAD 38 E. STE. 504	LAFAYETTE	IN	47905-5198	(765)446-1063
VERNA & ROBERT WILES	33 PINE LAKE AVENUE	LAPORTE	IN	46350-3027	(219)324-4100
STACYANN, INC.	117 N MERIDIAN/DOWNTWN LEBANON	LEBANON	IN	46052-2263	(765)482-3442
BARBARA CREPEAU	220 E. COMMERCIAL AVENUE	LOWELL	IN	46356-1706	(219)696-8007
GARNER AND STOPCZYNSKI	WILSHIRE PLAZA/5672 GRAPE ROAD	MISHAWAKA	IN	46545-1246	(574)272-5385
BRENDA AND RANDALL KOUNS	204 EAST MCGALLIARD	MUNCIE	IN	47303-2009	(765)289-4585
M S BISHOP, INC.	53 SOUTH BROADWAY	PERU	IN	46970-2229	(765)472-1314
VIDA & DONALD CREED & D. ELM	208 WATER STREET	PLYMOUTH	IN	46563-2151	(574)936-6838
MRS MARY L NEWTON	125 N MERIDIAN	PORTLAND	IN	47371-2106	(260)726-4913
DIANE LOWE	116 WEST STATE STREET	PRINCETON	IN	47670-1508	(812)385-8848
J. BALZER & K. OLINGER	3637 E. MAIN ST. SUITE E	RICHMOND	IN	47374-5934	(765)935-2824
REBECCA L DEWEES	#18 PUBLIC SQUARE	SALEM	IN	47167-2052	(812)883-4141
JOANN STEPHAN & JOSEPH DOMSIC	240 W LINCOLN HWY/LINCOLN RDG	SCHERERVILLE	IN	46375-1854	(219)865-3223
CHRISTA CARSON	117 S HARRISON STREET	SHELBYVILLE	IN	46176-1343	(317)392-3017
SJS, INC	3401 S. U.S. HWY 41 STE. J5	TERRE HAUTE	IN	47802-4154	(812)232-1676
MS. SHIRLEY L. WILLIAMS	8 LAFAYETTE	VALPARAISO	IN	46383-5510	(219)462-4887
BRENDA MADDOX	1015 HART STREET	VINCENNES	IN	47591-3040	(812)882-9230
DIXIE AND DANNA BREADING	116 E. CENTER ST.	WARSAW	IN	46580-2840	(574)267-5306



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<b>IOWA</b>					
DENISE GRANDGENETT	319 EAST CALL STREET	ALGONA	IA	50511-2455	(515)295-7673
COSMETICS SOLUTION INC.	1975 N ANKENY BLVD SUITE 108	ANKENY	IA	50023-4707	(515)963-0628
WEGENER & HILLEBRAND	791 MIDDLE ROAD	BETTENDORF	IA	52722-4168	(563)441-5731
ALICE M. SIMONS	509 N ADAMS STREET, STE 1	CARROLL	IA	51401-2767	(712)792-5248
NANCY SCHMUECKER	81-16TH AVE SW	CEDAR RAPIDS	IA	52404-5948	(319)363-1154
COSMETICS SOLUTION INC.	3800 MERLE HAY RD	DES MOINES	IA	50310-1305	(515)251-7168
MATS INC	555 JFK ROAD SUITE 674	DUBUQUE	IA	52002-5202	(563)583-3161
CHARLENE/GLENN/KIM MOLITOR	107 1ST STREET SE	MASON CITY	IA	50401-3901	(641)424-8307
DEBORAH LYNN SEDREL	119 SOUTH MARKET	OSKALOOSA	IA	52577-3131	(641)673-9400
TAMI SHEAFFER	707 FRANKLIN STREET	PELLA	IA	50219-1619	(641)628-8558
SUSAN KOONTZ	3624 KIMBALL AVENUE	WATERLOO	IA	50702-5731	(319)235-9574
BARBICAN ENTERPRISES, L.C.	CLOCK TOWER SQ/2900 UNIVERSITY	WEST DES MOINES	IA	50266-1251	(515)226-8737
<b>KANSAS</b>					
JETTS STORE, INC.	102 WEST MAIN STREET	ANTHONY	KS	67003-2745	(620)842-5159
LINDA SPRINGER	119 EAST MAIN	CHANUTE	KS	66720-1844	(620)431-4486
JO BREEDING	2600 CENTRAL/GIBSON MALL	DODGE CITY	KS	67801-6211	(620)225-3767
HEARTLAND CRAFTS & GIFTS, LLC	2414 VINE STREET	HAYS	KS	67601-3617	(785)628-6199
PEEK-A-BOOTIQUE, LLC	202 NORTH PENN AVENUE	INDEPENDENCE	KS	67301-3324	(620)331-0360
CAROL/LISA/MICHAEL HOCKENBERRY	OAK PK CMS 12038 W 95TH ST	LENEXA	KS	66215-3803	(913)888-5371
HIBBS AND WAYBRIGHT	303 N KANSAS AVE STE 105	LIBERAL	KS	67901-0000	(620)626-4282
URBAN STUDIOS, LLC	820 COMMONS PLACE	MANHATTAN	KS	66503-3001	(785)539-4400
BENLEY'S LLC	615 MAIN STREET	NEWTON	KS	67114-2257	(316)283-0960
CAROL AND TERRY BEST	613 NORTH BROADWAY	PITTSBURG	KS	66762-3904	(620)231-2760
CHARLOTTE & ROGER SAVAGE	1905 SO OHIO	SALINA	KS	67401-6602	(785)825-1987
SHIRLEY BURBANK COSMETICS INC	5337 S W 22ND PLACE	TOPEKA	KS	66614-1500	(785)272-0774
MARLENE A GLOVER	1855 S. ROCK RD. #103	WICHITA	KS	67207-5113	(316)681-1932
MARLENE A GLOVER	6112 W. CENTRAL	WICHITA	KS	67212-2844	(316)945-2223

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<b>KENTUCKY</b>					
JANE ANN'S, INC.	500 WINCHESTER/ASHLND CTR #430	ASHLAND	KY	41101-7367	(606)324-5996
EDELEN ENTERPRISES, INC.	107 WEST FLAGET STREET	BARDSTOWN	KY	40004-1422	(502)348-1057
LINDA OUTLAND/REBECCA OUTLAND	98 WEST FIFTH STREET	BENTON	KY	42025-1162	(270)527-8899
THE BOUTIQUE, LLC	55 SILVER CREEK DR STE 3	BEREA	KY	40403-1927	(859)985-8642
NORA BOWIE ENTERPRISES, INC	130 WALTON AVENUE	BOWLING GREEN	KY	42104-6361	(270)746-6499
PAMELA RICHARDSON	125 EAST MAIN STREET	CAMPBELLSVILLE	KY	42718-2237	(270)789-1743
PAMELA & LAMAR HAMILTON	6-B TRI-COUNTRY SQUARE	CORBIN	KY	40701-2591	(606)528-4212
JL NICOLAS, INC	2880 TOWN CENTER BOULEVARD	CRESTVIEW HILLS	KY	41017-2003	(859)344-0500
JOHN B CAYWOOD	124 NORTH 3RD STREET	DANVILLE	KY	40422-1632	(859)236-7630
NORMA DAUGHERTY	274 JANE TRAIL	DANVILLE	KY	40422-9448	(859)239-8981
BELINDA ROGERS	107 W MAIN STREET	EDDYVILLE	KY	42038-0000	(270)388-4653
NEWTON, RIZER AND PERRY	910 N DIXIE AVE STE 113	ELIZABETHTOWN	KY	42701-2535	(270)765-6988
BEAUTY EXPRESIONS, INC.	111 WESTRIDGE DR STE C	FRANKFORT	KY	40601-4448	(502)352-2463
MICHELLE EILERS	105 WEST CEDAR STREET	FRANKLIN	KY	42134-2123	(270)598-0000
KATHY TOWLES	301 NORTH HAMILTON STREET	GEORGETOWN	KY	40324-1820	(502)863-1090
VAL'S BEAUTY BOUTIQUE, INC.	105 LAWSON DRIVE #1	GEORGETOWN	KY	40324-8987	(502)863-5757
GLENDA L THOMAS	216 REYNOLDS ROAD	GLASGOW	KY	42141-1177	(270)678-1416
DELORES J. CARWELL	109 SOUTH MAIN STREET	GREENVILLE	KY	42345-1539	(270)338-5121
RHONDA S HOWARD	140 VILLAGE CENTER	HARLAN	KY	40831-1777	(606)573-0078
KATHY ALLEN & KOREY WEATHERS	211 SOUTH MAIN STREET	HARTFORD	KY	42347-1126	(270)298-4111
D & DOUBLE B TRUCKING, INC.	224 VILLAGE LANE/HAZARD VLG.	HAZARD	KY	41701-9416	(606)436-3100
V. DEAN BOBO	307 THIRD STREET	HENDERSON	KY	42420-2905	(270)826-4015
REMARKABLE IMAGE, LLC	92 HOLLY HILLS MALL RD STE 7	HINDMAN	KY	41822-0000	(606)785-9950
SHA, LLC	1207 SKYLINE DRIVE	HOPKINSVILLE	KY	42240-4950	(270)889-0434
LINDA M. ALLEY	105 W. WHITE OAK ST.	LEITCHFIELD	KY	42754-1433	(270)259-5851
KAREN HOLDER/H.K.W. COMPANY	FAYETTE ML/3401 NICHOLASVIL RD	LEXINGTON	KY	40503-3618	(859)271-2679
REFLECTIVE IMAGE, LLC	132 LONDON SHOPPING CENTER	LONDON	KY	40741-3015	(606)864-7634
LORI A CRAWFORD	4801 OUTERLOOP/B304 JFFRSON ML	LOUISVILLE	KY	40219-3875	(502)968-7670
TABOR & CHILDERS, INC.	3955 TAYLORSVILLE ROAD	LOUISVILLE	KY	40220-1455	(502)458-6702

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NF ENTERPRISES, INC.	7900 SHELBYVILLE ROAD	LOUISVILLE	KY	40222-5451	(502)327-8795
LO LA MARKETING CORP	6801 DIXIE HWY STE 139	LOUISVILLE	KY	40258-3948	(502)935-0286
TRIPLE S OF MADISONVILLE, INC	226 MADISON SQUARE DRIVE	MADISONVILLE	KY	42431-2744	(270)821-4519
CHARLENE DUNCAN & B ULLERY	37 WEST 2ND STREET	MAYSVILLE	KY	41056-1101	(606)564-4693
G. COX AND V. TRANBARGER	143 EAST MAIN STREET	MOREHEAD	KY	40351-1652	(606)784-4885
JUDITH BLACK & LISA LITTON	344 KROGER CENTER	MOREHEAD	KY	40351-8895	(606)784-8661
WI-LY, LLP	104 S TYLER ST/PO BOX 409	MORGANTOWN	KY	42261-8615	(270)662-0000
SOMETHING DIFFERENT SALON, LLC	521 MAYSVILLE RD	MOUNT STERLING	KY	40353-9336	(859)498-1440
BEVERLY CALLOWAY	908 S 12TH ST/BEL AIR S/C	MURRAY	KY	42071-2949	(270)753-6926
COSMETIC BOUTIQUE, INC.	103 EDGEWOOD PLAZA DRIVE	NICHOLASVILLE	KY	40356-1933	(859)881-0041
ETERNAL BEAUTY, LLC	2785 VEACH ROAD #C	OWENSBORO	KY	42303-6250	(270)685-2259
KERI DAVIS & AMANDA CANTER	2929 JAMES SANDERS BLVD.	PADUCAH	KY	42001-9158	(270)443-4443
JANE ANN'S, INC.	938 BROADWAY	PAINTSVILLE	KY	41240-1411	(606)789-9991
JANE ANN'S, INC.	4165 N MAYO TR/WEDDINGTON PZ	PIKEVILLE	KY	41501-3211	(606)433-9729
JANE ANN'S, INC.	291 N LAKE DRIVE	PRESTONSBURG	KY	41653-7741	(606)886-9200
WEST, INC.	2008 MERCHANT DRIVE SUITES I-J	RICHMOND	KY	40475-8189	(859)624-9825
JANE ANN'S, INC.	ROUTE 114/MOUNTAIN PARKWAY	SALYERSVILLE	KY	41465-9400	(606)349-8101
OPTIONS, INC.	370 S HWY 27/TRADEWIND #7	SOMERSET	KY	42501-2774	(606)679-4511
YOUTH FASHIONS, INC.	329 NORTH MAIN STREET	TOMPKINSVILLE	KY	42167-1510	(270)487-5691
KRISTI TRUSTY	577 MAIN STREET	WEST LIBERTY	KY	41472-1015	(606)743-7890
DONNA WATTS	106 WHITESBURG PLAZA	WHITESBURG	KY	41858-7502	(606)633-7237
CHARLES AND CATHI LYKINS	142 HUBBARD ROAD	WINCHESTER	KY	40391-2412	(859)745-2937
<b>LOUISIANA</b>					
ANNE ELEAZAR	119 NORTH JEFFERSON STREET	ABBEVILLE	LA	70510-4644	(337)893-8463
GREGORIO, INC.	1707 METRO DRIVE STE D	ALEXANDRIA	LA	71301-3380	(318)445-3754
COSMETICS AND LOTS MORE, INC.	7474 CORPORATE BLVD STE 302	BATON ROUGE	LA	70809-1182	(225)928-4066
SAJS, LLC	11445 COURSEY BLVD. STE H	BATON ROUGE	LA	70816-4033	(225)298-0031
WENDI W. SHELBY	14409 WAX ROAD SUITE D	BATON ROUGE	LA	70818-4233	(225)262-8776
BELLA MIA ENTERPRISES, LLC	6401 BLUEBONNET BLVD #2078	BATON ROUGE	LA	70836-2078	(225)766-1222
TERESA DAWN BUSHNELL	111 5TH STREET SUITE B	BENTON	LA	71006-9472	(318)965-4965

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R J AND C, L.L.C.	530 LOUISIANA AVENUE	BOGALUSA	LA	70427-3325	(985)735-5912
AHEARN & AHEARN, INC	2151 AIRLINE DR STE 1100	BOSSIER CITY	LA	71111-3190	(318)742-0703
ASHLEY MATHEWS ORTEGO	730 ALBERTSON PARKWAY STE A	BROUSSARD	LA	70518-4945	(337)837-8009
CAROL CAMP	842 COLLINS BLVD, STE G	COVINGTON	LA	70433-2759	(985)809-8990
BARBARA B'S, L.L.C.	2352 S RANGE AVE	DENHAM SPRINGS	LA	70726-5216	(225)665-7614
NORMA RUSSELL GASS	1118 L NORTH PINE	DERIDDER	LA	70634-2830	(337)463-8267
HAHN AND PHILLIPS, INC.	402 RAILROAD AVENUE	DONALDSONVILLE	LA	70346-3332	(225)473-1402
JANICE OLIVIER	1701 W LAUREL AVE SUITE E	EUNICE	LA	70535-4019	(337)546-6776
SUSAN LORENZO	731 MAIN STREET	FRANKLIN	LA	70538-5438	(337)828-4966
JOYCE RAMSEY	715 EAST ASCENSION	GONZALES	LA	70737-3028	(225)647-5127
TCS, LLC	458 PALACE DRIVE	HAMMOND	LA	70403-0000	(985)340-5775
ANN MARCEL	6652 WEST PARK AVE.	HOUMA	LA	70364-2436	(985)879-3731
ANNA & JESSICA ROMERO	406 NORTH MAIN	JENNINGS	LA	70546-5344	(337)824-0528
DONNA MALBROUGH	227-C BELLE TERRE BLVD	LA PLACE	LA	70068-3145	(985)652-2250
DIANE L. WEBRE	2831 JOHNSTON STREET	LAFAYETTE	LA	70503-3243	(337)236-3162
ROBERT & SYLVIA PEREZ	5725 JOHNSTON#195 ACADIANA ML	LAFAYETTE	LA	70503-5307	(337)984-7792
BOBBIE MCFATTER COSMETICS, INC	648 W PRIEN LAKE ROAD	LAKE CHARLES	LA	70601-8390	(337)478-0420
M.N. & MORE, L.L.C.	271 N HWY 171 STE 300	LAKE CHARLES	LA	70611-5367	(337)217-3055
K & C COSMETICS, L.L.C.	13301 WEST MAIN STREET	LAROSE	LA	70373-2408	(985)798-7766
LARKELL, INC.	100 N 3RD STREET	LEESVILLE	LA	71446-4014	(337)239-3668
TRINITY SPA, LLC	12715 HIGHWAY 90 STE 170A	LULING	LA	70070-2205	(985)308-0335
LA FEMME CLASSIQUE, LTD.	1878B N CAUSEWAY BLVD.	MANDEVILLE	LA	70471-3112	(985)674-5911
ELSA MIMS AND JULIE HUCKABAY	101 JEFFERSON	MANSFIELD	LA	71052-2438	(318)872-4501
DELORES & ROBERT GEOGHAGAN	174 SAN ANTONIO AVENUE	MANY	LA	71449-3009	(318)256-5588
SEBASTEIN AND BABIN	3200 SEVERN AVENUE SUITE 104	METAIRIE	LA	70002-4791	(504)454-6193
BOUJO, L.L.C.	701 METAIRIE ROAD #2A110	METAIRIE	LA	70005-4049	(504)837-6802
FHL GROUP, INC	1150 HOMER ROAD	MINDEN	LA	71055-3028	(318)377-6463
SKYCAST LLC	1150 HOMER ROAD	MINDEN	LA	71055-3028	(318)377-6463
LJMN, L.L.C.	2122 FORSYTHE AVENUE	MONROE	LA	71201-3611	(318)322-1382
YVONNE G MARCEL	7607 HIGHWAY 182 EAST	MORGAN CITY	LA	70380-2383	(985)384-2166
SUSAN THOMPSON TAYLOR	109 BROADMOOR SHOPPING CENTER	NATCHITOCHE	LA	71457-5139	(318)352-5116
JENNIFER & JAKE ARMENTOR	607 E ADMIRAL DOYLE DR	NEW IBERIA	LA	70560-6702	(337)364-5535

**LIST OF ACTIVE STUDIOS**

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Studio Owner	Studio Address	City	State	Zip	Bus. Phone
RIVER STUDIO UNLIMITED, LLC	228 EAST MAIN ST.	NEW ROADS	LA	70760-3634	(225)638-3737
PAMELA A. THOMPSON	300 EAST MAIN STREET	OAK GROVE	LA	71263-2540	(318)428-4293
MARTHA TURNER	112 SOUTH 10TH STREET	OAKDALE	LA	71463-2911	(318)335-1647
THOMASON & THOMASON	608 SOUTH UNION	OPELOUSAS	LA	70570-6026	(337)948-1194
STUDIO UNLIMITED, LLC	4161 LA HIGHWAY 1 SOUTH	PORT ALLEN	LA	70767-5822	(225)749-5088
SAJS, LLC	17316 AIRLINE HWY STE F	PRAIRIEVILLE	LA	70769-3336	(225)744-2656
PEGGY ANN'S COSMETIC/GIFTS	9605 JEFFERSON HWY D1	RIVER RIDGE	LA	70123-2550	(504)738-8117
PBK ENTERPRISES LLC	708 CELEBRITY DRIVE	RUSTON	LA	71270-3875	(318)232-6000
AHEARN & AHEARN, INC	6535 YOUREE DR STE 403	SHREVEPORT	LA	71105-4643	(318)798-7786
TAMARA K. LAMB	4826 C LINE AVENUE	SHREVEPORT	LA	71106-1539	(318)868-7288
DIVA IMAGE, L.L.C.	1571 GAUSE BLVD	SLIDELL	LA	70458-2244	(985)646-2455
JUDITH WILLIAMSON	125 NORTH MAIN STREET	SPRINGHILL	LA	71075-2661	(318)539-4570
JERRY L. KEY	819 WILLOW AVENUE	SULPHUR	LA	70663-3420	(337)528-9099
KATHY CHAPMAN	867 TERRY PARKWAY #5	TERRYTOWN	LA	70056-5201	(504)394-7090
K & C COSMETICS, L.L.C.	892 BAYOU ROAD	THIBODAUX	LA	70301-2352	(985)446-5706
STEPH'S FAMILY HAIR&GIFTS,INC	611 EAST LINCOLN ROAD	VILLE PLATTE	LA	70586-3516	(337)363-3381
PATRICIA D GOSS	310 SOUTH PINE	VIVIAN	LA	71082-3149	(318)375-5463
ISABELLA'S BOUTIQUE LLC	28050 WALKER S RD STE O	WALKER	LA	70785-6028	(225)791-2622
LJMN, L.L.C.	4900 CYPRESS STREET SUITE 4	WEST MONROE	LA	71291-7671	(318)397-0277
SUSAN & TY BRITT	4282 FRONT STREET	WINNSBORO	LA	71295-4139	(318)435-9710
Y AND R, INC.	5145 MAIN STREET SUITE G	ZACHARY	LA	70791-3900	(225)654-6892
<b>MARYLAND</b>					
T & T II, INC.	167-A JENNIFER RD/JENNIFER SQ	ANNAPOLIS	MD	21401-7910	(410)266-7433
GIFT OF BEAUTY, INC.	8200 PERRY HALL BLVD.	BALTIMORE	MD	21236-0000	(410)933-0077
MAINS AND LINKOUS	2108 EMMORTON RD STE 4	BEL AIR	MD	21015-6800	(410)836-7720
CONCETTA A. RUMBURG	11021 NICHOLAS LANE SUITE 4	BERLIN	MD	21811-3244	(800)421-2060
LAYMAN ASSOCIATES, INC.	#10 KENT TOWN MARKET	CHESTER	MD	21619-2632	(410)643-9007
CREATIONS OF BEAUTY, INC.	10300LITTLE PATUXENT PKY2625	COLUMBIA	MD	21044-7016	(410)884-9300
MRS ANGELA JONES	18534 OFFICE PARK DRIVE	GAITHERSBURG	MD	20886-0586	(301)921-0120
TARRAH DAWN HAIR SALON	1066 NATIONAL HIGHWAY	LA VALE	MD	21502-7530	(301)729-1925

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HONEYGO,LLC	12536 EASTERN AVE. SUITE A	MIDDLE RIVER	MD	21220-1202	(410)335-4816
<b>MASSACHUSETTS</b>					
TRAI VAN DANG	715 MASSACHUSETTS AVE	ARLINGTON	MA	02476-4902	(781)643-5454
LISAKEN STUDIO, INC	969 CONCORD ST RTE 126	FRAMINGHAM	MA	01701-4687	(508)879-6202
DAVID & MARINA CORMIER	13 SACK BLVD/SEARSTOWN PLAZA	LEOMINSTER	MA	01453-3325	(978)534-0820
JANET ST GELAIS	331-A STATE ROAD	NORTH DARTMOUTH	MA	02747-4315	(508)993-8830
<b>MICHIGAN</b>					
NANCY ANN CARTER	1669 PLYMOUTH ROAD	ANN ARBOR	MI	48105-1825	(734)930-6516
DONNA NEPHEW	908 WASHINGTON AVE	BAY CITY	MI	48708-5704	(989)892-8053
WTC, LLC	3100 NORTH LILLEY ROAD	CANTON	MI	48187-3758	(734)981-4776
DORIS VAN MULLEN	4174 ALPINE AVENUE	COMSTOCK PARK	MI	49321-8025	(616)785-3314
FANCY FACE COSMETICS, INC	22191 MICHIGAN/WEST VILLAGE	DEARBORN	MI	48124-2204	(313)561-0754
T & C HARRIS, INC	1219 LUDINGTON STREET	ESCANABA	MI	49829-3537	(906)786-3893
ROBIN'S SONG COSMETICS, INC.	23348 FARMINGTON ROAD	FARMINGTON	MI	48336-3102	(248)477-3033
KATHRINE NOLLEY	G-3341 S LINDEN RD STE 785	FLINT	MI	48507-3032	(810)742-0980
BENNETTS O'LEARY & GAGNE	212 EAST MAIN STREET	FLUSHING	MI	48433-2026	(810)659-5550
D.J BUSINESS ENTERPRISES, INC	6236 SOUTH SAGINAW	GRAND BLANC	MI	48439-2705	(810)695-1392
KIM RUMMEL	4234 29TH STREET	GRAND RAPIDS	MI	49512-1688	(616)949-2690
J & M COSMETICS INC	29 WEST 8TH ST/CLAREMONT COURT	HOLLAND	MI	49423-3185	(616)392-3603
ADMIN SERVICES, INC	1110 CARPENTER AVENUE	IRON MOUNTAIN	MI	49801-4722	(906)774-6506
CHEVEUX LTD., LLC.	4614 WEST MAIN	KALAMAZOO	MI	49006-2642	(269)345-8035
JOANN MOSCATELLO	2055 GRATIOT BLVD	MARYSVILLE	MI	48040-2207	(810)364-9478
MRS RITA K TYRRELL	507 S SAGINAW ROAD	MIDLAND	MI	48640-4516	(989)835-8500
NORMAN & JULIE ZION, INC.	1635 E BROOMFIELD STREET STE F	MOUNT PLEASANT	MI	48858-9590	(989)772-6373
CHAR LT ENTERPRISES, LLC	1070 E STERNBERG ROAD	MUSKEGON	MI	49444-8796	(231)799-1107
TSR COSMETICS, LLC	595 FOREST AVENUE SUITE 8A	PLYMOUTH	MI	48170-1775	(734)414-4089
CA-DAN INC	6749 S WESTNEDGE STE A	PORTAGE	MI	49002-3556	(269)327-2702
LAUREL L. ROAT	49 S. LIVERNOIS	ROCHESTER HILLS	MI	48307-1836	(248)650-9110

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STEPHEN FLECK & JASON RICE	3210 CROOKS ROAD	ROYAL OAK	MI	48073-3219	(248)288-3434
KATHRINE NOLLEY	4769 FASHION SQUARE MALL	SAGINAW	MI	48604-2704	(989)792-7181
JMC CONTEMPORARY COSMETICS LLC	14600 LAKESIDE CIRCLE SPC 2560	STERLING HEIGHTS	MI	48313-1320	(586)532-9050
MERRY ROBINSON	972 SOUTH AIRPORT RD	TRAVERSE CITY	MI	49686-4847	(231)947-0270
TONIA BRENNAN	128 WEST MAPLE	TROY	MI	48084-5434	(248)269-9877
LISAMARIE'S COSMETICS INC	1961 W. SOUTH BLVD.	TROY	MI	48098-1786	(248)689-0402
<b>MINNESOTA</b>					
D. BORGARO & C. SWEENEY	2314 MOUNTAIN SHADOW DRIVE	DULUTH	MN	55811-3809	(218)727-7100
PHYLLIS ECK	1479 COUNTY ROAD 5	LONGVILLE	MN	56655-3002	(218)363-2622
MARY K FABRE	410 CENTER AVE/MOORHEAD CTR ML	MOORHEAD	MN	56560-1920	(218)233-1718
GKR, INC	20 SECOND AVENUE SW STE 181	ROCHESTER	MN	55902-3013	(507)529-9500
KACY COSMETICS, INC.	HARMAR ML/2100 SNELLING AV N	ROSEVILLE	MN	55113-6000	(651)636-1866
REFLECTIONS INC/CABALLERO	KNOLLWOOD ML/8332 W HWY 7 #139	SAINT LOUIS PARK	MN	55426-3991	(952)933-1647
MARY SOLBERG	CITY CNTR EST/1815 RADIO DR B	WOODBURY	MN	55125-9416	(651)731-6894
<b>MISSISSIPPI</b>					
STEPHANIE SANDERS	306 EAST COMMERCE STREET	ABERDEEN	MS	39730-2709	(662)369-4095
MRS BETTY CROSBY	413-B SOUTH MAIN STREET	AMORY	MS	38821-4221	(662)256-4723
MATTIE SUE KENDALL NEWCOMB	122 HIGHWAY 6 WEST	BATESVILLE	MS	38606-2507	(662)563-3079
MOLLY WREN	505 N 2ND STREET	BOONEVILLE	MS	38829-1720	(662)720-1176
CASTLES LADIES APPAREL	534 BROOKWAY BLVD.	BROOKHAVEN	MS	39601-3267	(601)835-2323
SHANNA KAYE STRINGER/W HADDOX	120 BYRAM BUSINESS CENTER	BYRAM	MS	39272-9363	(601)346-9099
DEANA S. MARTER	112 TOWN SQUARE	CALHOUN CITY	MS	38916-0000	(662)628-8997
ELISA MAYFIELD BARNES	206 WEST MAIN STREET	CARTHAGE	MS	39051-4100	(601)267-4865
DEBRA YAWN	160 ANDERSON BOULEVARD	CLARKSDALE	MS	38614-4707	(662)627-1071
FRAZIER, FRAZIER & FRAZIER	146 N SHARPE AVE	CLEVELAND	MS	38732-2748	(662)843-5487
TINA DAVIS MAY	710 MAIN STREET	COLUMBIA	MS	39429-2938	(601)736-7401
MARTHA GAIL MCDANIEL	210 LINCOLN ROAD SUITE A	COLUMBUS	MS	39705-2126	(662)328-6591
ARLENE WEAVER	1798 HWY. 72 EAST	CORINTH	MS	38834-6502	(662)287-7233

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Studio Owner	Studio Address	City	State	Zip	Bus. Phone
KINGSTON COSMETICS, INC.	4405 ALOHA EAST DRIVE SUITE 6	DIAMONDHEAD	MS	39525-3349	(228)255-0507
GWENN G. RAY	82 NORTH DUNN STREET	EUPORA	MS	39744-2631	(662)312-6608
J.K.L.M.N.,INC.	200 DOGWOOD BOULEVARD	FLOWOOD	MS	39232-8602	(601)919-3939
JAN CROWELL	403 SOUTH MAIN STREET	FOREST	MS	39074-4138	(601)469-0888
EDWINA M. HALL	1525 G HIGHWAY 1 SOUTH	GREENVILLE	MS	38701-7107	(662)332-0166
TONI & BUFFORD TUBBS	307 HOWARD STREET	GREENWOOD	MS	38930-4335	(662)453-8951
REBECCA & JULIUS KENDALL	1321 SUNSET DRIVE SUITE L	GRENADA	MS	38901-4006	(662)226-0605
ELIZABETH T. COSSEY	15232 CROSSROADS PKWY	GULFPORT	MS	39503-3564	(228)832-0522
WANDA & JERRY HUDDLESTON	4600 HARDY STREET SUITE 1	HATTIESBURG	MS	39402-1349	(601)264-7570
DEBRA L. HORTON	2342 MCINGVALE ROAD	HERNANDO	MS	38632-8755	(662)449-5525
STACY NERREN	304 HIGHWAY 82 EAST	INDIANOLA	MS	38751-2237	(662)887-5501
JOYCE F & DWIGHT K PARK	1309 BATTLEGROUND DR. SUITE A	IUKA	MS	38852-1042	(662)423-9855
PAM DEWBERRY	706 NORTH RUTHERFORD DRIVE	KILMICHAEL	MS	39747-9495	(662)262-4320
DONNA & GREG WINDHAM	982 N. 16TH AVE/PARKSIDE PLAZA	LAUREL	MS	39440-3362	(601)425-4633
ELLOUISE C. BANE	205 WEST MAIN STREET	LOUISVILLE	MS	39339-2622	(662)773-4835
MERLE NORMAN ON MAIN, INC	5187 MAIN STREET	LUCEDALE	MS	39452-6543	(601)947-1212
TOM GUYTON	307 LAWRENCE STREET	MACON	MS	39341-2705	(662)726-5452
SHAWN WILLIAMS	836 FRANKLIN DR SW	MAGEE	MS	39111-0000	(601)849-6161
LINDA LOVE & JOANN SIMMONS	1200 LASALLE ST STE 13	MCCOMB	MS	39648-5138	(601)684-3623
STEPHENS OF MENDENHALL, INC	210 NORTH MAIN ST	MENDENHALL	MS	39114-3437	(601)847-1922
R.A. CAPLES & SONS, LLC	103 S FRONTAGE, SPACE 213	MERIDIAN	MS	39301-6138	(601)482-1266
SUSAN AND TY BRITT	2 NTZ MALL/350 JHN R JUNKIN DR	NATCHEZ	MS	39120-3822	(601)442-7511
SHERRI & DUANE BULLARD	118 WEST BANKHEAD STREET	NEW ALBANY	MS	38652-3313	(662)534-3515
JUDITH ANN GOLLOTT	1066 THORN AVENUE	OCEAN SPRINGS	MS	39564-3046	(228)872-3041
SRI GANESH, INC.	2305 W. JACKSON AVE. STE 205	OXFORD	MS	38655-5716	(662)236-4105
DONNA LEE STRINGER	2304 INGALLS AVENUE	PASCAGOULA	MS	39567-7671	(228)762-7671
ROSE DENTON WICKER	3269 HIGHWAY 80 EAST	PEARL	MS	39208-3502	(601)939-0119
SONJA & DAVID HOPPER	100 EASTBROOK DRIVE STE 90	PETAL	MS	39465-6008	(601)544-6259
BYRD INC. OF PHILADELPHIA	413 CENTER AVENUE	PHILADELPHIA	MS	39350-9998	(601)656-9711
FLY BOUTIQUE, LLC	1703 HWY 11 NORTH STE B	PICAYUNE	MS	39466-2069	(601)799-1399
PREWETT ENTERPRISES, INC.	11 S MAIN	PONTOTOC	MS	38863-2811	(662)489-3523
J.K.L.M.N.,INC.	1000 HIGHLAND COLONY PKY #5016	RIDGELAND	MS	39157-0000	(601)856-3494



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SHERRI&NATALIE BLAIR BULLARD	1204 N CITY AVENUE	RIPLEY	MS	38663-1417	(662)837-8344
MARYCLAY'S, LLC	126 NORFLEET DRIVE	SENATOBIA	MS	38668-2220	(662)562-4536
KAREN SMITH	1052 GOODMAN ROAD EAST	SOUTHAVEN	MS	38671-9536	(662)349-3441
MRS BRENDA MONTGOMERY	202 S. WASHINGTON STREET	STARKVILLE	MS	39759-3230	(662)323-5255
SUE & JIM SULLIVAN	1157 BEAT LINE RD	TUNICA	MS	38676-9496	(662)363-2383
EVERITT ENTERPRISES, LLC	115 NORTH THOMAS ST #D	TUPELO	MS	38801-0000	(662)840-1000
JOYCE WADDLE	1001 BARNES CROSSING MALL	TUPELO	MS	38804-0916	(662)680-9390
SHARON FORD	2222 I-20 S FRONTAGE RD STE C	VICKSBURG	MS	39180-5271	(601)634-1129
BASS HARDY & DAVIS	1117 NORTH MAIN	WATER VALLEY	MS	38965-1818	(662)473-2811
CAROLYN & DALE FARRIOR	801 STATION ST	WAYNESBORO	MS	39367-2734	(601)735-0668
MARY LOU DARSEY, LISA GOLSON	332 HWY 45 SOUTH	WEST POINT	MS	39773-2710	(662)494-6654
OLENE WALTERS	751 CARMEN COURT	WIGGINS	MS	39577-3602	(601)928-7657
<b>MISSOURI</b>					
MCCOB STYLES, INC.	621 C MOCK AVENUE	BLUE SPRINGS	MO	64014-2414	(816)220-1248
GARY J LARMON	1133 W. HIGHWAY 76	BRANSON	MO	65616-2243	(417)334-2184
TINA JACKSON	2136 WILLIAM STREET SW 168	CAPE GIRARDEAU	MO	63703-5830	(573)334-5833
PEGGY AND ELVIN NOEL	608 WASHINGTON STREET	CHILLICOTHE	MO	64601-2251	(660)646-3960
JEANNE BUCKMAN COSM ACCESS LLC	917 EAST BROADWAY	COLUMBIA	MO	65201-4857	(573)449-3367
JEANNE BUCKMAN COSM ACCESS LLC	2300 BERNADETTE DRIVE	COLUMBIA	MO	65203-4607	(573)445-1886
KATHY MARSHALL & NANCY POTT	12714 OLIVE BLVD	CREVE COEUR	MO	63141-6211	(314)878-8845
SHIRLEY AND LINDELL BRADLEY	617 N. COWLING STREET	DESLOGE	MO	63601-3119	(573)431-1945
LOIS DIEBOLD	102 EAST STODDARD STREET	DEXTER	MO	63841-1764	(573)624-3318
THE KEGLEY, L.L.C.	808 NORTH WASHINGTON STE. 2	FARMINGTON	MO	63640-1644	(573)701-9482
CAROLYN MC DOWELL	316 JEFFERSON STREET	JEFFERSON CITY	MO	65101-2908	(573)635-6634
JERRY MASSEY	S SIDE S/C 2914 E 32ND	JOPLIN	MO	64804-4403	(417)624-0100
COSMO DESIGNS, INC.	9231 NORTH OAK TRAFFICWAY	KANSAS CITY	MO	64155-3392	(816)436-4948
DEANNA & KEITH WILSON	204 SOUTHWEST DRIVE	KENNETT	MO	63857-2731	(573)888-9223
ROBYE SPALDING	119A W. WASHINGTON	KIRKSVILLE	MO	63501-2873	(660)665-9813
BETH N. EDDINGS	401 NORTH MAIN	LAURIE	MO	65037-6253	(573)374-0500
MCCOB STYLES, INC.	787 NORTHEAST RICE ROAD	LEES SUMMIT	MO	64086-5539	(816)246-7900

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KAYE RAIFORD	115 BAXTER SHOP	MANCHESTER	MO	63011-3800	(636)394-3945
MN GIFT GALLERY, L.L.C.	120 WEST JACKSON	MEXICO	MO	65265-2710	(573)581-1576
TINA BALDWIN	520-E NORTH MORLEY	MOBERLY	MO	65270-2563	(660)269-9919
D&J GILMORE ENTERPRISES INC	PLZ MALL 916 WESTWOOD	POPLAR BLUFF	MO	63901-4242	(573)785-4811
MOORE/NEWCOMER, LLC	3843 FREDRICK BLVD	SAINT JOSEPH	MO	64506-3020	(816)279-3132
P.J. ENTERPRISES, INC.	1949 EAST INDEPENDENCE	SPRINGFIELD	MO	65804-3751	(417)881-6820
CAROL'S ON SUNSHINE, L.L.C.	1601-A WEST SUNSHINE	SPRINGFIELD	MO	65807-2208	(417)862-9747
NANCY FERGUSON/CAROLYN SMITH	1111 E REPUBLIC RD STE 160	SPRINGFIELD	MO	65807-5813	(417)883-4211
PLAZA FASHIONS INC.	115 W SPRINGFIELD ST	ST JAMES	MO	65559-1929	(573)265-7272
KRISTA CLARK-NOWAK	8037 WATSON ROAD #102	WEBSTER GROVES	MO	63119-5304	(314)962-9495
<b>MONTANA</b>					
BETTY AND TOM WILKINS	3800 SOUTH RUSSELL 160	MISSOULA	MT	59801-8565	(406)728-0547
<b>NEBRASKA</b>					
MRS LUANA K WALL	2250 N WEBB RD STE F2/GR IS ML	GRAND ISLAND	NE	68803-1741	(308)381-7691
CATHY RICHARDSON	104 WEST 24TH STREET	KEARNEY	NE	68847-5342	(308)234-9718
BARBARA & THOMAS ROLFES	200 N 66TH STREET	LINCOLN	NE	68505-2400	(402)464-0515
SANDY'S COSMETICS INC	10000 CALIF ST/WESTROADS S/C	OMAHA	NE	68114-2312	(402)397-6463
ANNE MCKNIGHT	4966 DODGE STREET	OMAHA	NE	68132-2918	(402)553-1034
RILLA DRAPER & KRIS TVRS	935 10TH AVENUE	SIDNEY	NE	69162-1609	(308)254-7811
<b>NEVADA</b>					
SONDRA DUNN	2887 GREEN VALLEY PARKWAY	HENDERSON	NV	89014-0402	(702)796-5200
FEF, INC	7795 W. SAHARA AVE STE 104/105	LAS VEGAS	NV	89117-2791	(702)367-1967
SONDRA DUNN	4011 S BUFFALO DR STE B104	LAS VEGAS	NV	89147-7478	(702)257-2269
FOCUS 1, INC	THE SUMMIT SIERRA STE 503	RENO	NV	89511-4338	(775)853-4334

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<b>NEW HAMPSHIRE</b>					
DONNA SMITH & GIA SANTOSUOSSO	855 LAFAYETTE RD.	SEABROOK	NH	03874-4215	(603)474-5554
<b>NEW JERSEY</b>					
PATRICIA COSTANTINO	PANTHER VLY MALL BLDG B NW	ALLAMUCHY	NJ	07820-0003	(908)850-4700
LACHELE BOUTIQUE, LLC	741 ROUTE 9	BAYVILLE	NJ	08721-0000	(732)237-0003
BRIDGEWATER COSMETICS, LLC.	303 ROUTE 202/206	BRIDGEWATER	NJ	08807-2442	(908)704-8300
KFH INC	318 WALTER FORAN BLVD.	FLEMINGTON	NJ	08822-4663	(908)782-3220
ROSENBLATT/LA BELLE FEMME INC	63 ELLIS STREET	HADDONFIELD	NJ	08033-1826	(856)795-0606
JPS CORPORATION	COBBLESTONE VLG/883 W PARK AVE	OCEAN	NJ	07712-7205	(732)493-0792
POSITIVE IMAGES, LLC	1 TREE FARM ROAD UNIT 104	PENNINGTON	NJ	08534-1463	(609)730-8700
KAREN G., INC.	1212 THIRD AVENUE	SPRING LAKE	NJ	07762-1331	(732)449-8711
GUADALUPE JIMENEZ	18 MAPLE STREET	SUMMIT	NJ	07901-2147	(908)273-6800
CHRISTINE GIANNINI	1032 ROUTE 23 NORTH	WAYNE	NJ	07470-6652	(973)633-5510
<b>NEW MEXICO</b>					
PURE AS GOLD CORPORATION	2661 LOUISIANA NE	ALBUQUERQUE	NM	87110-3603	(505)881-1616
JAN AND KURT WILLIAMS	9311 COORS BLVD NW SUITE QB	ALBUQUERQUE	NM	87114-4049	(505)898-5336
DIANA YEAGER	1607 W PIERCE/NRTHGTE S/C	CARLSBAD	NM	88220-4022	(575)885-0983
KIM WILSON & BETTY TURNBOUGH	605 NORTH MAIN STREET	CLOVIS	NM	88101-6656	(575)762-1848
RUBEN AND SANDRA RUE	4250 EAST MAIN STREET STE D	FARMINGTON	NM	87402-8632	(505)326-7331
DEANNA & JOHN BERTINETTI	1624 S. SECOND STREET	GALLUP	NM	87301-5836	(505)863-2161
BLOOM VENTURES, LLC	1401 N TURNER ST STE B-3	HOBBS	NM	88240-4322	(575)393-0922
KATHERINE F O'NEILL	2001 E LOHMAN AV STE 105	LAS CRUCES	NM	88001-3198	(575)526-9033
NANCY & JODY TIVIS	103 WEST 2ND STREET	PORTALES	NM	88130-6201	(575)359-0815
JGH ENTERPRISES, LLC	651 CERRILLOS ROAD	SANTA FE	NM	87505-3798	(505)983-0200

**LIST OF ACTIVE STUDIOS**

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Studio Owner	Studio Address	City	State	Zip	Bus. Phone
<b>NEW YORK</b>					
SCOTT RAFFA	349 OLD COUNTRY ROAD	CARLE PLACE	NY	11514-2129	(516)248-6726
SPECIAL OCCASIONS & MORE, LLC	1032 ROUTES 5 & 20	GENEVA	NY	14456-9543	(315)789-9562
NANCY LAIOSA & SUSAN SLAMKA	3 GRANDVIEW AVE	NANUET	NY	10954-2510	(845)623-2491
LISA & VALERIE GAROFALO	23 NEW HARTFORD S/C	NEW HARTFORD	NY	13413-2816	(315)732-2364
BELLA NOMIE INCORPORATED	375 WINDSOR HWY SUITE 500	NEW WINDSOR	NY	12553-7902	(845)562-1210
LISA DORATO	300 PAYNE AVENUE	NORTH TONAWANDA	NY	14120-7205	(716)694-4485
GLAMOUR WORKS, INC.	56 MEDFORD AVENUE	PATCHOGUE	NY	11772-1202	(631)289-1184
A BEAUTIFUL NEW YOU, INC	3240 CHILI AVENUE STE B-12	ROCHESTER	NY	14624-5438	(585)571-4444
MRS. TERRI GUERIN	369 BROADWAY	SARATOGA SPRINGS	NY	12866-3111	(518)584-5642
S.P. COSMETICS, LTD.	41 POPHAM ROAD	SCARSDALE	NY	10583-4135	(914)725-7130
RETA MCCARTHY	527 CHARLES AVE/GEDDES PLAZA	SYRACUSE	NY	13209-1727	(315)488-2074
NELSON & ROUNDS	4777 VESTAL PARKWAY EAST	VESTAL	NY	13850-3772	(607)724-9430
EM JAY, INC.	992 UNION ROAD	WEST SENECA	NY	14224-3438	(716)674-8541
SWAN LAN INC	PREMIER CENTER/7870 TRANSIT RD	WILLIAMSVILLE	NY	14221-4122	(716)634-5040
<b>NORTH CAROLINA</b>					
GAIL WHITLEY	200 SOUTH FIRST STREET	ALBEMARLE	NC	28001-4809	(704)982-4614
M & E ENTERPRISES, LLC	1438 EAST DIXIE DRIVE	ASHEBORO	NC	27203-8800	(336)626-1533
NU U, INC.	80 S TUNNEL RD STE 100	ASHEVILLE	NC	28805-2221	(828)299-7403
ELOISE MOORE	104-B SOUTH JOHNSON STREET	BENSON	NC	27504-1519	(919)894-4610
SHELTON WKS ENTERPRISES, INC.	1348 JAVA LANE SUITE 105	BURLINGTON	NC	27215-8242	(336)584-8824
A & S COSMETICS, INC.	200 S COLLEGE ST/BB&T CTR #300	CHARLOTTE	NC	28202-2007	(704)332-6603
HATLEY& HATLEY ENTERPRISES INC	8040 PROVIDENCE RD STE 500	CHARLOTTE	NC	28277-9762	(704)543-8882
MRS EUNICE CARTER	201 NORTHEAST BLVD UNIT B	CLINTON	NC	28328-2421	(910)592-6305
AMANDA CHAVIS & LINDA WHITE	1445 CONCORD PKWY N STE 120	CONCORD	NC	28025-0111	(704)721-3008
GLITTERING DREAMS, LLC	8643 CONCORD MILLS BLVD	CONCORD	NC	28027-5400	(704)979-3223
NC CHARM, INC.	1058 WEST CLUB BOULEVARD #109	DURHAM	NC	27701-1174	(919)286-3836
LESLIE A. GODFREY	1775 WEEKSVILLE RD STE G	ELIZABETH CITY	NC	27909-6771	(252)335-5021

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ELIZABETHTOWN FLORIST, INC.	120 BROAD STREET	ELIZABETHTOWN	NC	28337-8999	(910)862-4369
DAWN JARVIS	NORTHGATE/3771 RAMSEY ST. #107	FAYETTEVILLE	NC	28311-7616	(910)822-2022
HEIDE FIELDS	137 HIGHLANDS ROAD	FRANKLIN	NC	28734-2709	(828)369-6465
DOWNTOWN GIRL COSMETICS, INC	208 SOUTH MAIN STREET	FUQUAY VARINA	NC	27526-2223	(919)552-3751
CMR DESIGN STUDIO, INC.	524 SOUTH NEW HOPE ROAD	GASTONIA	NC	28054-4039	(704)864-7858
LYNN SPAIN / MATTIE WHELESS	413 N SPENCE AVE/COBBLESTNE PL	GOLDSBORO	NC	27534-4349	(919)778-4357
AMY FIELDS RUMLEY/EMILY FIELDS	3118 W FRIENDLY AV/FRIENDLY SC	GREENSBORO	NC	27408-7823	(336)292-9396
AMY FIELDS RUMLEY/EMILY FIELDS	3741 STE E BATTLEGROUNDAVE	GREENSBORO	NC	27410-0000	(336)288-8011
DEBBI'S, INC.	608 EAST ARLINGTON BLVD.	GREENVILLE	NC	27858-5837	(252)756-8404
BROOKDALE COSMETICS, INC.	9599 ROCKY RIVER ROAD	HARRISBURG	NC	28075-8609	(704)597-9997
FRAN C. KEARNEY	507 DABNEY DRIVE	HENDERSON	NC	27536-3945	(252)492-8018
STMC INCORPORATED	1800 FOUR SEASONS BOULEVARD	HENDERSONVILLE	NC	28792-2891	(828)697-6352
CETE, INC.	2124 VALLEY CROSSING HWY 70 SE	HICKORY	NC	28602-5162	(828)327-0611
JACQUELYN M. LEDWELL	101 W LEXINGTON AVE STE 101	HIGH POINT	NC	27262-2531	(336)887-1682
CELESTE DRISCOLL	16835 BIRKDALE COMMONS PKWY D	HUNTERSVILLE	NC	28078-1827	(704)896-8222
MERLE 'N MORE, INC.	326 OAK AVENUE MALL	KANNAPOLIS	NC	28081-4340	(704)933-0216
NAIL SOLUTIONS, INC.	4017 VILLAGE PARK DRIVE	KNIGHTDALE	NC	27545-7044	(919)217-9377
DON REA PADON	22 WEST SECOND AVENUE	LEXINGTON	NC	27292-3350	(336)243-2119
BAY ENTERPRISES, LLC	PO BOX 1964/15 W FRONT ST	LILLINGTON	NC	27546-6677	(910)814-3937
COSMETICS & MORE, INC	224 EAST MAIN STREET	LINCOLNTON	NC	28092-3333	(704)735-6221
MARILYN & CYNTHIA WHITLEY	10420 E INDEPENDENCE BLVD #880	MATTHEWS	NC	28105-1796	(704)847-6292
SUSAN K SHOEMAKER	11237 LAWYERS/S116BX23441	MINT HILL	NC	28227-9355	(704)545-3108
MARILYN & CYNTHIA WHITLEY	2409-E W. ROOSEVELT BLVD.	MONROE	NC	28110-0417	(704)283-2425
FUTURE GENERATION COSMETIC INC	169 NORTH MAIN STREET	MOORESVILLE	NC	28115-2525	(704)664-2610
THE GOLDEN GULL, INC	4426 ARENDELL STREET	MOREHEAD CITY	NC	28557-2785	(252)726-2333
SHIRLEY KAHILL	402H W FLEMING DR/TANNERY SQ	MORGANTON	NC	28655-3958	(828)433-1262
2 COMPLETE U, L.L.C.	159 NORTH MAIN STREET	MT AIRY	NC	27030-3807	(336)789-1201
BRENDA BERGMAN	3601 TRENT RD/8 VILLAGE SQ	NEW BERN	NC	28562-2219	(252)638-3665
HAZEL MAYES & SABRINA FRANKLIN	314 10TH STREET	NORTH WILKESBORO	NC	28659-4112	(336)838-4571
C & CP, INC.	128 HILLSBORO STREET	OXFORD	NC	27565-3212	(919)693-6500
DEEANN ENTERPRISES, INC	11025 CAROLINA PL PKWY A-14-A	PINEVILLE	NC	28134-7515	(704)544-2331
MANSFIELD ENTERPRISES, INC.	4325 GLENWOOD AVE STE 2001	RALEIGH	NC	27612-4504	(919)781-2661

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YVONNE S. ELIAS	1620 E 10TH ST STE #111	ROANOKE RAPIDS	NC	27870-4072	(252)535-3636
TBV ENTERPRISES, INC.	1305 E. BROAD AVE. STE. 29	ROCKINGHAM	NC	28379-4445	(910)997-4005
JANET PRIDGEN'S MNC, INC.	1637 N WINSTEAD AVE	ROCKY MOUNT	NC	27804-8315	(252)937-4070
WENDY'S COSMETICS, INC.	1272 NORTH MAIN STREET	ROXBORO	NC	27573-4305	(336)599-7444
THE KAREN WEBB COMPANY	1945 JAKE ALEXANDER W STE 6	SALISBURY	NC	28147-1124	(704)633-5772
JANICE & TIM COLEMAN	1640 SOUTH HORNER BOULEVARD	SANFORD	NC	27330-5634	(919)776-6684
TONYA SYKES & KENT ANDERSON	4519-2 MAIN ST. HWY 17 BUS	SHALLOTTE	NC	28459-4447	(910)754-7960
BABB SERVICES, INC	2001-10 EAST DIXON BLVD.	SHELBY	NC	28150-6919	(704)484-2442
MERRISA BARNHARDT	1637 E. BROAD ST.	STATESVILLE	NC	28625-4303	(704)873-0405
WILLAREE WILSON	102 WEST 6TH STREET	TABOR CITY	NC	28463-1634	(910)653-3690
GOODWIN & ROTHROCK	1329 NATIONAL HIGHWAY	THOMASVILLE	NC	27360-2317	(336)882-6253
BEAUTY SOLUTIONS, LLC	158 N TRADE STREET	TRYON	NC	28782-3012	(828)859-5299
THE POLKA DOT ZEBRA, LLC	113 NORTH COLLEGE	WALLACE	NC	28466-2707	(910)285-4600
LINDA & HILTON EUGENE WILLIAMS	613 WASHINGTON SQUARE MALL	WASHINGTON	NC	27889-5700	(252)975-6670
ADORABELLA SALON, LLC	33 SOUTH MAIN STREET	WAYNESVILLE	NC	28786-4351	(828)246-0415
DUCHARME, INC.	3500 OLEANDER DR STE 1072	WILMINGTON	NC	28403-0811	(910)392-2434
SHARON & JAMES ALLEN	2302 NASH STREET NORTH #C	WILSON	NC	27896-1731	(252)291-1366
MEL'S MERLE AND MORE, INC.	3320 SILAS CREEK PKWY #530	WINSTON-SALEM	NC	27103-3031	(336)760-1664
AMY HOBSON	919 S STATE ST STE B	YADKINVILLE	NC	27055-6765	(336)679-4653
<b>NORTH DAKOTA</b>					
LYLA LOVDAL	742 KIRKWOOD MALL	BISMARCK	ND	58504-3325	(701)222-4811
F.D.K., INC	3902 13TH AVENUE SW STE 223	FARGO	ND	58103-3357	(701)282-2268
MARY K FABRE	2800 SOUTH COLUMBIA RD STE401	GRAND FORKS	ND	58201-6076	(701)757-0920
<b>OHIO</b>					
TUCKER COSMETICS CORPORATION	43 EAST MAIN STREET	ASHLAND	OH	44805-2331	(419)282-0630
MRS CATHERINE LEMMERBROCK	188 SOUTH MAIN STREET	BOWLING GREEN	OH	43402-2909	(419)352-7060
KATHLEEN A. LYONS	615 WHEELING AVE.	CAMBRIDGE	OH	43725-2251	(740)432-3656
NOW OR NEVER, LLC	4341 DRESSLER ROAD NW	CANTON	OH	44718-2751	(330)493-9101

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LOOKS UNLTD HAIR DESIGN, INC.	1655 NORTHBRIDGE ST	CHILLICOTHE	OH	45601-4106	(740)775-5420
LADIES' COSMETICS & MORE, LLC	4601 EASTGATE BLVD. SPACE #628	CINCINNATI	OH	45245-1220	(513)947-1800
JAMES & LENORE GOODWIN	6863 SOUTHLAND DR STHLAND S/C	CLEVELAND	OH	44130-3608	(440)845-2224
SCHWIETERMAN & ELKING	102 SOUTH SECOND STREET	COLDWATER	OH	45828-1744	(419)678-2477
MNC ENTERPRISES, INC.	1500 POLARIS PKWY SUITE 2194	COLUMBUS	OH	43240-2134	(614)436-4214
JEANNE AIKIN	8353 NORTH MAIN STREET	DAYTON	OH	45415-1602	(937)454-0522
POPE & BAUGHMAN	4753 DIXIE HY/HICKS MANOR S/C	FAIRFIELD	OH	45014-1847	(513)829-7167
CLAUDIA LAMANCUSA	3265 W MARKET STREET SUITE 414	FAIRLAWN	OH	44333-3353	(330)867-3888
JOY BABE LTD.	1047 TIFFIN AVENUE	FINDLAY	OH	45840-6203	(419)425-0009
BRENDA BUSBEE ENTERPRISES, LLC	4685 MORSE ROAD	GAHANNA	OH	43230-1375	(614)478-1678
PAMELA KAY SHARP	309 SOUTH BROADWAY	GREENVILLE	OH	45331-1906	(937)459-5030
ROSEMARY COX	3383 MCDOWELL ROAD	GROVE CITY	OH	43123-2907	(614)277-0440
RACHELLE TREFZ	144 SOUTH HIGH STREET	HILLSBORO	OH	45133-1443	(937)840-0701
VICTOR ANGELO, LTD., LLC	6807 SPRING VALLEY DRIVE	HOLLAND	OH	43528-9487	(419)867-0995
E. D. WAGGONER, INC.	303 PARK AVENUE	IRONTON	OH	45638-1525	(740)533-1183
JULIE DENNEY	261 MAIN STREET	JACKSON	OH	45640-1744	(740)286-5286
SUSIE & NORMAN REDICK	752 LIMA MALL/2400 ELIDA RD	LIMA	OH	45805-1254	(419)331-6771
BEAUTYWORKS, INC.	#6 TIBER WAY, 2ND & BUTLER ST	MARIETTA	OH	45750-0000	(740)373-8519
LADIES' COSMETICS & MORE, LLC	5655 DEERFIELD BLVD	MASON	OH	45040-2517	(513)770-0071
MARY SHEA & PATRICIA SHEA	454 LAKE AVENUE NE	MASSILLON	OH	44646-4352	(330)833-3957
SHIRLEY ROSS	100 SOUTH MAIN STREET	MOUNT VERNON	OH	43050-3324	(740)392-8900
SANDRA AND LARRY GILLESPIE	146 WEST MAIN STREET	OTTAWA	OH	45875-1722	(419)523-4694
PATTY & RONALD G. DAVIS	1495 MENTOR AV/PAINESVILLE S/C	PAINESVILLE	OH	44077-1801	(440)352-0605
MNC ENTERPRISES, INC.	2955 TAYLOR ROAD	REYNOLDSBURG	OH	43068-9483	(614)751-3734
VIVIAN OSTROSKI	160 NORTH SUGAR	SAINT CLAIRSVILLE	OH	43950-1330	(740)695-9796
MOHAN BEAUTY PRODUCTS, LLC	72 WEST CENTRAL AVENUE	SPRINGBORO	OH	45066-1138	(937)748-9650
IMAGE TRENDS, LLC	2971 DERR ROAD	SPRINGFIELD	OH	45503-1369	(937)390-9970
BECKY DAVIS & SANDRA CLAUSING	201 NORTH FRONT STREET	ST MARYS	OH	45885-2123	(419)394-2484
FRANCES COMMAROTA	FT STEUBEN MALL/MALL DR	STEUBENVILLE	OH	43952-3092	(740)264-7742
SCHNIPKE AND SCHWANBECK	6626 MONROE ST	SYLVANIA	OH	43560-1959	(419)882-7815
JANE BANKS & JULIE WEBB	2147 S STATE ROUTE 100	TIFFIN	OH	44883-3615	(419)447-2035
VICTOR ANGELO, LTD., LLC	5248 MONROE STREET	TOLEDO	OH	43623-3196	(419)841-4027

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G & K HUSEMANN, INC.	1444 W MAIN STREET	TROY	OH	45373-2551	(937)335-1147
CONSTANCE BROWN-LONG	4195 SUITE AA3 MASSILLON ROAD	UNIONTOWN	OH	44685-8713	(330)896-5513
VALERIE JO STUDER	17 EAST PEARL STREET	WILLARD	OH	44890-1409	(419)935-4247
BEAUTYWORKS, INC.	1224 BRANDYWINE BLVD.	ZANESVILLE	OH	43701-1085	(740)453-2358
<b>OKLAHOMA</b>					
LARECY'S, INC	900 NORTH COUNTRY CLUB	ADA	OK	74820-2846	(580)436-3540
WYLODEAN LINDER	421 COLLEGE AVENUE	ALVA	OK	73717-2233	(580)327-3227
SHELLY JEAN SPARKMAN	120 W. BROADWAY	ANADARKO	OK	73005-2806	(405)247-5350
LARECY'S SPLISHSPLASH CAR WASH	2400 NORTH COMMERCE SUITE 106	ARDMORE	OK	73401-1356	(580)226-4350
NORMA GIDEON	2503 S E WASHINGTON BLVD #1	BARTLESVILLE	OK	74006-7608	(918)335-0323
SHARON & RONNIE MCMURRAY	3730 SOUTH ELM PLACE	BROKEN ARROW	OK	74011-1803	(918)455-3838
ALIRICH, INC.	4908 W KENOSHA ST	BROKEN ARROW	OK	74012-8517	(918)254-5069
MYRNA BEAN, R. BEAN & J. KEY	919 MANVEL	CHANDLER	OK	74834-3851	(405)258-0012
MRS BARBARA CAMP	307 WEST JEFFERSON	CHECOTAH	OK	74426-3811	(918)473-2301
PAULINE MARTIN	1706 H SOUTH 4TH STREET	CHICKASHA	OK	73018-5900	(405)224-3959
SUE HICKS	900 E WILL ROGERS SUITE C	CLAREMORE	OK	74017-6350	(918)341-2441
VAN DEVENTER AND MOORE	105 NORTH BROADWAY	CLEVELAND	OK	74020-3809	(918)358-2122
LARECY'S, INC	104 WEST OHIO AVE	COALGATE	OK	74538-2827	(580)927-9852
ANN AND JULIE LOFTISS	108 E MAIN	CORDELL	OK	73632-4824	(580)832-5515
CHERYL STEWART	1206 N HWY 81 SUITE 45	DUNCAN	OK	73533-1796	(580)470-8050
GENERATIONS, EST. 2010, INC.	202 W EVERGREEN	DURANT	OK	74701-4170	(580)924-1099
ANITA G HADDOCK	306 S BRYANT AVE STE E/BRY SQ	EDMOND	OK	73034-5620	(405)341-0465
CONNIE CRESWELL	117 A SOUTH MAIN STREET	ELK CITY	OK	73644-5743	(580)225-2477
CINDY DICKEY	610 S CLEVELAND STREET STE 216	ENID	OK	73703-6532	(580)237-5823
CREEK GIRL, LLC	45 EAST FOLEY AVENUE	EUFAULA	OK	74432-0000	(918)618-4301
DEBRA ANN ALFORD	2123 SOUTH MAIN STE C	GROVE	OK	74344-5352	(918)786-3800
RONDA PURVINES	419 NORTH MAIN	GUYMON	OK	73942-4315	(580)338-3020
LAUGHLIN AND DRUMMOND	321 WEST MAIN ST	HENRYETTA	OK	74437-4239	(918)652-9178
AMY DRAKE	112 NORTH BROADWAY	HUGO	OK	74743-4031	(580)326-3633
TENNA SUE CARLISLE	1435 SOUTH EAST WASHINGTON	IDABEL	OK	74745-3447	(580)286-6155



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V & L ENTERPRISES, INC	3801 NW CACHE RD SQ # 17B	LAWTON	OK	73505-3713	(580)353-1764
LAVORA DODD	306 SO MAIN ST	LINDSAY	OK	73052-5636	(405)756-3373
WANDA AND RONALD GIBSON	210 PLAZA	MADILL	OK	73446-2251	(580)795-7376
RAY CURTIS AND SALLY WILLIAMS	7 NORTH MAIN STREET	MIAMI	OK	74354-6322	(918)542-9722
HMN COSMETICS, INC.	2716 N SANTA FE AVE	MOORE	OK	73160-1177	(405)793-2992
LINDA MARLENE MC LAMORE	401 W BROADWAY/SHADOWWOOD MALL	MUSKOGEE	OK	74401-6617	(918)687-5330
ROBIN KELLEY	715 NW 32ND PLACE	NEWCASTLE	OK	73065-3617	(405)387-2801
K. WASOSKI AND Y. STARK	210 36TH AVE S W STE 1-E	NORMAN	OK	73072-5045	(405)360-3848
MY FAVORITE THINGS, L.L.C.	9231 N PENNSYLVANIA AVE	OKLAHOMA CITY	OK	73120-1512	(405)848-2006
MJP COSMETICS, INC.	7101 N W EXPRESSWAY #605	OKLAHOMA CITY	OK	73132-1563	(405)721-1751
JUDY MILLER, ANGELA MEADOWS	12150 E 96TH ST N, STE 107	OWASSO	OK	74055-5339	(918)272-9016
PAWNEE BILL'S OLD TOWN LTD CO	621 HARRISON STREET	PAWNEE	OK	74058-2520	(918)762-4826
VERONA & GLEN MAIR	301 EAST GRAND	PONCA CITY	OK	74601-4526	(580)765-3143
CONNIE BAKER	2807 NORTH BROADWAY	POTEAU	OK	74953-5405	(918)647-5047
DANIELLE DORLER	203 EAST GRAHAM	PRYOR	OK	74361-2436	(918)825-1264
PHYLLIS D. LEWIS	200 EAST DEWEY	SAPULPA	OK	74066-4206	(918)224-6912
SWBK ENTERPRISE, INC.	3717 NORTH HARRISON	SHAWNEE	OK	74804-2223	(405)275-1861
D. BEASON, V. GIBSON & S.WEHBA	211 EAST MCELROY	STILLWATER	OK	74075-3814	(405)377-0855
GINGER CORNELL & KENNA CORNELL	1806 WEST BROADWAY	SULPHUR	OK	73086-4246	(580)622-4110
SANTINE/BUTLER	101 N. MUSKOGEE AVE.	TAHLEQUAH	OK	74464-3621	(918)456-6242
HALEY'S COMET INC	4308 SOUTH PEORIA AVENUE	TULSA	OK	74105-3924	(918)712-7546
LEE, LEE & EUBANK, INC.	10441 S REGAL BLVD. STE. 107	TULSA	OK	74133-7189	(918)369-6375
PROSPERITY ENTERPRISE. INC.	4107 S. YALE AVE. #248	TULSA	OK	74135-6015	(918)622-3555
HALEY'S COMET INC	6130 E 71ST ST SUITE 19	TULSA	OK	74136-6733	(918)495-1232
LINDA D. GREGORY	404-G WEST CHEROKEE STREET	WAGONER	OK	74467-4627	(918)485-9212
MJ IMAGES, LLC	1107 MAIN STREET	WOODWARD	OK	73801-3113	(580)256-6495
IMAGE MAKERS, INC.	1751 GARTH BROOKS BLVD #104	YUKON	OK	73099-6388	(405)354-3700
<b>OREGON</b>					
AUDREY HINDMAN	1915 WASHINGTON AVENUE	BAKER CITY	OR	97814-3353	(541)523-3288
BEAUTY QUEST, INC.	3205 SW CEDAR HILLS BLVD.	BEAVERTON	OR	97005-1374	(503)469-0884

**LIST OF ACTIVE STUDIOS**

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Studio Owner	Studio Address	City	State	Zip	Bus. Phone
MR & MRS THOMPSON	48 OAKWAY CENTER	EUGENE	OR	97401-5628	(541)342-4483
MAXIMUM EFFECTS, LLC	1314-C CENTER DRIVE	MEDFORD	OR	97501-7943	(541)245-4747
SISTERS & ASSOCIATES, LLC	11211 SE 82ND AVE STE W02	PORTLAND	OR	97086-7624	(503)654-2929
GO MO, LLC	627 SE JACKSON STREET	ROSEBURG	OR	97470-2012	(541)957-1150
DORINDA KAYE HARDING	302 EAST THIRD STREET	THE DALLES	OR	97058-2204	(541)296-3344
<b>PENNSYLVANIA</b>					
LISA G MYERS	127 SOUTH MAIN STREET	CHAMBERSBURG	PA	17201-2501	(717)264-1791
MICHELE PASCAL	20424 ROUTE 19 SUITE D430	CRANBERRY TOWNSHIP	PA	16066-7530	(724)779-6555
LINDA CRANDALL/OUTER IMAGES	22 SOUTH BRADY STREET	DU BOIS	PA	15801-2149	(814)375-0559
HEETER & CARR	2618 W 8TH STREET	ERIE	PA	16505-0000	(814)833-8370
CARLYNN K. CLISHAM	PAXTON SQ/6065 ALLENTOWN BLVD	HARRISBURG	PA	17112-2672	(717)540-5818
JOANNE BRAJKOVICH	4 BRIAR CREST SQUARE	HERSHEY	PA	17033-2359	(717)534-2071
BELLALLURE, INC.	114 PARK CITY CENTER	LANCASTER	PA	17601-2706	(717)393-2393
CONNIE E. YINGST	5244 SIMPSON FERRY ROAD	MECHANICSBURG	PA	17050-3534	(717)697-2366
MASSARELLI & VAN GORDER	RIVERVIEW PLZA 100 TARENTUM RD	NEW KENSINGTON	PA	15068-4670	(724)335-9001
HOOVEN ENTERPRISES, INC.	2839 S. EAGLE ROAD	NEWTOWN	PA	18940-1546	(215)860-8877
SANDRA & SARAH BOTTONO	23 OLD CLAIRTON ROAD	PITTSBURGH	PA	15236-3912	(412)653-6140
JANE CHROPOWICKI	26 LAUREL ST.	PITTSTON	PA	18640-3545	(570)655-6528
CHRISTINA, INC	FASHN ML/269 SCR-CBDL HWY	SCRANTON	PA	18508-1111	(570)961-6050
JANE L CAMPBELL	334 EAST STATE STREET	SHARON	PA	16146-1819	(724)342-7590
JEAN CURTIS	PO BOX 556/4007 SKIPPACK PIKE	SKIPPACK	PA	19474-2403	(610)222-0577
S BOZEK & J MONROE	16 NORTH MAIN STREET	WASHINGTON	PA	15301-4508	(724)222-4060
GLB COSMETICS&ACCESSORIES INC.	1389 WILMINGTON PIKE	WEST CHESTER	PA	19382-0000	(610)399-6701
CHRISTINA MARIE SHENK	406 PENN AVENUE	WEST READING	PA	19611-1130	(610)374-5991
WESSNER & GAUMER, INC.	1225 SCHADT AVENUE	WHITEHALL	PA	18052-3848	(610)433-8531
MARGARET DUDECK	PINE MALL/695 KIDDER STREET	WILKES BARRE	PA	18702-6938	(570)824-9062
PATRICIA K TILLEY	18 WEST 3RD STREET	WILLIAMSPORT	PA	17701-6513	(570)322-3954

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<b>RHODE ISLAND</b>					
MARIA FRANCIS	1395 ATWOOD AVENUE #204	JOHNSTON	RI	02919-4931	(401)943-3443
<b>SOUTH CAROLINA</b>					
HAIR WIZARDS, LLC	804 E GREENWOOD STREET	ABBEVILLE	SC	29620-4269	(864)366-9080
CATHY, RONNIE, NICOLAS HANKS	501 NORTH MAIN STREET	ANDERSON	SC	29621-5518	(864)224-3131
GLENN & CINDY LANCASTER	243 MAIN STREET	BARNWELL	SC	29812-1849	(803)259-7961
BETTY JEAN D. PARKER	531 WEST RAILROAD AVE	BATESBURG	SC	29006-1714	(803)532-6811
PLAN B. BEAUFORT, SC	902 BOUNDARY STREET	BEAUFORT	SC	29902-0000	(843)522-8868
SMITH & HAYES ENTERPRISES, LLC	135 TOWNE DRIVE	BLUFFTON	SC	29910-4203	(843)815-5412
PALMETTO HAIR STUDIO, LLC	1209 B CHAPIN ROAD	CHAPIN	SC	29036-9382	(803)345-0348
SHIRLEY INFINGER	1688 OLD TOWNE ROAD	CHARLESTON	SC	29407-5045	(843)556-4255
TAMARA LYNN WEATHERFORD	147 MARKET STREET	CHERAW	SC	29520-2411	(843)537-5391
AMANDA, FREDDA & REG TURNER	405 COLLEGE AVENUE SUITE #220	CLEMSON	SC	29631-1491	(864)654-4600
MICHELLE WOODBURN	747 BETHEL STREET	CLOVER	SC	29710-1157	(803)222-1233
DIA&JOHN ANDREWS&CAROLYN TYNER	4711-13 FOREST DRIVE	COLUMBIA	SC	29206-3125	(803)743-9010
SIRS INCORPORATED	1260 A-4 BOWER PKWY	COLUMBIA	SC	29212-2262	(803)749-6886
ETHEL DAVIS	1805 PARK VIEW ROAD	CONWAY	SC	29526-3566	(843)248-4168
BUCK MGMT OF S.CAROLINA, INC	84 PUBLIC SQUARE	DARLINGTON	SC	29532-3216	(843)395-2252
JAMIE ESTES-CRYSTAL ROGERS	104 N. MC ARTHUR AVE	DILLON	SC	29536-3434	(843)774-9243
MR & MRS PHILLIP FRENCH	207 EAST FIRST AVENUE	EASLEY	SC	29640-3038	(864)859-8783
M N COSMETICS & MORE, INC	2151-K WEST EVANS ST.	FLORENCE	SC	29501-4085	(843)662-0971
BETTY ROBERTS	924 FRONT STREET	GEORGETOWN	SC	29440-3508	(843)546-4698
E.T.F., INC.	HAYWOOD ML/700 HAYWOOD RD #220	GREENVILLE	SC	29607-0000	(864)297-1753
BATSON & HICKUM	3255 N. PLEASANTBURG DRIVE	GREENVILLE	SC	29609-2900	(864)232-4553
GIGI, LLC	3506 HIGHWAY 153	GREENVILLE	SC	29611-7553	(864)605-0078
VAUGHAN FREE & PATRICIA LEE	201-B HAMPTON STREET	GREENWOOD	SC	29646-2271	(864)229-3322
CHERYL SMITH & HEATHER SMITH	806 A WEST WADE HAMPTON BLVD	GREER	SC	29650-1309	(864)877-6121
VIRGINIA MIXON	120 LEE AVENUE	HAMPTON	SC	29924-2019	(803)943-5655

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TAMARA & DWAYNE WEATHERFORD	153 W. CAROLINA AVE.	HARTSVILLE	SC	29550-4215	(843)383-8966
SHIRLEY ANN BUTLER	311 EAST GREER STREET	HONEA PATH	SC	29654-1818	(864)369-7173
LEIGH CLARK & VIVIAN MATTHEWS	205 KELLEY STREET	LAKE CITY	SC	29560-2432	(843)394-1494
TONI & DON HICKS	949 N MAIN/LANCASTER SQUARE	LANCASTER	SC	29720-2183	(803)285-1313
TERA INDUSTRIES INC	427 COLUMBIA AVE/VLLGE SQ S/C	LEXINGTON	SC	29072-2615	(803)359-7755
TONYA SYKES & KENT ANDERSON	4118 RAIL ROAD AVENUE	LORIS	SC	29569-0000	(843)756-8134
EVA JEANETTE (JENNIE) LEE	17 WEST BOYCE STREET	MANNING	SC	29102-3205	(803)433-4333
JME ENTERPRISES, LLC	1152 OAKLAND MARKET ROAD	MOUNT PLEASANT	SC	29466-8219	(843)388-5819
ALLAN WHITE	3040 E HWY 76 STE B	MULLINS	SC	29574-7396	(843)464-2464
TRANQUILITY SALON AND SPA LLC	804 E INLET SQUARE DRIVE	MURRELLS INLET	SC	29576-7874	(843)651-6735
CG'S MN STUDIO, LLC	9618 N. KINGS HIGHWAY	MYRTLE BEACH	SC	29572-4006	(843)449-8600
DEBRA S. WILLINGHAM	2825 MAIN STREET	NEWBERRY	SC	29108-2200	(803)276-7300
GLORIA M. CUNNINGHAM ENT. INC.	N AUGUSTA PLZ/ 344 E MARTINTWN	NORTH AUGUSTA	SC	29841-4261	(803)279-4384
GWEN'S SALON OF BEAUTY, INC.	202 SOUTH PINE STREET	PAGELAND	SC	29728-2234	(843)672-6218
JESSICA COLLINS/JAMES TENNYSON	335 HERLONG AVENUE SUITE 203	ROCK HILL	SC	29730-7539	(803)327-3505
MR & MRS SAM THRIFT	DOGWOOD PLAZA 331 MARKET ST	SENECA	SC	29678-0926	(864)882-3336
C.C. 2 ENTERPRISES, INC.	655 FAIRVIEW ROAD STE N	SIMPSONVILLE	SC	29680-6288	(864)962-1767
FORRESTER COSMETICS, LLC	205 W BLACKSTOCK RD #860	SPARTANBURG	SC	29301-1392	(864)574-7542
MRS ROMA SCOGGINS	1000 N PINE STREET SUITE 3C	SPARTANBURG	SC	29303-3151	(864)583-4826
KRATZER & ASSOCIATES, LLC	10597 DORCHESTER RD UNIT A	SUMMERVILLE	SC	29485-8074	(843)821-3522
CASEY MCCOY	532 BULTMAN DR/UNIVERSITY CTR	SUMTER	SC	29150-2578	(803)778-2479
KILLION ENTERPRISES, INC.	2325 AUGUSTA ROAD	WEST COLUMBIA	SC	29169-4541	(803)794-8116
JANICE K BARTELL	218 S. CONGRESS STREET	WINNSBORO	SC	29180-1106	(803)635-2922
<b>SOUTH DAKOTA</b>					
SUSAN CAMERON	351 DAKOTA SOUTH	HURON	SD	57350-2410	(605)352-6553
VAST ENTERPRISES, LLC	632 SAINT JOSEPH STREET	RAPID CITY	SD	57701-2719	(605)791-3800
AIDA ASSAM	OXBOW VIL 3400 W. 49TH ST.	SIOUX FALLS	SD	57106-2316	(605)362-1014

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<b>TENNESSEE</b>					
HALEY & PHYLLIS BUSHART	154 SOUTH BELLS ST. SUITE B	ALAMO	TN	38001-1732	(731)696-2606
LUCY T. JOHNSON & TASHA L. SUPIK	916 DUPITT STREET	ATHENS	TN	37303-2465	(423)453-5763
S. CAROL & COMPANY, LLC	11664 HIGHWAY 51 SOUTH	ATOKA	TN	38004-0000	(901)840-3960
J.K.L.M.N., INC.	8240 US HIGHWAY 64	BARTLETT	TN	38133-0000	(901)213-2929
IVY L. WILLIAMSON	221 SOUTH MAIN ST STE #4	BOLIVAR	TN	38008-2705	(731)658-2951
C & W LLC	330 FRANKLIN RD STE 220-B	BRENTWOOD	TN	37027-3280	(615)309-1946
LARRY & DARLENE KNOX	255 W MAIN STREET	BROWNSVILLE	TN	38012-2528	(731)772-9411
LCW COMPANY, LLC	2333-B MADISON STREET	CLARKSVILLE	TN	37043-5454	(931)552-4308
RLJ BIRD DOG, INC.	2538 KEITH ST NW STE 3	CLEVELAND	TN	37312-3738	(423)476-1048
MICHELE G. COLLINS	289 S. CHARLES SEIVERS BLVD	CLINTON	TN	37716-3928	(865)457-3624
SARA GARRETT	3601 SOUTH HOUSTON LEVEE #108	COLLIERVILLE	TN	38017-9125	(901)850-9105
JOHN HOUSTON	1121 TROTWOOD AVENUE	COLUMBIA	TN	38401-1803	(931)388-7233
CYNTHIA & GARY STRONG	1166 SOUTH JEFFERSON AVE	COOKEVILLE	TN	38506-4219	(931)526-6576
BOBBIE DUNN	113 COURT SQ W	COVINGTON	TN	38019-2507	(901)476-6842
SHIRLEY HUGHES/SHIRLENE OAKES	59 S MAIN ST STE 102	CROSSVILLE	TN	38555-4546	(931)484-6530
JAM/RAM CORPORATION	260 16TH AVE STE 67	DAYTON	TN	37321-1071	(423)775-0117
JACKSON & WEST, LLC	1925 DECHERD BLVD	DECHERD	TN	37324-3831	(931)967-0387
SONYA L. DUDLEY	445 HIGHWAY 46 SOUTH	DICKSON	TN	37055-2545	(615)446-0607
TRACY CHILDRESS	490 HIGHWAY 51 BYPASS W STE B	DYERSBURG	TN	38024-1966	(731)285-8441
LETA'S SPECIALTY SHOP	541 EAST ELK AVENUE	ELIZABETHTON	TN	37643-3312	(423)542-2681
DOROTHY J HILL	106 MAIN AVE N	FAYETTEVILLE	TN	37334-3056	(931)433-5775
COSMETICS & MORE, LLC	1745 GALLERIA BOULEVARD #1040	FRANKLIN	TN	37067-1612	(615)771-7484
EDDIE AND JACK GLIDEWELL	736 NASHVILLE PIKE	GALLATIN	TN	37066-3102	(615)451-1623
SARA GARRETT	7730 POPLAR AVE STE 4	GERMANTOWN	TN	38138-3948	(901)754-0398
PATSY DORITY	817 TUSCULUM BLVD	GREENEVILLE	TN	37745-4001	(423)639-9612
JO AN MC KINNON	101 W. MAIN ST.	HENDERSON	TN	38340-2211	(731)989-7540
LALIA A. SPENCER	1317 MAIN STREET	HUMBOLDT	TN	38343-3327	(731)784-7660
JANICE B. PERRY	19763 EAST MAIN STREET	HUNTINGDON	TN	38344-3824	(731)986-9123
WILD SOPHISTICATION, INC.	180 W UNIVERSITY PKWY STE F	JACKSON	TN	38305-1612	(731)868-2938

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WILLIAMS/WILLIAMS/WILLIAMS	211 NORTH SMITH STREET	JAMESTOWN	TN	38556-3504	(931)879-8515
DORIS B STULTZ	2011 N. ROAN ST. UPPER LEVEL	JOHNSON CITY	TN	37601-3130	(423)282-3100
DON OSBORNE	2101 FT HENRY DR/FT HENRY MALL	KINGSPORT	TN	37664-3658	(423)378-4966
THOMAS-NOE	4938 BROADWAY STREET N E	KNOXVILLE	TN	37918-2314	(865)687-6631
M. & A., INC	7600 KINGSTON PIKE #1048	KNOXVILLE	TN	37919-5600	(865)693-3384
EDITH JACKSON	3001 KNOXVILLE CNTR DR. #2298	KNOXVILLE	TN	37924-5044	(865)525-9595
8-3-1, INC.	11019 PARKSIDE DRIVE	KNOXVILLE	TN	37934-1953	(865)966-1112
GEORGIA BRUMFIELD	5224 MURFREESBORO RD #1255	LA VERGNE	TN	37086-2714	(615)793-7015
GLORIA & WILLIAM JOHNSON	204 PUBLIC SQUARE	LAFAYETTE	TN	37083-1238	(615)666-2144
DEBORAH D. HAGAN	909 N LOCUST AVE STE 104	LAWRENCEBURG	TN	38464-2871	(931)766-4009
BLUE DOG LLC	1027 WEST MAIN ST STE D	LEBANON	TN	37087-3301	(615)444-6400
8-3-1, INC.	149 KELSEY DRIVE SUITE 106-A	LENOIR CITY	TN	37771-6441	(865)986-9861
JANIE L HOLT	705 N. ELLINGTON PARKWAY	LEWISBURG	TN	37091-2455	(931)359-2113
JUDY GRIGGS	46 SOUTH MAIN STREET	LEXINGTON	TN	38351-2104	(731)968-3251
DALYN & BERT PATTERSON	111 NORTH WALNUT STREET	LINDEN	TN	37096-0000	(931)589-3364
BROOK P CUMBY & THOMAS POSTON	5172 BRADFORD HICKS DRIVE	LIVINGSTON	TN	38570-2234	(931)823-8232
GAIL L. TYNES	2021 GALLATIN PIKE N #252	MADISON	TN	37115-2097	(615)859-6418
JACKSON & WEST, LLC	1907 MCARTHUR STREET	MANCHESTER	TN	37355-2623	(931)728-0440
YVONNE & GARY BUTLER/M HAYES	140 FOOTHILLS MALL	MARYVILLE	TN	37801-2307	(865)982-2990
JENNIFER MORTON	1100 SMITHVILLE HWY #125	MC MINNVILLE	TN	37110-1666	(931)473-5227
SARA GARRETT	4730 SPOTTSWOOD/AUDUBON PLACE	MEMPHIS	TN	38117-4817	(901)683-5314
APPALACHIAN COUNTRY LLC	224 MEDINA HIGHWAY	MILAN	TN	38358-6205	(731)686-2748
MARCELLA CARROLL-STOCKTON	127 WEST MAIN STREET	MORRISTOWN	TN	37814-4628	(423)581-5764
MICHELLE'S BOUTIQUE, LLC	3384 N MT JULIET RD STE 600	MOUNT JULIET	TN	37122-0007	(615)773-4424
WYRE, WYRE, CULPEPPER, SIMS	2615 MEDICAL CENTER PKWY #700	MURFREESBORO	TN	37129-3338	(615)890-5078
RM MUDD ENTERPRISES, LLC	7108 HWY 70 SOUTH STE D2	NASHVILLE	TN	37221-2982	(615)646-2801
PATSY DORITY	328 WEST BROADWAY	NEWPORT	TN	37821-2857	(423)623-5245
L&G ROBINSON, LLC	1163 OAK RIDGE TURNPIKE	OAK RIDGE	TN	37830-6442	(865)483-1112
GINA AND STEVE PHILLIPS	19102 ALBERTA ST/PO BOX 4534	ONEIDA	TN	37841-6003	(423)569-5130
SANDRA HILTON	5906 MAIN ST STE 112 BOX 3	OOLTEWAH	TN	37363-7822	(423)238-3498
DENISE BARNHILL	113 N POPLAR ST	PARIS	TN	38242-4015	(731)642-8474
LORI & TIMOTHY YARBRO	810 TENNESSEE AVE S	PARSONS	TN	38363-4623	(731)847-3501

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JOAN H. HILDRETH	117 WEST MADISON STREET	PULASKI	TN	38478-3231	(931)363-6211
REGINA HUTCHERSON	333 CLEVELAND STREET	RIPLEY	TN	38063-1205	(731)635-4168
KIMBERLY MC REYNOLDS	207 EAST MAIN STREET	ROGERSVILLE	TN	37857-3311	(423)921-0730
CHARLOTTE CALVERT	407 MAIN STREET	SAVANNAH	TN	38372-2062	(731)926-4024
JO ANN C GILMORE	125 SOUTH Y SQ SHOPPING CENTER	SELMER	TN	38375-1739	(731)645-9637
DEBBIE & AMBER REAGAN	207-B FORKS OF THE RIVER PKWY.	SEVIERVILLE	TN	37862-3418	(865)453-4445
SCHLAINE & JOE THOMAS	10721 CHAPMAN HWY S-1	SEYMOUR	TN	37865-4766	(865)609-7340
DENA K. LANDERS	105 SOUTH SIDE SQUARE	SHELBYVILLE	TN	37160-7625	(931)684-8728
SHANNON BURROUGHS	901 ROCK SPRINGS ROAD #115	SMYRNA	TN	37167-6107	(615)355-2065
WANDA BROCK	SPARTA SHOP/CTR 520 W BOCKMAN	SPARTA	TN	38583-1538	(931)836-2413
AESTHETICS & MORE LLC	4918 MAIN ST STE 2	SPRING HILL	TN	37174-7206	(615)302-8700
JOYCE CONRAD/PHYLLIS ROBINSON	311 SWEETWATER VONORE ROAD	SWEETWATER	TN	37874-3012	(423)337-7003
DIANA R. RILEY	130 DAVY CROCKETT MALL	TRENTON	TN	38382-2934	(731)855-1631
DONNA & SARAH MARGARET STEARNS	1905 N JACKSON ST SUITE 250	TULLAHOMA	TN	37388-2200	(931)454-0530
GURIEN, GURIEN AND MOFFITT	206 E REELFOOT AVENUE #21	UNION CITY	TN	38261-5743	(731)885-9625
RENEE BELL	119 WAVERLY PLZ #C	WAVERLY	TN	37185-1531	(931)296-1220
SHERRY RICH & EILEEN MORGAN	112 N PUBLIC SQUARE	WAYNESBORO	TN	38485-0908	(931)722-9212
<b>TEXAS</b>					
IVA NELL NOLAND	722 SOUTH LEGGETT	ABILENE	TX	79605-3830	(325)692-7425
NELDA J. JOHNSON	3301 S 14TH ST STE B-20	ABILENE	TX	79605-5060	(325)698-3831
JOLENE B. & JOHN II VANOVER	1610 EAST MAIN SUITE 5	ALICE	TX	78332-4071	(361)664-0671
BARBRA'S BOUTIQUE INC	981 GARDEN PK DR #150 BOX F	ALLEN	TX	75013-0000	(972)396-1979
MICHELLE LABRIER	2628 WOLFLIN	AMARILLO	TX	79109-1838	(806)352-8881
PATTY DEE VINCENT	3440 BELL/106 PUCKETT PLZ	AMARILLO	TX	79109-4142	(806)352-1022
EVELYN VANDEVENTER	2812 SONCY RD.	AMARILLO	TX	79124-2000	(806)355-2302
SUE PEARSON	1020 COMMERCIAL AVE	ANSON	TX	79501-4309	(325)823-2321
MRS PATRICIA I GILDEN	432 S. COMMERCIAL	ARANSAS PASS	TX	78336-1808	(361)758-5533
TOMORROW'S IMAGE INC	618 LINCOLN SQUARE SHOPPING CT	ARLINGTON	TX	76011-4856	(817)261-4040
TOMORROW'S IMAGE INC	3811 SOUTH COOPER ST. #1012	ARLINGTON	TX	76015-4153	(817)784-1455
ROBBIN JADAEL	5721 I-20 W STE 130	ARLINGTON	TX	76017-1164	(817)572-2200

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JULIE & JESSICA FORESTER	607 E TYLER ST SUITE 107-5	ATHENS	TX	75751-2000	(903)675-5377
BENITA & JERRY GRIFFIN	111 EAST MAIN STREET	ATLANTA	TX	75551-2633	(903)796-2451
CELESTE BLANKENSHIP	4477 S LAMAR BLVD STE 570	AUSTIN	TX	78745-1474	(512)380-9305
D & L COSMETICS, INC	13776 RESEARCH #139	AUSTIN	TX	78750-1875	(512)331-1912
T & B VENTURES, INC.	3010 WEST ANDERSON LANE STE. E	AUSTIN	TX	78757-1021	(512)452-5190
MRS NANNIE BELL NEW RODGERS	1706 FIFTH STREET	BAY CITY	TX	77414-6042	(979)245-2331
KIMBERLY ANN LANSFORD	2305 NORTH ALEXANDER DRIVE	BAYTOWN	TX	77520-3434	(281)427-1455
MRS KATHY YOUNG	1570 SAN JACINTO MALL	BAYTOWN	TX	77521-8360	(281)421-2314
TERRI MULLINS	6346 PHELAN BLVD.	BEAUMONT	TX	77706-6150	(409)866-6846
TERRI MULLINS	6155 EASTEX FWY STE. #816	BEAUMONT	TX	77706-6710	(409)892-9274
MELISSA J. MAYER	1420-I AIRPORT FREEWAY	BEDFORD	TX	76022-6774	(817)283-3979
SHERRY R. PHILLIPS	B.S. ML/1801 E F M 700 E1	BIG SPRING	TX	79720-5071	(432)267-6161
DELIA AMARO	318 PECAN STREET	BLANCO	TX	00007-8606	(830)833-4343
BAKER & BAKER VENTURES, LLC	412 RIVER RD STE 101	BOERNE	TX	78006-2389	(830)331-8445
KAY & GENE RAIDEN	125 EAST FIFTH STREET	BONHAM	TX	75418-4310	(903)583-5913
LIZ AND LEE WILLIAMS	512 N. MAIN ST	BORGER	TX	79007-4122	(806)274-6131
GLORIA RAUCH	2638 HWY 36 S/BLUEBONNET S/C	BRENHAM	TX	77833-9600	(979)836-2663
BETH DECUIR & JEFF A. DECUIR	1145 TEXAS AVE STE F	BRIDGE CITY	TX	77611-3504	(409)735-5829
ALDANI, INC.	2370 N. EWY #1470/SUNRISE ML	BROWNSVILLE	TX	78526-4525	(956)546-1638
LINDA LACK	300 EARLY BLVD SUITE 17B	BROWNWOOD	TX	76801-2131	(325)646-4816
NANCY PRIDE	3800 S. TEXAS AVE	BRYAN	TX	77802-3712	(979)268-0608
BEVERLY & CLIFF HOLDEN	437 S W WILSHIRE BLVD STE A	BURLESON	TX	76028-5300	(817)295-1902
MRS JOYCE SLOAN	301 E HWY 243 STE 111	CANTON	TX	75103-2418	(903)567-4112
P K BOUTIQUES INC	2662 N. JOSEY LANE #221	CARROLLTON	TX	75007-5506	(972)242-4665
C. HARKRIDER & L. COCKRELL	501 WEST SABINE	CARTHAGE	TX	75633-2423	(903)693-6381
LETITIA POINDEXTER / M BARTON	122 NACOGDOCHES STREET	CENTER	TX	75935-3852	(936)598-3334
TERRI FLOYD	208 S KEARNEY	CLARENDON	TX	79226-0000	(806)874-3335
BEVERLY & CLIFF HOLDEN	132 SOUTH RIDGEWAY	CLEBURNE	TX	76033-4612	(817)558-0276
JREACO, INC.	110 NORTH TRAVIS	CLEVELAND	TX	77327-4012	(281)592-3672
J. JONES, J. PAGE & J. PRICER	306 COMMERCIAL AVE	COLEMAN	TX	76834-4214	(325)625-2381
BRITNI J YANCEY	1100 HARVEY RD STE D	COLLEGE STATION	TX	77840-3760	(979)703-8806
K&R WILLIAMS ENTERPRISES, INC	5509 COLLEYVILLE BL SUITE 250	COLLEYVILLE	TX	76034-5897	(817)656-1301



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Studio Owner	Studio Address	City	State	Zip	Bus. Phone
PATRICIA O'DONNELL	405 E CENTRAL AVE	COMANCHE	TX	76442-2514	(325)356-1609
CAROLYN KOHLER/CHRISTINE SLOAN	2212 I 45 NORTH	CONROE	TX	77301-1706	(936)756-6543
DAWN MCJENNETT	212-A E HWY 190	COPPERAS COVE	TX	76522-2958	(254)547-2422
LETICIA & DAVID ESCOBAR	518 EVERHART RD.	CORPUS CHRISTI	TX	78411-1902	(361)993-7131
GINGER PERSILVER	121A NORTH BEATON	CORSICANA	TX	75110-5216	(903)874-5022
NICOLE CHERAMIE	25712 HIGHWAY 290 SUITE I	CYPRESS	TX	77429-1046	(281)304-4000
ANGIE GRIFFIN	6456 E. MOCKINGBIRD LANE	DALLAS	TX	75214-7025	(214)823-6649
P K BOUTIQUES INC	11722 MARSH LANE SUITE A4	DALLAS	TX	75229-2600	(214)358-3903
MARION B. KEEGAN STUDIOS, INC.	11700 PRESTON RD STE 607	DALLAS	TX	75230-6117	(214)363-0557
NONA E. GREEN	641 E. FRONT STREET	DE KALB	TX	75559-1503	(903)667-3232
AQT STUDIOS, LLC	3306 CENTER ST	DEER PARK	TX	77536-5058	(281)479-4727
ALLEN VOWELL	2205 VETERANS BL SPACE G-5A	DEL RIO	TX	78840-0000	(830)488-6256
ANGELA GREEN	2430 S I-35 E SUITE 154	DENTON	TX	76205-4943	(940)891-0624
JONELLE & RAY ROGERS	3505 GULF FREEWAY	DICKINSON	TX	77539-4120	(281)337-2023
MELANIE HENRY	606 SOUTH DUMAS AVENUE	DUMAS	TX	79029-4325	(806)934-1411
AMY & BOBBY REED	939 E. MAIN	EASTLAND	TX	76448-3014	(254)629-3533
SCHUMANN'S INC	309 WEST BLANCHARD	EDEN	TX	76837-0247	(325)869-6801
KJ STRONG, LLC	1900 W UNIVERSITY STE 5	EDINBURG	TX	78539-2865	(956)383-4511
STACIE L HUBENAK	101 W JACKSON	EL CAMPO	TX	77437-4323	(979)543-3771
FABIANA & JESSE R. LICON	4727 HONDO PASS ROAD SPACE C	EL PASO	TX	79904-1471	(915)755-4522
HORTENCIA HARP	8838 VISCOUNT BLVD. STE. D	EL PASO	TX	79925-5802	(915)593-5252
SHIRLEY WEDDLE	411 N MAIN ST	FORT STOCKTON	TX	79735-5621	(432)940-9484
TINK ENTERPRISES, LLC	1870 GREENOAKS RD/RIDGEMAR ML	FORT WORTH	TX	76116-1709	(817)732-7575
BOPETE, LLC	4961 SOUTH HULEN	FORT WORTH	TX	76132-1407	(817)292-2299
ALAN, ELIZABETH & N. BRUMBAUGH	1013 BAYBROOK MALL DR	FRIENDSWOOD	TX	77546-2740	(281)218-6099
LONI ARANDA	112 S FRIENDSWOOD DR	FRIENDSWOOD	TX	77546-3915	(281)482-6801
MIRABEAUX INC.	3245 W MAIN STREET SUITE 247	FRISCO	TX	75034-4411	(214)705-7810
GAIL FLETCHER'S MNC LLC	4170 LAVON DR SUITE 124	GARLAND	TX	75040-2975	(972)495-6911
CELIA SLOAN ORR	1023 NORTH WEST HWY	GARLAND	TX	75041-5831	(972)271-9791
JEANNIE WILLIAMS	2505 SOUTH HIGHWAY 36	GATESVILLE	TX	76528-2519	(254)865-2500
CELESTE BLANKENSHIP	1215 LEANDER ROAD	GEORGETOWN	TX	78628-8707	(512)863-0988
SARALYN BREITSCHOPF	219 SAINT LAWRENCE STREET	GONZALES	TX	78629-3933	(830)672-3511

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PATRICIA ANN HARRINGTON	503 4TH ST STE 101	GRAHAM	TX	76450-3057	(940)549-4588
DONNA M. ENGEL	2151 E. HWY 377	GRANBURY	TX	76049-5951	(817)573-4776
TAYLOR & LEWIS	105 NORTH CENTER STREET	GRAND PRAIRIE	TX	75050-5608	(972)262-5449
LYNDA & DAN PERKINS	1270 WILLIAM D TATE #200	GRAPEVINE	TX	76051-4030	(817)251-0208
LINDA P ROBERTS/LAURA P TAYLOR	4702A WESLEY ST	GREENVILLE	TX	75401-5648	(903)455-1342
B. & J. HERFORD & K. CHRISTIAN	4300 LINCOLN AVE.	GROVES	TX	77619-5346	(409)962-2990
ALDANI, INC.	1205 E. TYLER	HARLINGEN	TX	78550-7139	(956)412-6363
BARBARA HARRIS	413 SOUTH 1ST STREET	HASKELL	TX	79521-5719	(940)864-2501
SYLGAY, INC	101 N. MAIN STREET	HENDERSON	TX	75652-3185	(903)657-3569
PARKS/WALKER/WILBURN	220 NORTH MAIN	HEREFORD	TX	79045-5302	(806)364-0323
WOLF & BISHOP FREEMAN	1400 SHOAL CREEK SUITE 150	HIGHLAND VILL	TX	75077-0000	(972)317-5350
RUTH WISDA	2513 RICE BLVD	HOUSTON	TX	77005-3220	(713)523-6365
DIANE MORISH	4216-B ELLA BLVD	HOUSTON	TX	77018-4210	(713)686-5993
TRANSCO REALTY, LLC	650 W BOUGH LANE SUITE 108	HOUSTON	TX	77024-4098	(713)468-7171
D W BOUTIQUE, INC.	9640 WESTHEIMER #26/WOODLAKE	HOUSTON	TX	77063-3205	(713)780-1618
LONI ARANDA & BILL PHILLIPS	5211 FM 1960 RD W STE B	HOUSTON	TX	77069-4421	(281)444-7931
STEPHANIE KELLY	20131 HIGHWAY 59 N SUITE 2412	HUMBLE	TX	77338-2332	(281)446-2229
LYNDA & DAN PERKINS	1414 WEST PIPELINE ROAD	HURST	TX	76053-4629	(817)284-4061
K'S GIFTS & MORE LLC	143 EXCHANGE BLVD SUITE 600	HUTTO	TX	78634-5374	(512)846-2099
CHERYL GRABOW	105 E. COMMERCE STREET STE.A	JACKSONVILLE	TX	75766-4901	(903)586-2776
MARILYN BRADSHAW	101 W HOUSTON ST	JASPER	TX	75951-4009	(409)384-4680
LINDA S CARPENTER	2005 N MAIN STREET	JUNCTION	TX	76849-3022	(325)446-3560
MRS JANET MORISH	23501 CINCO RANCH BLV STE E130	KATY	TX	77494-3104	(281)395-5200
L & D PERKINS, L & R USELTON	900 S MAIN ST STE 357	KELLER	TX	76248-7022	(817)741-6900
KRISTEN K. SULLIVAN	221 THOMPSON DRIVE	KERRVILLE	TX	78028-5902	(830)257-8171
NORA & CLAYTON WHITSON	3507 TRIMMIER ROAD	KILLEEN	TX	76542-6018	(254)634-0368
JOY RUCKER	1513 RANCH ROAD 1431	KINGSLAND	TX	78639-0000	(325)388-6633
LETICIA & DAVID ESCOBAR	922 E. CAESAR AVE.	KINGSVILLE	TX	78363-6365	(361)592-6346
REGINA LONDON	1906 SOUTH MARGARET	KIRBYVILLE	TX	75956-2715	(409)420-0238
SHANNON & SANDERSON	120 W. HWY 332 B-13	LAKE JACKSON	TX	77566-4802	(979)297-3511
C. T. FERGUSON & G. L. ARMS	507 EAST 3RD STREET	LAMPASAS	TX	76550-2901	(512)556-6481
L.J.S.D., L.L.C.	812 AUSTIN STREET	LEVELLAND	TX	79336-4510	(806)894-5443

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JODY CONNEVEY	1902 NORTH MAIN	LIBERTY	TX	77575-3802	(936)336-3241
SUNSHINE & LOLLIPOPS	601 WEST WAYLON JENNINGS BLVD	LITTLEFIELD	TX	79339-3845	(806)385-5958
JCA COSMETICS, INC.	1809 W LOOP 281 STE 134	LONGVIEW	TX	75604-2580	(903)759-1551
JCA COSMETICS, INC.	3500 MCCANN ROAD UNIT L-7A	LONGVIEW	TX	75605-4416	(903)753-0041
L.J.S.D., L.L.C.	3408-34TH STREET	LUBBOCK	TX	79410-2830	(806)795-6292
L.J.S.D., L.L.C.	6816 SLIDE ROAD #7	LUBBOCK	TX	79424-1502	(806)791-1201
AMY JO ROLAND	1865 WEST FRANK AVENUE	LUFKIN	TX	75904-3192	(936)632-1525
FAYE P BYARS	837 N. MAIN #102	LUMBERTON	TX	77657-7358	(409)755-6311
RIVER EYE WORKS, INC.	6606 FM 1488 SUITE 140	MAGNOLIA	TX	77354-2545	(936)271-9200
RIMEGDA, LP	1219 E DEBBIE LANE SUITE 113	MANSFIELD	TX	76063-3332	(817)473-0880
LYNNETTE COLLIER	212 AVENUE H	MARBLE FALLS	TX	78654-5750	(830)693-7573
LINDA VICKERS	239 LIVE OAK	MARLIN	TX	76661-2838	(254)803-6642
4 PAYNE & CO L.L.C.	1806 EAST END BLVD N STE 200	MARSHALL	TX	75670-0716	(903)935-5483
MRS SUE HOLLAND	LA PLAZA MALL 2200 S. 10TH	MC ALLEN	TX	78503-5437	(956)687-4462
P K BOUTIQUES INC	129 S. CENTRAL EXPRESSWAY	MC KINNEY	TX	75070-3743	(972)542-1630
ALDANI, INC.	UPTOWN PLAZA 4500 N 10 ST #110	MCALLEN	TX	78504-2915	(956)687-7544
BONNIE HUGHES/TRUDY CAIN	309 EAST MILAM	MEXIA	TX	76667-2936	(254)562-2582
J STEVENS & S BISHOP	3209 COURTYARD DR STE B	MIDLAND	TX	79705-3251	(432)694-1505
BRENDA G SHORT	118 SOUTH JOHNSON ST.	MINEOLA	TX	75773-2015	(903)569-8500
MARY ANN BEVERS	2801 HWY 180 EAST #5	MINERAL WELLS	TX	76067-4774	(940)325-8762
KJ STRONG, LLC	2505 E EXPRESSWAY 83 STE 100	MISSION	TX	78572-1004	(956)687-5700
PEGGY L. VESTAL	207 S. MAIN STREET	MONAHANS	TX	79756-4203	(432)943-3515
CORLEB, INC.	10403 EAGLE DRIVE SUITE 5	MONT BELVIEU	TX	77520-7575	(281)576-0000
BRYAN N. REED	18445 HWY 105 WEST STE 104	MONTGOMERY	TX	77356-5699	(936)582-6610
S. BRAZIEL & G. RICHARDSON	207 N WASHINGTON	MOUNT PLEASANT	TX	75455-4050	(903)572-3501
DEE AND EMERSON BISHOP	3205 UNIVERSITY PARK #C	NACOGDOCHES	TX	75961-2683	(936)569-0448
GALE RAE GIRDLER & MARVA BROWN	1114 BOSTON AVE	NEDERLAND	TX	77627-0000	(409)729-4962
WEA COSMETICS, INC.	1312 COMMON STREET STE 406	NEW BRAUNFELS	TX	78130-3567	(830)629-1241
REGINA LONDON	204 MAIN STREET	NEWTON	TX	75966-3624	(409)379-4999
CAROLYN'S COSMETICS INC	1541 JOHN B SHEPPERD PKY STE 2	ODESSA	TX	79761-1952	(432)362-7544
LAURAH RODGERS	3717 N. 16TH STREET	ORANGE	TX	77632-4630	(409)883-3360
TINA, DAVID & BRITNI YANCEY	2020 B CROCKETT RD SUITE 116	PALESTINE	TX	75801-5908	(903)729-2400

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Studio Owner	Studio Address	City	State	Zip	Bus. Phone
MARLA WILLIS	201 N COLLEGIATE SUITE 825	PARIS	TX	75460-5083	(903)785-6534
GWEN RAWLINS	14 SW 9TH AVENUE	PERRYTON	TX	79070-3406	(806)435-5852
LAURA D KELLEY	3204 OLTON RD	PLAINVIEW	TX	79072-6628	(806)293-1783
P K BOUTIQUES INC	2955 WEST 15TH STREET	PLANO	TX	75075-7632	(972)596-6405
MRS BETTY HAMMOND	1928 9TH AVENUE	PORT ARTHUR	TX	77642-2762	(409)982-8855
TERRI MULLINS	3100 HIGHWAY 365 #61	PORT ARTHUR	TX	77642-7797	(409)724-7500
LINDA L. GRAHAM	1215 NORTH VIRGINIA	PORT LAVACA	TX	77979-2406	(361)552-8050
LOVETA & ROY JOSEY	210 E MAIN	POST	TX	79356-3337	(806)495-3387
RUBY DEAL/MELANIE POPPENHUSEN	415 WEST BERMUDA	QUITMAN	TX	75783-2407	(903)763-5194
DEBRA J. MCCABE	7 E. 6TH STREET/BOX 13	ROBERT LEE	TX	76945-0000	(325)453-4642
LINDA P ROBERTS/LAURA P TAYLOR	2845 RIDGE ROAD #219	ROCKWALL	TX	75032-5520	(972)771-5850
GENE AND MARY HOOT	24301 BRAZOS TWN XING #600	ROSENBERG	TX	77471-6276	(281)232-2236
SHEILA K. SCHWAB	110 IH 35 N STE 215	ROUND ROCK	TX	78681-5021	(512)255-2990
DEBBIE HILL VAN KLEEF	871 N STATGEOACH ROAD	SALADO	TX	76571-5691	(254)947-9993
DANA&JASON CALHOUN/C. MAYNARD	2019 KNICKERBOCKER ROAD	SAN ANGELO	TX	76904-5524	(325)949-0610
WEA COSMETICS, INC.	999 E BASSE ROAD STE 156	SAN ANTONIO	TX	78209-1806	(210)822-5209
HOLLAND-RODRIGUEZ, LLC	7400 SAN PEDRO SUITE 112	SAN ANTONIO	TX	78216-5353	(210)348-5400
HOLLAND-RODRIGUEZ, LLC	3138 S.E. MILITARY DR.#114	SAN ANTONIO	TX	78223-3813	(210)231-0428
HOLLAND-RODRIGUEZ, LLC	11255 HUEBNER ROAD #106	SAN ANTONIO	TX	78230-1684	(210)561-2500
RAMOS ENTERPRISES, RLLP	923 N LOOP 1604 E STE 112	SAN ANTONIO	TX	78232-1387	(210)495-5600
HOLLAND-RODRIGUEZ, LLC	6301 NW LOOP 410 STE H13B	SAN ANTONIO	TX	78238-3801	(210)681-9391
BARKIDS ENTERPRISES I, LLC	705 W. HOPKINS STE 100	SAN MARCOS	TX	78666-4380	(512)353-5002
DAY ESCAPE SALON & SPA, LLC.	8332 AGORA PARKWAY STE 110	SELMA	TX	78154-1333	(210)658-1131
CINDI & MARY LYNN USELTON	1800 N TRAVIS ST STE H	SHERMAN	TX	75092-3769	(903)891-0891
GLENDA GLASSCOCK	4213 COLLEGE AVENUE	SNYDER	TX	79549-6006	(325)573-1817
MARY ANN KENNEY	410 S CROCKETT	SONORA	TX	76950-6812	(325)387-5507
KRISTIN T KIM / CONNIE TURNER	4935 FM 2920	SPRING	TX	77388-3115	(281)907-6491
HELEN GANT	2119 WEST WASHINGTON STREET	STEPHENVILLE	TX	76401-3927	(254)965-5550
WESLEY R. SIMS, INC.	213 OAK STREET	SWEETWATER	TX	79556-4505	(325)235-2535
KARGCAMERON, INC.	3411 MARKET LOOP SUITE 111	TEMPLE	TX	76502-2771	(254)771-0679
LYNNE SLOAN HEFLIN & K. HEFLIN	1596 SOUTH STATE HWY 34	TERRELL	TX	75160-4864	(972)563-5080
MARION WILLIAMS	2844 RICHMOND ROAD	TEXARKANA	TX	75503-2421	(903)838-5251

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JANE A. BAUCUM	3224 13TH AVE N	TEXAS CITY	TX	77590-4514	(409)948-3771
THELMA LEE GONZALEZ	1201 LAKE WDLANDS DR. #1196	THE WOODLANDS	TX	77380-5002	(281)292-9061
DOROTHY GREEN/NANCY JAN GREEN	27734 TOMBALL PKWY STE 12-A	TOMBALL	TX	77375-6494	(281)255-9600
FACIAL EXPRESSIONS, INC	1875 TROUP HWY / GREEN ACRES	TYLER	TX	75701-5871	(903)592-2135
FACIAL EXPRESSIONS, INC	4722 S. BROADWAY/MACY'S PLAZA	TYLER	TX	75703-1308	(903)561-3984
NANCY MC DOWELL	7800 N NAVARRO STREET STE. 181	VICTORIA	TX	77904-2699	(361)576-2291
DIANE & KEITH FORSYTHE	935 NORTH MAIN STREET	VIDOR	TX	77662-4337	(409)769-5719
GSTATTEBAUER, LLC	6001 W WACO DR SUITE 3A	WACO	TX	76710-6306	(254)772-5364
BOPETE, LLC	401 N HWY 77 #8	WAXAHACHIE	TX	75165-7857	(972)937-9696
DONNA M. ENGEL	173 COLLEGE PARK DR	WEATHERFORD	TX	76086-6211	(817)599-9848
YOLANDA KAY MORRIS	1011 WEST AVENUE	WELLINGTON	TX	79095-3231	(806)447-1298
MELISSA & ANGELICA GARCIA	1025 N TEXAS BLVD STE B	WESLACO	TX	78596-4514	(956)973-9929
HELEN SLACK, INC	3111 MIDWESTERN PARKWAY #156	WICHITA FALLS	TX	76308-2816	(940)691-6111
DAINA B. LOWRANCE	107 WEST PINE	WINNIE	TX	77665-9014	(409)296-4008
REGINA LONDON	303 SOUTH MAGNOLIA STREET	WOODVILLE	TX	75979-5236	(409)283-3311
<b>UTAH</b>					
BROADBENT & SON, L.C.	128 NORTH 100 EAST	LEHI	UT	84043-1849	(801)768-9201
HEIMBERG, L.C.	420 WEST 200 SOUTH	SALT LAKE CITY	UT	84101-1113	(801)456-5400
SANDI G. BUTLER	775 S BLUFF ST	ST GEORGE	UT	84770-3560	(435)628-1115
BETTY HASLEM TODD	1147 W HWY 40 STE 103	VERNAL	UT	84078-2962	(435)781-8586
<b>VERMONT</b>					
STELLA CONNORS	33 MEMORIAL AVENUE	MANCHESTER CENTER	VT	05255-0000	(802)362-5347
<b>VIRGINIA</b>					
CHRISTIE M. THOMPSON	320 TOWNE CENTRE DRIVE	ABINGDON	VA	24210-3248	(276)676-2882
T.CAMERON/ K.HAGA/ A.MC ELROY	151 GATE CITY HIGHWAY	BRISTOL	VA	24201-3242	(276)466-8462

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EUNICE L BREEDEN	1051 CLAYPOOL HILL ML RD STE 8	CEDAR BLUFF	VA	24609-8201	(276)964-4888
HOLLAND & HOLLAND	14215-T CENTREVILLE SQ	CENTREVILLE	VA	20121-2301	(703)803-8678
KATHRYN W. LEE	2315 SEMINOLE LANE STE 101	CHARLOTTESVILLE	VA	22901-8395	(434)978-2046
CHAFIN ASSOCIATES, INC	1401 GREENBRIER PKWY S#2278	CHESAPEAKE	VA	23320-2874	(757)382-9383
DIANE P. WEBB	1056 TEMPLE/SO PARK CROSSING	COLONIAL HEIGHTS	VA	23834-2981	(804)526-1097
FLANCOM ENTERPRISES, INC.	344 WEST MAIN STREET	COVINGTON	VA	24426-1517	(540)962-8455
DRU CURD-MARTIN	226 EAST DAVIS STREET	CULPEPER	VA	22701-3014	(540)825-4391
FRANCES HARPER	413 MOUNT CROSS RD #202	DANVILLE	VA	24540-4089	(434)793-7695
BLACKTHORN CORPORATION, INC	1782 JEFFERSON HWY STE D	FISHERSVILLE	VA	22939-2276	(540)949-5335
MARY WORRELL	1100 ARMORY DRIVE STE 110	FRANKLIN	VA	23851-2418	(757)562-4200
RAYMOND & ELIZABETH DAMERON	1273 JEFFERSON DAVIS HWY.	FREDERICKSBURG	VA	22401-4415	(540)373-2628
FACE2FACE, LLC	5825 PLANK RD STE 111	FREDERICKSBURG	VA	22407-6229	(540)785-6455
RACHEL & MISTY DICKSON	8362-A CARROLLTON PIKE	GALAX	VA	24333-6170	(276)236-7590
BRENDA, NOEL & CHRISTY COUNTS	102 COLISEUM CROSSING	HAMPTON	VA	23666-5971	(757)827-9009
SAS COSMETICS, LLC	84 WESTLAKE ROAD STE 105	HARDY	VA	24101-3966	(540)719-1700
VIVIAN L MYERS	185 SOUTH LIBERTY STREET	HARRISONBURG	VA	22801-3619	(540)434-0340
VANCE BISHOP	78 SOUTH MAIN ST.	KILMARNOCK	VA	22482-8501	(804)435-7177
MJB ENTERPRISES, L.L.C.	1083 EDWARDS FERRY ROAD	LEESBURG	VA	20176-4496	(703)777-2626
D & D ENTERPRISES, INC.	244 EAST MAIN STREET	MARION	VA	24354-3133	(276)783-1039
DACATA, INC.	11158 HULL STREET RD UNIT 7	MIDLOTHIAN	VA	23112-0000	(804)744-2980
BRENDA, NOEL & CHRISTY COUNTS	12551 JEFFERSON AVE STE 239	NEWPORT NEWS	VA	23602-4487	(757)874-2766
COCOMETICS, LLC	7801-21 W BROAD STREET	RICHMOND	VA	23294-6309	(804)282-5437
THE SHAY GROUP, INC	1378 TOWNE SQUARE BOULEVARD	ROANOKE	VA	24012-1611	(540)265-1917
SHANTU, INC.	4292 ELECTRIC RD/TANGLEWOOD	ROANOKE	VA	24018-0728	(540)774-9013
CARTER'S FINE JEWELERS INC	400 OLD FRANKLIN TURNPIKE #117	ROCKY MOUNT	VA	24151-6368	(540)483-0779
SHANTU, INC.	1923 I ELECTRIC RD/RIDGEWOOD	SALEM	VA	24153-7481	(540)389-0722
P K VENTURE INC	401 MAPLE AVENUE EAST	VIENNA	VA	22180-4700	(703)938-6644
KAMARO, LLC	2137 UPTON DRIVE SUITE 320	VIRGINIA BCH	VA	23454-1191	(757)563-8688
LORIE A SHAFFER	2728 NORTH MALL DRIVE #102	VIRGINIA BEACH	VA	23452-7212	(757)463-2846
DIANE P. WEBB	4680 MONTICELLO AVENUE #18G	WILLIAMSBURG	VA	23188-8214	(757)220-0053
SUSAN G. MASTERS, INC.	2178 SOUTH PLEASANT VALLEY RD.	WINCHESTER	VA	22601-7003	(540)665-8048
LASTING IMPRESSIONS TOO, INC.	WISE PLAZA HWY 23 #B11	WISE	VA	24293-5205	(276)679-7348

**LIST OF ACTIVE STUDIOS**

as of 12/31/11

Studio Owner	Studio Address	City	State	Zip	Bus. Phone
<b>WASHINGTON</b>					
JOLIN, INC.	2152 S. 314TH SPACE #55	FEDERAL WAY	WA	98003-5479	(253)941-7213
SANDRA WESTALL&CLAUDE WESTALL	9017 PEACOCK HILL	GIG HARBOR	WA	98332-1023	(253)858-6333
MADELIN WHITE	801 SLEATER KINNEY RD SE #4	LACEY	WA	98503-1137	(360)491-4911
JANET AND CHARLES JENSON	18700 33RD AVE W STE F	LYNNWOOD	WA	98037-4743	(425)771-7665
LARRY & KRISTINE STOOPS	109 MEEKER AVE SW	PUYALLUP	WA	98371-5375	(253)845-1101
JANET AND CHARLES JENSON	1839 42ND AVENUE E	SEATTLE	WA	98112-3219	(206)322-8992
JULIE DONALDSON	10029 HOLMAN ROAD NW	SEATTLE	WA	98177-4920	(206)781-0404
HUDSON KELLOGG, INC.	4750 N. DIVISION #261	SPOKANE	WA	99207-1433	(509)489-3535
ROBERT D. FRANCK	20 S. 4TH AVENUE # B	YAKIMA	WA	98902-3426	(509)853-9202
<b>WEST VIRGINIA</b>					
JANETTA MOUNTS, INC	677 HUNTINGTON MALL BOX 4066	BARBOURSVILLE	WV	25504-4066	(304)736-4501
PINK HYDRANGEA, LLC	11 EAST MAIN STREET	BUCKHANNON	WV	26201-2715	(304)473-1505
LINDA GUTIERREZ/J. BLANKENSHIP	ROUTE 60 AT 4TH STREET	CEREDO	WV	25507-1237	(304)453-3231
THE WJL GROUP, LLC	210-A R H L BOULEVARD	CHARLESTON	WV	25309-8262	(304)744-4383
GEORGIA COBB	58 NITRO MARKET PLACE	CROSS LANES	WV	25313-4400	(304)769-0034
HOPE D'ANGELO	115 THIRD STREET	ELKINS	WV	26241-3830	(304)637-8900
NOUVEAU BUSINESS CONCEPTS, INC	64 CROSSROADS MALL	MOUNT HOPE	WV	25880-9507	(304)255-7758
LEE RECTOR	3113 MURDOCH AVE	PARKERSBURG	WV	26101-1018	(304)422-2940
FREDDA JO KENT	508 MAIN STREET	POINT PLEASANT	WV	25550-1119	(304)675-5503
TRACY SURFACE	612 A ROGERS ST.	PRINCETON	WV	24740-3648	(304)327-9614
SHARI WEBB LUPARDUS	142 E. MAIN STREET	SPENCER	WV	25276-1503	(304)927-3744
MINDA S. SHINGLETON	11 MIDDLETOWN	WHITE HALL	WV	26554-8103	(304)363-1120
<b>WISCONSIN</b>					
CHERIE VIEGUT/LEANNE SOTO	524 N RICHMOND ST	APPLETON	WI	54911-4657	(920)731-9051
HITT STUDIOS, INC.	95 NORTH MOORLAND RD SP#D-1D	BROOKFIELD	WI	53005-6053	(262)782-4406

**LIST OF ACTIVE STUDIOS**

**as of 12/31/11**

Studio Owner	Studio Address	City	State	Zip	Bus. Phone
SCHELLINGER STUDIO LLC	1317 WISCONSIN AVENUE	GRAFTON	WI	53024-1958	(262)375-0501
MARLENE JOHNSON	2164 S. RIDGE ROAD	GREEN BAY	WI	54304-4357	(920)499-1274
SALTER STUDIOS INCORPORATED	5300 S 108TH ST, STE 21	HALES CORNERS	WI	53130-1368	(414)421-3788
DONNA MAE STAMAS	5767 S 108TH STREET	HALES CORNERS	WI	53130-1940	(414)425-6000
JOJO COSMETICS, LLC	2919 N LEXINGTON DR STE 108	JANESVILLE	WI	53545-0319	(608)754-8023
THEDA & AMANDA DARRACOTT	6211 22ND AVENUE	KENOSHA	WI	53143-4347	(262)657-6125
VENESSA MEZERA & WINDY MEZERA	3800 STATE HWY 16 STE 170	LA CROSSE	WI	54601-1829	(608)783-8067
SALLY HANSON	4240 EAST TOWNE BLVD	MADISON	WI	53704-3704	(608)244-0408
PICTURES THAT TELL A STORY LLC	6662 ODANA RD	MADISON	WI	53719-1012	(608)833-2090
THE DAY SPA BOUTIQUE, LLC	249 SOUTH CENTRAL	MARSHFIELD	WI	54449-2836	(715)384-8000
LINDA K. SCHMIDT	904 17TH AVE	MONROE	WI	53566-2003	(608)325-7373
CAROL A.ARENT/KELLY A. MEITZEN	1024 WEST 20TH AVENUE	OSHKOSH	WI	54902-6618	(920)233-3299
MARIE NICOLE, LLC	108 WEST BLACKHAWK AVE	PRAIRIE DU CHIEN	WI	53821-1423	(608)326-5016
DUANE TAYLOR & DANEEN LIHRMAN	CEDAR MALL/2900 S. MAIN STREET	RICE LAKE	WI	54868-2945	(715)234-7902
MERLE NORMAN OF WAUSAU LLC	300 THIRD STREET STE 102	WAUSAU	WI	54403-5426	(715)842-3450
KTI STUDIOS, LLC	825 SOUTH MAIN STREET	WEST BEND	WI	53095-4633	(262)334-6210
<b>WYOMING</b>					
LENNA ZIELKE	BEVERLY PLZ/2123 EAST 12TH ST.	CASPER	WY	82601-4073	(307)265-6430



***EXHIBIT F.2.***  
***LIST OF INACTIVE STUDIOS***

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**LIST OF INACTIVE STUDIOS**  
**(January 1, 2011 – December 31, 2011)**

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

<b>OWNER</b>	<b>CITY/STATE</b>	<b>PHONE</b>
<b><u>Alabama</u></b>		
AMY BROWN	FLORENCE, AL (Closed studio in Florence, AL)	(256) 767-5820
PATRICIA MAYS	HOMEWOOD, AL (Closed studio in Homewood, AL)	(205) 879-7777
GEAN HYBART	MONROEVILLE, AL (Closed studio in Monroeville, AL)	(251) 743-2197
<b><u>Arkansas</u></b>		
ELIZABETH TAYLOR	FORREST CITY, AR (Closed studio in Forrest City, AR)	(870) 633-1213
JESSE MCLAURIN	FORT SMITH, AR (Closed studio in Fort Smith, AR)	(479) 646-5087
ELIZABETH CARR	WILSON, AR (Closed studio in Wilson, AR)	(870) 655-8133
<b><u>California</u></b>		
ALISHA MADARIAGA	CHULA VISTA, CA (Closed studio in Chula Vista, CA)	(619) 422-6522
HOME OFFICE	RIVERSIDE, CA (Closed studio in Riverside, CA)	(951) 509-9210
BOBBY THOMPSON	WHITTIER, CA (Closed studio in Whittier, CA)	(562) 902-9767

<b>OWNER</b>	<b>CITY/STATE</b>	<b>PHONE</b>
<b><u>Colorado</u></b>		
LORI MOORE	FORT COLLINS, CO (Closed studio in Fort Collins, CO)	(970) 266-8790
<b><u>Florida</u></b>		
STEPHANIE NICHOLSON	BRADENTON, FL (Closed studio in Bradenton, FL)	(941) 795-1597
KATHY GEIST	ESTERO, FL (Closed studio in Estero, FL)	(239) 949-9766
LORRAINE GIRARD	JACKSONVILLE, FL (Closed studio in Jacksonville, FL)	(904) 221-6823
MICHELLE READ	PANAMA CITY BEACH, FL (Closed studio in Panama City Beach, FL)	(850) 234-3436
CATHERINE BREWER	PORT SAINT LUCIE, FL (Closed studio in Port Saint Lucie, FL)	(772) 345-2199
VERONICA FALCON	TAMPA, FL (Closed studio in Tampa, FL)	(813) 792-2392
PATRICIA SCHMIDT	VENICE, FL (Closed studio in Venice, FL)	(941) 497-1392
PATRICIA PEREZ	WESLEY CHAPEL, FL (Closed studio in Wesley Chapel, FL)	(813) 907-1300
<b><u>Georgia</u></b>		
SHARON KOKINOS	BUFORD, GA (Closed studio in Buford, GA)	(770) 271-1162
JACQUELYN PLYLER	DALLAS, GA (Closed studio in Dallas, GA)	(770) 917-1212
CHERYL WARREN	HAHIRA, GA (Closed studio in Hahira, GA)	(229) 794-1152

<b>OWNER</b>	<b>CITY/STATE</b>	<b>PHONE</b>
APRIL WALTER	MACON, GA (Closed studio in Macon, GA)	(478) 254-5524
LEISA CURRY	POWDER SPRINGS, GA (Closed studio in Powder Springs, GA)	(770) 222-7177
KIMBERLY POTTER	SYLVANIA, GA (Closed studio in Sylvania, GA)	(912) 564-7604

### **Illinois**

NAINA PATEL	CHICAGO, IL (Closed studio in Chicago, IL)	(773) 528-3729
PATRICIA SWACHTA	HARWOOD HEIGHTS, IL (Closed studio in Harwood Heights, IL)	(708) 867-1718

### **Indiana**

CAROLYN KANEHE	WEST LAFAYETTE, IN (Closed studio in West Lafayette, IN)	(765) 464-1163
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### **Iowa**

SUE DICKINSON	DES MOINES, IA (Closed studio in Des Moines, IA)	(515) 285-7389
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### **Kansas**

LINDA REED	EL DORADO, KS (Closed studio in El Dorado, KS)	(316) 321-4229
PAMELA THORNHILL-FOX	MISSION, KS (Closed studio in Mission, KS)	(913) 432-4535

<b>OWNER</b>	<b>CITY/STATE</b>	<b>PHONE</b>
<b><u>Kentucky</u></b>		
CRYSTAL BURKE	GRAYSON, KY (Closed studio in Grayson, KY)	(606) 475-0739
TERESA ADCOCK	SHELBYVILLE, KY (Closed studio in Shelbyville, KY)	(502) 647-3984
<b><u>Louisiana</u></b>		
RUTH MIXON	FARMERVILLE, LA (Closed studio in Farmerville, LA)	(318) 368-8628
<b><u>Michigan</u></b>		
AMY KOVACS	MONROE, MI (Closed studio in Monroe, MI)	(734) 457-4020
<b><u>Mississippi</u></b>		
SHIRLEY ROBBINS	MOSS POINT, MS (Closed studio in Moss Point, MS)	(228) 588-2682
<b><u>Missouri</u></b>		
CYNTHIA USSERY-HOOD	BOLIVAR, MO (Closed studio in Bolivar, MO)	(417) 326-3568
<b><u>Montana</u></b>		
CAROL D'ELSEAUX	BILLINGS, MT (Closed studio in Billings, MT)	(406) 656-8122
JEANNE GIERKE	GREAT FALLS, MT (Closed studio in Great Falls, MT)	(406) 761-7447

<b>OWNER</b>	<b>CITY/STATE</b>	<b>PHONE</b>
<b><u>Nevada</u></b>		
JUANITA GAETA	ELKO, NV (Closed studio in Elko, NV)	(775) 777-1212
<b><u>New Jersey</u></b>		
ROBERTA STEIN	SOUTH BRUNSWICK, NJ (Closed studio in South Brunswick, NJ)	(732) 329-9299
<b><u>New Mexico</u></b>		
CANDACE LEWIS	ROSEWELL, NM (Closed studio in Rosewell, NM)	(575) 623-1775
THERESA WOOD	RUIDOSO, NM (Closed studio in Ruidoso, NM)	(575) 257-2121
<b><u>New York</u></b>		
CHERYL VALVANO	VICTOR, NY (Closed studio in Victor, NY)	(585) 924-0450
<b><u>Ohio</u></b>		
MARY WASHBURN	XENIA, OH (Closed studio in Xenia, OH)	(937) 372-9004
<b><u>Oklahoma</u></b>		
LISA VARNER	BRISTOW, OK (Closed studio in Bristow, OK)	(918) 367-1900
CAROL NELSON	GUTHRIE, OK (Closed studio in Guthrie, OK)	(405) 282-1272
SELINA JAYNE-DORNAN	MCALESTER, OK (Closed studio in McAlester, OK)	(918) 618-4301

<b>OWNER</b>	<b>CITY/STATE</b>	<b>PHONE</b>
TERESA KOPENHIEMER	MCALESTER, OK (Closed studio in McAlester, OK)	(918) 423-2563
MEGAN HUGHES	SAND SPRINGS, OK (Closed studio in Sand Springs, OK)	(918) 245-6718
VELDA HODNETT	STILWELL, OK (Closed studio in Stilwell, OK)	(918) 696-6834
GENEVA YOUNG	VINITA, OK (Closed studio in Vinita, OK)	(918) 256-8222
LILA MCKINNIS	WALTERS, OK (Closed studio in Walters, OK)	(580) 875-3445
ROBERTA HOUSE	WATONGA, OK (Closed studio in Watonga, OK)	(580) 623-8367

## **Tennessee**

AMBER MALICOTE	JACKSBORO, TN (Closed studio in Jacksboro, TN)	(423) 566-8440
JAMES ROBERTSON	NASHVILLE, TN (Closed studio in Nashville, TN)	(615) 889-4214
ANGELA LONG	SPRINGFIELD, TN (Closed studio in Springfield, TN)	(615) 382-7500

## **Texas**

MISTY FEHLER	CLIFTON, TX (Closed studio in Clifton, TX)	(254) 675-3392
THERESA MAGLITTO	CYPRESS, TX (Closed studio in Cypress, TX)	(281) 320-0370
CLEO MORROW	DENISON, TX (Closed studio in Denison, TX)	(903) 465-9422
MARCIA ESPARZA	EL PASO, TX (Closed studio in El Paso, TX)	(915) 833-3088



<b>OWNER</b>	<b>CITY/STATE</b>	<b>PHONE</b>
TRACY MOREHEAD	GAINESVILLE, TX (Closed studio in Gainesville, TX)	(800) 421-2060
MARSHA MILES	KINGWOOD, TX (Closed studio in Kingwood, TX)	(281) 358-9500
ROBERT JANNASCH	LEWISVILLE, TX (Closed studio in Lewisville, TX)	(972) 315-3100
KIMBERLY GUILLEN	MISSION, TX (Closed studio in Mission, TX)	(956) 583-3700
ROBBIN JADAEL	PANTEGO, TX (Closed studio in Pantego, TX)	(817) 274-3991

### **Virginia**

CATHY STURGILL	LEBANON, VA (Closed studio in Lebanon, VA)	(276) 889-4495
CATHERINE JONES	SOUTH BOSTON, VA (Closed studio in South Boston, VA)	(434) 572-6180

### **West Virginia**

DIANNE HUTCHISON	HUNTINGTON, WV (Closed studio in Huntington, WV)	(304) 522-3911
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## ***TRANSFERRED STUDIOS***

<b>OWNER</b>	<b>ADDRESS</b>	<b>PHONE</b>
<b><u>Alabama</u></b>		
HELEN WARD	GENEVA, AL	(334) 684-3114
JERRY GORDON	SPANISH FORT, AL	(251) 928-1901
JANA ROGERS	TROY, AL	(334) 566-7433
<b><u>Arkansas</u></b>		
STEPHANIE BLAKELY	LITTLE ROCK, AR	(501) 922-0271
JENNIFER POSTON	SAINT CHARLES, AR	(870) 673-4106
<b><u>California</u></b>		
MAVIS STEINER	SPRING VALLEY, CA	(619) 442-3031
<b><u>Colorado</u></b>		
DEBORAH DAVIS	MORRISON, CO	(970) 353-5258
<b><u>Florida</u></b>		
MICHELLE LAYTON	DEFUNIAK SPRINGS, FL	(850) 892-3011
CATHY JOHNSON	MERICAMP, FL	(352) 368-5008
CYNTHIA GROULX	ST. AUGUSTINE, FL	(904) 819-9656
<b><u>Georgia</u></b>		
WILLIAM COOPER	BAINBRIDGE, GA	(229) 243-1590
ELIZABETH HOLCOMBE	COVINGTON, GA	(678) 625-0052

<b>OWNER</b>	<b>ADDRESS</b>	<b>PHONE</b>
<b><u>Illinois</u></b>		
LYNN HETHERINGTON	DANVILLE, IL	(217) 442-7666
MARIANNE BRUBAKER	MORTON, IL	(309) 266-9512
<b><u>Indiana</u></b>		
DOLORES GUTHRIE	BLOOMINGTON, IN	(812) 323-1885
<b><u>Kentucky</u></b>		
CAROL HENSLEY	LOUISVILLE, KY	(502) 935-0286
DEBRA PHELPS	LOUISVILLE, KY	(502) 968-7670
KIMBERLY WEST	MORGANTOWN, KY	(270) 662-0000
<b><u>Louisiana</u></b>		
LYN PIERCE	CUT OFF, LA	(985) 798-7766
JASON DUPLESSIS	PRAIRIEVILLE, LA	(225) 791-2622
JASON DUPLESSIS	PRAIRIEVILLE, LA	(985) 340-5775
<b><u>Mississippi</u></b>		
MATTIE KENDALL	BATESVILLE, MS	(662) 226-0605
<b><u>Missouri</u></b>		
MONICA ROTHWELL	BLUE SPRINGS, MO	(816) 220-1248
<b><u>North Carolina</u></b>		
MELLISSA HARTSELL	CONCORD, NC	(704) 979-3223

<b>OWNER</b>	<b>ADDRESS</b>	<b>PHONE</b>
PATSY CARTER	MCLEANSVILLE, NC	(336) 626-1533

**Ohio**

KAREN KENNER	HILLSBORO, OH	(513) 947-1800
KAREN KENNER	HILLSBORO, OH	(513) 770-0071
CONSTANCE BROWN-LONG	UNIONTOWN, OH	(330) 833-3957

**South Carolina**

DELORES ISGETT	DARLINGTON, SC	(843) 537-5391
CHARLES OWENS	MULLINS, SC	(843) 464-2464

**Tennessee**

SARA GARRETT	COLLIERVILLE, TN	(901) 213-2929
VICKIE THEDFORD	DYERSBURG, TN	(731) 285-8441
SONYA DUDLEY	LOBELVILLE, TN	(615) 646-2801
CARLA DUREN	SPRING HILL, TN	(931) 486-3988
TRACY PINCKLEY	TRENTON, TN	(731) 868-2938
SUE WATSON	WINCHESTER, TN	(931) 967-0387

**Texas**

MELISSA CRADDOCK	AUSTIN, TX	(903) 561-3984
MELISSA CRADDOCK	AUSTIN, TX	(903) 592-2135
BOBBIE FLOYD	CLARENDON, TX	(806) 874-3335

<b>OWNER</b>	<b>ADDRESS</b>	<b>PHONE</b>
CELIA POUND	INGRAM, TX	(830) 257-8171
CAROLYN TRIMBLE	JUNCTION, TX	(325) 446-3560

**Wisconsin**

LANELLE NEAL	MADISON, WI	(608) 833-2090
KELLY WILLIAMS	SHEBOYGAN, WI	(262) 375-0501

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**RECEIPT**

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Merle Norman Cosmetics, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that MNC give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan and Washington require that MNC give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Merle Norman Cosmetics, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to the appropriate state administrator listed in Exhibit A. Merle Norman Cosmetics, Inc.'s agent for service of process in this state is listed in Exhibit B.

Franchise Seller: Name - \_\_\_\_\_; Address - \_\_\_\_\_; and Phone No. - \_\_\_\_\_

Issued: April 27, 2012.

I have received a Franchise Disclosure Document issued on April 27, 2012, and effective as of the following dates in the following states: Hawaii (May 7, 2012); Illinois (April 27, 2012); Maryland (May 8, 2012); Minnesota (May 7, 2012); New York (April 27, 2012); North Dakota (May 2, 2012); Rhode Island (May 21, 2012); South Dakota (April 30, 2012); Virginia (May 4, 2012); Washington (May 18, 2012); and Wisconsin (April 30, 2012). This Disclosure Document included the following exhibits: A. List of State Administrators; B. List of Agents for Service of Process; C. Operations Manual Table of Contents; D. Financial Statements; E.1. Studio Agreement; E.2. Gold Medallion Studio Addendum; E.3. Co-Op Group Letter of Agreement; E.4. Credit Card Agreement; E.5. Promissory Note – MN POS & Hardware; E.6. Promissory Note – Fixtures; E.7. Security Agreement; E.8. POS Purchase Agreement; E.9. Software License Agreement; F.1. List of Active Studios; and F.2. List of Inactive Studios.

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Date Disclosure Document Received

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Date Disclosure Document Received

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Print Name

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Signature

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Address

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City State Zip Code

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City State Zip Code

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City State Zip Code

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Area Code Phone Number

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Area Code Phone Number

**TO BE RETURNED TO MNC**

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**RECEIPT**

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Merle Norman Cosmetics, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that MNC give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan and Washington require that MNC give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Merle Norman Cosmetics, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to the appropriate state administrator listed in Exhibit A. Merle Norman Cosmetics, Inc.'s agent for service of process in this state is listed in Exhibit B.

Franchise Seller: Name - \_\_\_\_\_; Address - \_\_\_\_\_; and Phone No. - \_\_\_\_\_

Issued: April 27, 2012.

I have received a Franchise Disclosure Document issued on April 27, 2012, and effective as of the following dates in the following states: Hawaii (May 7, 2012); Illinois (April 27, 2012); Maryland (May 8, 2012); Minnesota (May 7, 2012); New York (April 27, 2012); North Dakota (May 2, 2012); Rhode Island (May 21, 2012); South Dakota (April 30, 2012); Virginia (May 4, 2012); Washington (May 18, 2012); and Wisconsin (April 30, 2012). This Disclosure Document included the following exhibits: A. List of State Administrators; B. List of Agents for Service of Process; C. Operations Manual Table of Contents; D. Financial Statements; E.1. Studio Agreement; E.2. Gold Medallion Studio Addendum; E.3. Co-Op Group Letter of Agreement; E.4. Credit Card Agreement; E.5. Promissory Note – MN POS & Hardware; E.6. Promissory Note – Fixtures; E.7. Security Agreement; E.8. POS Purchase Agreement; E.9. Software License Agreement; F.1. List of Active Studios; and F.2. List of Inactive Studios.

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**TO BE RETURNED TO MNC**

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